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## UNDERSTANDING CONTRACTOR SELECTION DECISIONS: THE MEDIATING ROLE OF CUSTOMER SATISFACTION

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### Info Article

*History Article:*

Submitted : 12 April 2026

Revised : 13 April 2026

Accepted : 13 April 2026

*Keywords:*

*Pricing Strategy,*

*Service Quality,*

*Customer Satisfaction,*

*Purchase Decision,*

*Contractor*

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### Abstract

This study aims to examine the effect of price and service quality on contractor decision-making, with customer satisfaction as an intervening variable. The research employs a descriptive and verificative design using a quantitative approach. Data were collected through questionnaires measured on a Likert scale. The population and sample consisted of 100 employees of PT JI, selected using a saturated sampling technique. Data analysis was conducted to test both direct and indirect relationships among variables. The results indicate that price, service quality, and satisfaction significantly influence decision-making. Price has a positive and significant effect on decisions both directly and indirectly through satisfaction, indicating partial mediation. Similarly, service quality also shows a positive and significant effect on decisions, with satisfaction acting as a partial mediator. However, the direct effects of price and service quality on decisions are stronger than their indirect effects through satisfaction. These findings suggest that contractor companies should maintain competitive pricing while enhancing service quality to improve customer satisfaction and decision outcomes. Continuous evaluation, improved service delivery, and customer oriented strategies are essential to strengthen competitiveness and foster long-term customer loyalty.

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## MEMAHAMI KEPUTUSAN PEMILIHAN KONTRAKTOR: PERAN MEDIASI KEPUASAN PELANGGAN

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### Abstrak

Penelitian ini bertujuan untuk menganalisis pengaruh harga dan kualitas layanan terhadap pengambilan keputusan kontraktor dengan kepuasan pelanggan sebagai variabel intervening. Penelitian ini menggunakan desain deskriptif dan verifikatif dengan pendekatan kuantitatif. Data dikumpulkan melalui kuesioner yang diukur menggunakan skala Likert. Populasi dan sampel penelitian terdiri dari 100 karyawan PT JI yang dipilih menggunakan teknik sampling jenuh. Analisis data dilakukan untuk menguji hubungan langsung dan tidak langsung antar variabel. Hasil penelitian menunjukkan bahwa harga, kualitas layanan, dan kepuasan berpengaruh signifikan terhadap pengambilan keputusan. Harga memiliki pengaruh positif dan signifikan terhadap keputusan baik secara langsung maupun tidak langsung melalui kepuasan, yang menunjukkan adanya mediasi parsial. Demikian pula, kualitas layanan juga

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*berpengaruh positif dan signifikan terhadap keputusan, dengan kepuasan sebagai mediator parsial. Namun, pengaruh langsung harga dan kualitas layanan terhadap keputusan lebih kuat dibandingkan pengaruh tidak langsung melalui kepuasan. Temuan ini mengindikasikan bahwa perusahaan kontraktor perlu menetapkan harga yang kompetitif sekaligus meningkatkan kualitas layanan untuk meningkatkan kepuasan pelanggan dan hasil keputusan. Evaluasi berkelanjutan, peningkatan kualitas layanan, serta strategi yang berorientasi pada pelanggan menjadi kunci dalam meningkatkan daya saing dan membangun loyalitas pelanggan jangka panjang.*

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ISSN

(online)

DOI: xxxxxxxxxxxxxxxx

## INTRODUCTION

The construction services sector in Indonesia has experienced significant growth in recent years, driven by increasing demand for housing, infrastructure, and public facilities in line with rapid population expansion and urbanization (Martiano, 2022; Gasparini et al., 2022). This development has intensified the need for comprehensive and systematic project planning, encompassing design accuracy, cost estimation, construction methods, and technical documentation. Effective planning is essential to ensure project efficiency, sustainability, and successful implementation. In particular, early-stage decisions such as procurement and contractor selection have become increasingly critical, as they significantly influence project outcomes and long-term performance (Raza et al., 2023).

Contractor selection represents a strategic phase in construction project management, as it directly affects cost control, quality assurance, and project timelines. Contractors, as profit-oriented entities, must balance cost efficiency with service performance to remain competitive (Stewart & Shirvan, 2022). Accurate cost estimation plays a vital role in determining project feasibility and profitability, while also serving as a benchmark for monitoring project execution (Liu et al., 2022). Previous studies indicate that inaccuracies in cost estimation and poor contractor selection can lead to adverse outcomes, including cost overruns, delays, and compromised quality (Ottaviani & De Marco, 2022; Malifa et al., 2019). Therefore, contractor evaluation should integrate both financial considerations and operational capabilities.

In the Indonesian context, construction procurement is governed by principles of efficiency, transparency, fairness, and competitiveness (Kuncoro, 2017). However, emerging research emphasizes that contractor selection should not rely solely on price competition but must also incorporate non-price factors such as technical competence, experience, reputation, and service quality (Princess, 2019; Primary, 2022). The increasing complexity of construction projects requires a multi-criteria decision-making approach that balances these diverse factors. Failure to adopt such an approach may result in suboptimal contractor choices, ultimately affecting project performance and stakeholder satisfaction (Nasereddin & Price, 2021).

