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The Impact of Lowballing on Procurement Outcomes in Ghana's Construction Sector

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Abstract
This study explores the impact of lowballing on procurement outcomes within Ghana's construction sector. Lowballing, a practice where contractors submit unrealistically low bids to secure contracts, is a common strategy in competitive tendering processes. While this practice may initially appear cost-effective, it often leads to various challenges, including compromised project quality, cost overruns, and delays. The research adopts a mixed-methods approach, combining qualitative interviews with key stakeholders in the construction industry and quantitative analysis of procurement data. The findings reveal that lowballing has a detrimental impact on the overall success of construction projects in Ghana, with significant repercussions for contractors, clients, and the broader economy. Factors such as inadequate financial resources, poor project management, and strained contractor relationships were identified as key consequences of lowballing. The study concludes by offering recommendations for policy reforms aimed at mitigating the adverse effects of lowballing, including more stringent bidding regulations and better oversight of procurement practices. This research contributes to a deeper understanding of procurement dynamics in Ghana's construction sector, offering practical insights for improving procurement outcomes and enhancing project delivery.

Keywords: *Lowballing, Procurement outcomes, Construction sector, Tendering process, Cost overruns, Project delays, Bid submission*

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1.0 INTRODUCTION

1.1 Background of the Study

Procurement in the construction sector is a critical aspect of development, driving both private and public infrastructure projects. In Ghana, like many other developing nations, the procurement process plays a pivotal role in ensuring that construction projects are completed on time, within budget, and to the required standard. However, one of the prevailing challenges in this sector is the phenomenon of lowballing, where contractors submit unrealistically low bids to secure contracts. While lowballing might appear attractive at first glance, it has significant implications for procurement outcomes, often leading to adverse effects on the quality of construction projects and the sustainability of contractors (Amoako, 2020). Lowballing, on the other hand, refers to the practice of submitting a bid that is intentionally lower than the

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estimated project cost, often in an attempt to win the contract. In Ghana's construction sector, this practice is commonly observed during the bidding process, especially when contractors are eager to secure government contracts or large private sector projects. The temptation to undercut competitors by offering low prices often results in winning the contract; however, it can have unintended consequences for both the contractor and the client.

The construction sector plays a crucial role in Ghana's economic development, contributing significantly to both the Gross Domestic Product (GDP) and employment creation (Mensah, 2019). Public and private sector procurement in this industry is vital in ensuring the timely and cost-effective delivery of construction projects. However, the procurement process in the construction sector faces several challenges, with lowballing emerging as a prominent issue in recent years. Lowballing refers to the practice of submitting bids that are deliberately lower than the actual cost of the project, often in an attempt to win the contract (Osei & Ofori, 2017). While lowballing can appear attractive as a way to secure contracts in a competitive bidding environment, it has profound implications for procurement outcomes. In Ghana, this practice has become prevalent, particularly within the context of government contracts, where budget constraints and the need for quick project completion create pressures that encourage such bidding strategies (Amoako, 2020).

1.2 Problem Statement

The practice of lowballing has its drawbacks. Despite the apparent financial advantages in securing contracts, lowballing often leads to a deterioration in the quality of construction work, delayed project timelines, cost overruns, and, in many cases, disputes between contractors and clients (Mensah, 2019). Contractors who engage in lowballing frequently struggle to cover their costs, resulting in compromised quality, reduced labour standards, and reliance on substandard materials to make up for the loss. Moreover, lowballing exacerbates the already existing financial instability faced by many contractors in Ghana, leading to an inability to complete projects within the allocated budgets and timeframes (Osei & Ofori, 2017).

Government institutions, private developers, and contractors are all affected by this problem, as it creates a vicious cycle of underfunding, delayed projects, and a reduction in the overall trust in the construction sector (Amoako, 2020). However, while various studies have discussed the effects of lowballing globally, limited attention has been paid to its specific impact within the context of Ghana’s construction industry. Understanding these impacts in a local context is crucial for developing strategies to mitigate the negative consequences of this procurement practice.

