

# Contractor Capabilities Evaluation Model from Risk Perspective

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## Abstract

Selecting a capable construction contractor is one of the most important tasks faced by a construction client who wishes to achieve successful project outcomes. Often this task is challenging, because the construction industry is volatile and competitive. Moreover the probability of construction failure is quite high for individual contractors, and it is important for project owners to confront and manage these risks if they wish to achieve good project results. The client must select the most appropriate contractor. This involves a procurement system that comprises five common process elements: project packaging, invitation, prequalification, shortlisting and bid evaluation. The selection process should identify a contractor to whom the client can confidently entrust the responsibility to execute the project satisfactorily, but unfortunately this is not always possible. The majority of current selection methods over-emphasize acceptance of the lowest bid, and the lowest tender price is usually described as being the key to winning a contract. Also Literature related to the construction industry is enriched with numerous researches that are relative to risk assessment and analysis. Several techniques and methodologies were proposed by diverse authors to serve this area of knowledge. In this thesis we will present several techniques and methods for decision making and will concentrate on contractors' capabilities evaluation from risk perspective using analytic network process (ANP).

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