

ABSTRACT

The construction of facilities and infrastructure to support economic life and public services in Indonesia must be balanced with the role of good procurement of goods and services. The most procurement method used in the government's construction is public tender with lowest bid evaluation system. This method focused on the lowest price offering, so it will affect the performance of the project.

This study aims to find and identify the dominant factors which influence poor performance on lowest bid evaluation system national highway projects. Data collection used in this study is a literature review and survey. The analysis methods used to search the dominant factors are Factor Analysis.

The result show 14 dominant factors which cause the poor performance of the project with a lowest bid evaluation system on national highway projects, such as contractors using unskilled and inexperienced worker, lack of professional participation of a contractor for a quality system, the contractor does not place Quality Assurance and Quality Control inspector in projects, Project Manager is not competence, a lack of people to control foreman, low labor costs, inadequate in the number of tools used, methods used in the operation of the device is not appropriate, the use of old equipment that has low efficiency, the main contractor hiring less experienced subcontractor, subcontractor recruiting substandard workers, subcontractors do not provide training for workers. That 14 dominant factors can be grouped into four groups of factors: inadequate resources, inadequate equipments, inadequate subcontractor, and inadequate project controlling system.