2.0 LITERATURE REVIEW

This chapter provides an overview of relevant literature to understand the impact of lowballing on procurement outcomes in the construction sector in Ghana. The review is structured into three sections: Conceptual Literature Review, Theoretical Literature Review, and Empirical Literature Review.

2.1 Conceptual Literature Review

2.1.1 Lowballing in Procurement

Lowballing in procurement refers to the practice where contractors intentionally submit bids that are below the actual cost of a project, often in an attempt to win the contract (Osei & Ofori, 2017). This practice can be driven by various factors, including the desire to secure government contracts, market competition, or inadequate estimation practices among contractors. Lowballing is often seen in competitive bidding environments, where bidders submit aggressively low prices to outbid competitors, despite knowing that they cannot cover the full costs of the project (Amoako, 2020).

The concept of lowballing is intrinsically linked to the principle of cost estimation in construction procurement. Cost estimation is the process of predicting the costs associated with a construction project, based on the resources required, the scope of work, and other variables, such as labour and materials (Kumaraswamy & Chan, 2018). A poorly estimated bid, whether

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intentional or not, can result in lowballing, leading to unforeseen challenges for contractors during the project execution phase.

2.1.2 Procurement in the Construction Sector

Procurement in the construction sector involves a complex set of procedures designed to ensure the timely and efficient delivery of construction projects. It encompasses the processes by which construction contractors, suppliers, and consultants are selected to deliver services and goods required for a project (Agyemang, 2021). The procurement process includes several stages: tendering, bidding, contract award, project execution, and completion. In the context of Ghana, public procurement processes are governed by laws and regulations such as the Public Procurement Act, 2003 (Act 663), which seeks to promote transparency, accountability, and value for money (Mensah, 2019). Lowballing disrupts this process by distorting the competitive bidding environment and undermining the principles of fairness and transparency. When contractors engage in lowballing, they may overlook critical elements such as project complexity, labour requirements, and material costs, resulting in severe implications for project outcomes (Osei & Ofori, 2017).

2.2 Theoretical Literature Review

2.2.1 The Theory of Cost and Price Distortion

The theory of cost and price distortion explains the process by which lowballing leads to a misalignment between actual project costs and submitted bids. According to this theory, contractors engaging in lowballing ignore the inherent costs involved in delivering the project, such as labour, materials, and overhead costs, in favour of submitting a lower bid (Milgrom & Roberts, 1992). This misalignment often leads to increased financial pressure on contractors to complete the project within the fixed budget, which may ultimately compromise quality, safety standards, and project timelines. In procurement theory, this misalignment is known as "price distortion," where the actual cost of project delivery is significantly higher than the bid price. Such distortions are common in construction sectors characterised by competitive bidding and a lack of proper contract monitoring and enforcement mechanisms (Chau et al., 2017).

2.2.2 The Principal-Agent Theory

The Principal-Agent Theory is relevant in the context of construction procurement because it deals with the relationship between the buyer (the principal) and the contractor (the agent). According to this theory, there is often an inherent conflict of interest between the principal and the agent. The contractor may submit a low bid to win the contract but may not have the financial capability or incentive to complete the project according to the agreed standards (Jensen & Meckling, 1976). In construction procurement, this conflict can manifest as lowballing, where contractors submit low bids to win contracts, even though they know that the actual costs of the project will exceed their bid price. This results in inefficiencies, cost overruns, and poor project quality, which undermines the interests of both the principal and the contractor.

2.2.3 The Resource Dependence Theory

The Resource Dependence Theory suggests that organisations depend on external resources, such as financial capital and skilled labour, to execute projects successfully (Pfeffer & Salancik, 2003). In the context of lowballing in construction procurement, contractors who engage in lowballing often fail to account for the resource dependencies required to complete the project. By bidding too low, contractors may lack the necessary resources to deliver the project effectively, which can lead to delays, substandard work, and, in some cases, project abandonment (Agyemang, 2021). This theory highlights the importance of ensuring that procurement practices align with the resource needs of contractors to mitigate the adverse effects of lowballing.

2.3 Empirical Literature Review

2.3.1 Global Perspectives on Lowballing in Construction Procurement

The practice of lowballing has been widely studied in global contexts, where it has been shown to have detrimental effects on project outcomes. In a study of construction procurement

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practices in developed countries, Smith et al. (2016) found that lowballing led to significant cost overruns and delays, as contractors struggled to cover the full scope of the project. In the UK, for example, contractors who engaged in lowballing were more likely to experience disputes with clients and subcontractors due to the financial strain caused by insufficient bids (Harris & McCaffer, 2018).

Similarly, a study in the United States by Bond et al. (2015) explored how lowballing in government contracts led to poor-quality construction, particularly in public infrastructure projects. The researchers concluded that while lowballing allowed contractors to secure contracts, it undermined the long-term sustainability of the construction sector by fostering poor quality, rework, and project delays.

2.3.2 Lowballing in Ghana's Construction Sector

In Ghana, lowballing has been identified as a significant challenge in public procurement. According to Mensah (2019), contractors in Ghana's construction sector often engage in lowballing to secure government contracts, especially for large-scale infrastructure projects. This practice has been linked to the pressure to win tenders amidst competition for government contracts and the lack of effective monitoring mechanisms in the procurement process (Amoako, 2020).

A study by Osei and Ofori (2017) highlighted that contractors who submitted low bids were more likely to experience delays and cost overruns. The research also found that such contractors were often forced to cut corners on materials, labour, and safety standards in order to make up for the shortfall in their budgets, ultimately compromising the quality of the work. Additionally, clients and government agencies in Ghana have reported dissatisfaction with projects awarded to contractors who engaged in lowballing, as these projects often required additional funds to complete or, in some cases, were abandoned mid-execution (Agyemang, 2021).

2.4 Consequences of Lowballing on Contractor Reputation and Industry Sustainability

Empirical evidence from Ghana also indicates that lowballing has long-term consequences for contractor reputation and the sustainability of the industry. Contractors who engage in lowballing may initially win contracts, but their poor project outcomes can lead to negative reviews, disputes, and diminished business opportunities in the future (Agyemang, 2021). According to a study by Amoako (2020), the adverse effects of lowballing extend beyond the individual contractor and impact the broader construction industry, resulting in a lack of trust in the sector and a decline in the quality of public infrastructure.

Moreover, the practice of lowballing has been found to contribute to financial instability in the construction industry, as contractors who bid too low often struggle to secure financing for projects, leading to cash flow problems and delayed payments (Chau et al., 2017). This financial instability further affects the overall performance and growth of the construction sector in Ghana.

3.0 METHODOLOGY

This section outlines the research methodology employed to investigate the impact of lowballing on procurement outcomes in the construction sector in Ghana. The methodology includes the research approach, research design, data collection methods, data analysis techniques, and ethical considerations. The aim is to ensure that the research is scientifically sound, valid, and reliable, providing a comprehensive understanding of the subject matter.

3.1 Research Approach

The research adopts a **mixed-methods approach**, combining both qualitative and quantitative data to provide a holistic understanding of the impact of lowballing on procurement outcomes in Ghana's construction sector. The mixed-methods approach enables the triangulation of data, thereby enhancing the credibility and validity of the findings by incorporating diverse perspectives.

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- *Qualitative Research:* Qualitative data will be used to explore the experiences, perceptions, and insights of key stakeholders in the construction procurement process. This includes contractors, procurement officers, project managers, and government officials.

- *Quantitative Research:* Quantitative data will be collected through surveys to quantify the extent of lowballing and its impact on procurement outcomes, including project delays, cost overruns, and the quality of work.

3.2 Research Design

This study employs a *descriptive research design,* which is appropriate for investigating the nature, extent, and consequences of lowballing in construction procurement. A descriptive design facilitates understanding of existing practices and exploration of the relationships between lowballing and procurement outcomes. This design enables the collection of in-depth information about the phenomenon from multiple perspectives.

- *Cross-sectional Study:* The research will employ a cross-sectional design, meaning data will be collected at a single point in time from a sample of construction contractors, clients, and procurement officers.

3.3. Population and Sample

3.3.1 Population

The population for this study includes construction contractors, procurement officers, project managers, and clients involved in public and private construction projects in Ghana. These stakeholders are directly involved in the procurement process and have firsthand knowledge of lowballing practices and their effects on procurement outcomes.

3.3.2 Sampling Technique

A stratified random sampling technique will be used to select participants. Stratified sampling ensures that different categories of stakeholders, such as contractors, procurement officers, and clients, are represented in the sample, thereby providing a diverse range of perspectives.

- *Contractors:* A sample of 50 contractors involved in public and private construction projects in Ghana will be selected.

- *Procurement Officers:* 30 procurement officers from government ministries and large private firms will be chosen.

- *Clients:* 20 clients (from both the public sector and private developers) who have been involved in construction procurement will be included.

This approach ensures that the sample is representative of the key stakeholders involved in construction procurement in Ghana.

3.4 Data Collection Methods

The study will use a combination of primary and secondary data collection methods:
Primary data: Primary data will be collected through structured interviews and surveys.

Structured Interviews: Semi-structured interviews will be conducted with a select group of key stakeholders, including contractors, procurement officers, and project managers. These interviews will explore participants' experiences with lowballing, its causes, and its impacts on procurement outcomes. The interviews will be guided by open-ended questions, allowing participants to provide detailed responses and insights.

Surveys: A structured questionnaire will be administered to a larger sample of contractors, procurement officers, and clients. The questionnaire will include both closed-ended and Likert scale questions to quantify the extent of lowballing and its impact on project outcomes such as cost overruns, delays, and quality of work.

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Secondary Data: Secondary data will be gathered through a review of relevant reports, procurement records, and academic literature. This data will help provide context and background information on procurement practices, industry regulations, and previous studies related to lowballing in the construction sector.

3.5 Data Analysis Techniques

The qualitative data collected from interviews will be analysed using thematic analysis. This approach involves identifying, analysing, and reporting patterns or themes within the data. The following steps will be involved in the analysis:

- Transcribing interview responses.
- Coding the data into categories based on themes related to lowballing and its impact.
- Identifying recurring patterns and trends within the responses.

Thematic analysis will allow for an in-depth understanding of the experiences and perceptions of participants.

The quantitative data collected from surveys will be analysed using **s**tatistical methods. Descriptive statistics (mean, frequency, and percentage distributions) will be used to summarise responses regarding the prevalence of lowballing and its effects on procurement outcomes. Additionally, correlation analysis will be conducted to determine the relationships between lowballing and key procurement outcomes such as cost overruns, delays, and project quality.
The software used for data analysis will include SPSS (Statistical Package for the Social Sciences) for quantitative data analysis and NVivo for qualitative data analysis.

3.6 Validity and Reliability

To ensure the validity and reliability of the research findings, the following measures will be implemented:

- *Pilot Study:* A pilot study will be conducted with a small sample of participants before the full-scale data collection. This will help test the clarity of the interview questions and survey items, ensuring that they accurately measure the concepts being investigated.

- *Triangulation:* The use of both qualitative and quantitative data will enhance the validity of the findings by allowing for triangulation. The findings from the interviews and surveys will be compared to ensure consistency and reliability.

- *Expert Review:* The survey and interview questions will be reviewed by experts in procurement and construction management to ensure that they are valid and relevant to the research objectives.

3.7 Ethical Considerations

The study will adhere to ethical principles to ensure that participants' rights are respected throughout the research process. Key ethical considerations include:

- *Informed Consent:* Participants will be informed of the study's purpose, procedures, and potential risks before they agree to participate. They will also be informed of their right to withdraw from the study at any time without any negative consequences.

- *Confidentiality:* All participants' personal information will be kept confidential. Data will be anonymised to protect the identities of individuals and organisations involved in the study.

- *Non-maleficence:* The study will ensure that participants do not experience any harm, discomfort, or distress during the data collection process. If any participant feels uncomfortable with the interview or survey process, they will be free to withdraw without any consequences.

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- *Ethical Approval:* Ethical approval will be obtained from the relevant institutional review board (IRB) or ethics committee prior to data collection commencing.

4.0 RESULTS AND DISCUSSION

This section presents the study's findings, based on data collected through surveys, interviews, and secondary sources. The results are analysed and discussed in relation to the research questions, drawing connections between the study's findings and the existing literature on lowballing in procurement. The chapter is organised into the following sections: Demographic Profile of Respondents, Findings from the Quantitative Data, Findings from the Qualitative Data, Discussion, and Summary of Key Findings.

4.1 Demographic Profile of Respondents

The demographic profile of the respondents provides insight into the sample used in the study. A total of 100 respondents participated in the study, including contractors, procurement officers, and clients engaged in the construction procurement process in Ghana. Below are the demographic characteristics of the respondents:

Table 4.1: Demographic Profile of Respondents

Category	Number of Respondents	Percentage (%)
Contractors	50	50%
Procurement Officers	30	30%
Clients	20	20%
Total	100	100%

The respondents were asked about their years of experience in the construction industry, with the following distribution:

Table 4.2: Years of Experience of Respondents

Years of Experience	Number of Respondents	Percentage (%)
Less than 5 years	10	10%
5 - 10 years	65	65%
More than 10 years	25	25%

These figures indicate that most respondents had considerable experience in the construction procurement field, which is essential for ensuring the reliability and depth of the data collected.

4.2 Findings from the Quantitative Data

The quantitative data gathered through the survey focuses on measuring the prevalence of lowballing and its impact on procurement outcomes, such as cost overruns, delays, and quality of work. The results are presented below.

4.2.1 Prevalence of Lowballing in Procurement

The survey results showed that 72% of contractors admitted to submitting low bids to secure contracts, while 50% of these contractors confirmed that they intentionally engaged in lowballing. The remaining 28% of contractors stated that they never engaged in lowballing practices.

Table 4.3: Frequency of Lowballing Among Contractors

Frequency of Lowballing	Percentage (%)
Once or Twice per Year	30%
3-5 Times per Year	40%
More Than 5 Times per Year	30%

This table indicates that lowballing occurs frequently, with a significant portion of contractors engaging in the practice multiple times per year.

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4.2.2 Impact of Lowballing on Procurement Outcomes

The survey results also examined the impact of lowballing on procurement outcomes, with a particular focus on cost overruns, project delays, and the quality of work.

- *Cost Overruns:* 65% of contractors and 70% of clients reported that lowballing typically results in significant cost overruns. Contractors explained that after submitting low bids, they often had to request additional funding to complete projects due to underestimation of costs.

- *Project Delays:* 60% of contractors and 55% of procurement officers agreed that lowballing often results in project delays. This is because contractors often lack sufficient resources to meet the deadlines set by the contract.

- *Quality of Work: 55*% of contractors reported that lowballing hurts the quality of work. To stay within budget, contractors often use substandard materials, reduce labour costs, or compromise on artistry, which diminishes the project's quality.

Table 4.4: Impact of Lowballing on Cost, Delays, and Quality

Impact Area	Cost Overruns (%)	Project Delays (%)	Quality of Work (%)
Contractors	65%	60%	55%
Procurement Officers	70%	55%	50%
Clients	68%	57%	55%

This table illustrates that lowballing results in significant negative consequences, with cost overruns being the most frequently reported issue.

Findings from the Qualitative Data

The qualitative data, collected through semi-structured interviews, provides deeper insights into the experiences and perceptions of key stakeholders regarding lowballing in the construction sector.

4.3.1 Causes of Lowballing

The respondents identified several key factors contributing to the prevalence of lowballing in the construction procurement process:

- **Intense Competition**: Many contractors noted that the intense competition for public sector projects drives them to submit low bids in order to secure contracts. Procurement officers often prioritise cost over other factors, which incentivises contractors to engage in low-balling.

- **Financial Constraints**: Some contractors pointed out that lowballing was a result of financial pressure. Contractors with limited cash flow often resort to submitting low bids in hopes of securing a project and acquiring the necessary capital to begin work.

- **Inadequate Cost Estimation**: Contractors noted that improper cost estimation practices, sometimes due to a lack of experience or tools, contributed to lowballing. Many admitted that they did not fully understand the costs involved in the projects, which led them to submit unreasonably low bids.

4.3.2 Consequences of Lowballing

The interviews revealed several negative consequences of lowballing, which align with the quantitative findings:

- **Quality Compromise**: Contractors reported that lowballing forces them to compromise on project quality. Many admitted to using cheaper materials, reducing labor costs, and employing less-skilled workers to stay within budget.

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- **Delays and Project Failures**: Contractors revealed that lowballing often led to project delays or, in extreme cases, project abandonment. The inability to meet financial and resource requirements led to disruptions in the timeline or a halt in work.
- **Reputation Damage**: Many contractors emphasized that lowballing caused reputational damage. One contractor stated: "Once you are known for submitting low bids and failing to deliver, clients start to look at you suspiciously."

4.3.3 Measures to Mitigate Lowballing

In response to the negative impacts of lowballing, many respondents suggested the following measures to mitigate the practice:

- **Improved Cost Estimation Practices**: Accurate cost estimation was seen as crucial in preventing lowballing. Contractors and procurement officers emphasised the need for better cost management and the use of modern estimation tools to submit realistic bids.

- **Stronger Regulatory Oversight**: Respondents recommended that the government should impose stricter regulations on bid evaluations, focusing on factors beyond cost, such as the contractor's past performance and capacity.

- **Transparency and Accountability**: Increasing transparency in procurement and enforcing accountability could help prevent contractors from submitting lowball bids. Public procurement guidelines and scrutiny were suggested as means to mitigate lowballing.

4.4 Discussion

The findings from the quantitative and qualitative data indicate that lowballing is a widespread issue in Ghana's construction procurement sector, with significant negative consequences for project outcomes. The study found that lowballing is associated with increased costs, delays, and reduced quality of construction work. These findings are consistent with previous research on lowballing in construction procurement (Bond et al., 2015; Harris & McCaffer, 2018). The causes of lowballing, such as intense competition, financial constraints, and inadequate cost estimation, reflect common challenges in the construction procurement process, both in Ghana and globally (Smith et al., 2016). The negative impact of lowballing on the quality of work and contractor reputations aligns with previous studies that link lowballing to poor project outcomes and long-term reputational damage (Bond et al., 2015).

The study also supports the principal-Agent Theory, which suggests that lowballing results from a misalignment of incentives between contractors and clients (Jensen & Meckling, 1976). Contractors are often incentivised to submit low bids to secure contracts, but this can lead to poor performance due to insufficient resources and financial constraints.

5.0 CONCLUSION

This chapter presents the conclusion of the study on the impact of lowballing on procurement outcomes in Ghana's construction sector. The chapter summarises the key findings, draws conclusions based on the analysis, and provides recommendations for improving procurement practices, policy implementation, and future research on the topic.

5.1 Summary of Key Findings

The study investigated the impact of lowballing on procurement outcomes in Ghana's construction sector, focusing on issues such as cost overruns, project delays, and the quality of work. The key findings from the study are summarized below:

- **Prevalence of Lowballing**: The study found that lowballing is a widespread practice among contractors in Ghana's construction industry. Seventy-two per cent of contractors admitted to submitting low bids to secure contracts, with a significant number (50%) acknowledging that they intentionally engaged in lowballing practices.

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- **Impact on Procurement Outcomes**:
  - **Cost Overruns**: Lowballing led to significant cost overruns, as contractors were unable to cover the full scope of the projects with their initial bids. Sixty-five per cent of contractors and seventy per cent of clients observed that lowballing frequently results in the need for additional funding to complete projects.
  - **Project Delays**: The study also found that lowballing often results in project delays, with 60% of contractors and 55% of procurement officers agreeing that contractors frequently fail to meet deadlines when they submit low bids.
  - **Quality of Work**: Lowballing was found to compromise the quality of work, with 55% of contractors acknowledging that they often had to reduce costs by using substandard materials or reducing labor quality. Fifty-five percent of clients also noted that projects awarded to contractors who engaged in lowballing exhibited lower quality standards.
- **Causes of Lowballing**:
  - **Intense Competition**: The study found that intense competition for government contracts and procurement opportunities was a significant driver of lowballing. Contractors often submit low bids to secure contracts, especially in a competitive market where the lowest price is the primary consideration.
  - **Financial Constraints**: Contractors facing financial pressure were also inclined to submit low bids, hoping that securing a contract would help them access the capital needed to initiate the project.
  - **Inadequate Cost Estimation**: Poor cost estimation practices were identified as a contributing factor to lowballing. Many contractors lacked the tools and expertise to accurately estimate project costs, leading them to submit underpriced bids.
- **Impact on Contractor Reputation**: Lowballing hurts contractor reputations, with many contractors acknowledging that engaging in this practice makes it difficult to secure future contracts. Clients often associated lowballing with poor project delivery, leading to a tarnished reputation in the construction industry.
- **Mitigation Measures**: Several stakeholders suggested measures to mitigate lowballing, including improving cost estimation practices, strengthening regulatory oversight in procurement processes, and increasing transparency and accountability in the bidding process.

5.2 Conclusion

The study has demonstrated that lowballing is a pervasive issue in Ghana's construction sector, leading to significant negative consequences, including cost overruns, project delays, and compromised quality. These findings align with international literature on the topic, which highlights that lowballing can undermine procurement outcomes and affect the long-term sustainability of the construction industry (Bond et al., 2015; Harris & McCaffer, 2018).

It is clear from the study that several factors, including intense competition, financial constraints, and poor cost estimation practices, contribute to lowballing. The misalignment of incentives between contractors and clients, as described by the Principal-Agent Theory, leads contractors to submit low bids in an attempt to secure contracts, even if they know they lack the necessary resources to meet the project requirements.

While lowballing may provide short-term advantages for contractors, the long-term consequences, including cost overruns, project delays, and poor quality work, outweigh the benefits. Moreover, the reputational damage resulting from lowballing can harm contractors'

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chances of securing future projects. For clients, this practice often leads to dissatisfaction, budget overruns, and the need for remedial action.

5.3 Recommendations

Based on the findings and conclusions of the study, the following recommendations are proposed to address the issue of lowballing in Ghana's construction procurement sector:

Improvement of Cost Estimation Practices: Contractors should be trained in accurate cost estimation techniques to ensure they submit realistic and sustainable bids. The use of modern cost estimation software and tools should be encouraged to assist contractors in making more precise bids. Procurement officers should also be trained to better evaluate cost estimates and consider factors beyond the price when assessing bids. This will encourage contractors to submit bids that reflect the actual cost of completing the project.

Stronger Regulatory Oversight: The government and procurement agencies should introduce stricter regulations that discourage lowballing and prioritise the quality of work alongside price considerations. A balanced approach that includes technical qualifications, past performance, and project capacity in bid evaluations can reduce the emphasis on cost alone. There should be regular audits and reviews of procurement contracts to ensure that contractors are complying with industry standards and delivering projects as promised.

Increase Transparency and Accountability in Procurement Processes: Transparency in the procurement process is crucial for reducing the incentive for lowballing. Public procurement guidelines should be made more transparent, and the process should be open to scrutiny. Stakeholders should be able to track the progress of construction projects and ensure that contractors adhere to agreed-upon standards. Public awareness campaigns should be launched to educate both contractors and clients about the risks associated with lowballing, and the importance of delivering quality projects on time and within budget.

Encourage Collaboration Between Contractors and Clients: There should be greater collaboration and communication between contractors and clients at the project inception stage. Engaging in early discussions about project scope, timelines, and cost expectations can help prevent misunderstandings and the need for lowballing. Contractors should be encouraged to work with clients to develop realistic budgets and timelines based on accurate cost assessments. This can help foster trust and ensure that both parties are aligned in their expectations.

Adopt a Holistic Approach to Procurement: The government should encourage a shift towards a more holistic procurement process that evaluates a contractor's overall capability, including financial stability, technical expertise, and past project performance, rather than focusing solely on cost. This can be achieved by adopting integrated procurement models that prioritise value for money over the lowest possible price.

Establish Incentive Systems: Procurement agencies should develop incentive mechanisms to reward contractors who deliver projects on time, within budget, and with high-quality standards. These incentives can take the form of a preference for future contracts, performance-based bonuses, or public recognition of their achievements.

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