Decision-making in contractor selection is inherently complex, as it involves evaluating multiple criteria under conditions of uncertainty and trade-offs. In practice, decision-makers must simultaneously consider key variables such as price, service quality, and customer satisfaction, all of which interact dynamically in shaping final decisions (Darni & Febriansyah, 2024). Empirical evidence from PT Jakamitra Indonesia indicates a persistent dilemma between selecting contractors offering competitive pricing and those delivering superior service quality. Lower-cost contractors often fail to meet expected standards, while high-quality contractors tend to propose higher costs, creating a trade-off that complicates decision-making processes. This phenomenon reflects the broader challenge of balancing cost efficiency and service excellence in contractor evaluation (Wang et al., 2022; Ilhamalimy & Mahaputra, 2021).

Furthermore, customer satisfaction has emerged as a critical factor influencing contractor selection decisions, as it reflects the extent to which contractor performance meets or exceeds

expectations, particularly in terms of price fairness and service quality (Simanjuntak et al., 2020; Rahmawati et al., 2022). Prior studies suggest that customer satisfaction can act as a mediating variable, strengthening the relationship between service attributes and decision outcomes (Cai et al., 2023; Chen et al., 2022; Nurdian et al., 2023). However, limited research has examined the integrated effects of price, service quality, and customer satisfaction within a unified framework, particularly in the context of contractor selection in emerging markets. Therefore, this study aims to analyze the influence of price and service quality on contractor selection decisions, with customer satisfaction as a mediating variable, in order to provide both theoretical contributions and practical insights for improving decision-making strategies in construction project management.

### **Relationship between Two or More Variables**

Decision-making in contractor selection is a complex and multidimensional process that involves evaluating both financial and non-financial criteria. From a consumer behavior perspective, decisions are influenced by perceived value, which is formed through a comparison between perceived benefits and sacrifices. According to Philip Kotler, customer value is a key determinant of decision-making, where price and service quality serve as the primary components shaping such perceptions. In the construction services context, contractor selection decisions are not solely based on cost considerations but also on the contractor's ability to deliver services that meet client expectations.

Price is one of the most dominant factors in evaluating contractor alternatives. It represents the total cost incurred by the project owner and is often used as an indicator of efficiency in procurement processes. Previous studies indicate that competitive pricing increases the likelihood of contractor selection (Firmansyah & Setiyarin, 2021). However, excessively low prices are often associated with risks such as poor work quality and project delays. Therefore, the effect of price on decision-making is not only direct but also influenced by how customers perceive price fairness.

*H1: Price has a positive and significant effect on contractor selection decisions.*

Service quality has become an increasingly important non-price factor in determining contractor selection decisions. Based on the SERVQUAL model developed by A. Parasuraman, service quality consists of dimensions such as reliability, responsiveness, assurance, empathy, and tangibles. In the construction industry, service quality is reflected in timeliness, professionalism, effective communication, and the ability to meet project specifications. Empirical evidence suggests that service quality positively influences trust and customer decisions in selecting service providers (Wang et al., 2022).

*H2: Service quality has a positive and significant effect on contractor selection decisions.*

Customer satisfaction is an evaluative response that arises from comparing perceived performance with prior expectations. According to Richard L. Oliver, satisfaction serves as an indicator of service delivery success and a basis for subsequent decision-making behavior. In construction services, satisfaction is shaped by previous project experiences, particularly regarding price fairness and service quality. Satisfied customers are more likely to make favorable decisions, including reselecting the same contractor.

*H3: Customer satisfaction has a positive and significant effect on contractor selection decisions.*

In addition to its direct influence on decisions, price also affects customer satisfaction. The concept of perceived price fairness suggests that customers will feel satisfied when the price paid is aligned with the benefits received. Conversely, dissatisfaction may arise when prices are perceived as unfair, even if service quality is acceptable. Previous studies have confirmed that price significantly influences customer satisfaction (Liu et al., 2022).

*H4: Price has a positive and significant effect on customer satisfaction.*

Service quality is also a key determinant of customer satisfaction. Higher levels of service quality lead to higher levels of satisfaction. This is consistent with numerous studies indicating

that service quality has a strong and positive effect on customer satisfaction across various service industries, including construction (Wang et al., 2022).

*H5: Service quality has a positive and significant effect on customer satisfaction.*

Furthermore, customer satisfaction acts as a mediating variable that links price and service quality to decision-making. Within the framework of consumer behavior theory, satisfaction functions as a cognitive and emotional evaluation that strengthens the relationship between stimuli (price and service quality) and response (decision). Fair pricing enhances satisfaction, which subsequently influences contractor selection decisions. Thus, the effect of price on decisions is both direct and indirect through satisfaction.

*H6: Customer satisfaction mediates the effect of price on contractor selection decisions.*

Similarly, high service quality enhances customer satisfaction, which in turn strengthens decision-making in contractor selection. In this context, satisfaction serves as a psychological mechanism that connects service experience with behavioral outcomes. Recent studies suggest that the impact of service quality on decision-making becomes stronger when mediated by customer satisfaction. Therefore, satisfaction plays a crucial role in reinforcing the relationship between service quality and contractor selection decisions.

*H7: Customer satisfaction mediates the effect of service quality on contractor selection decisions.*

## **METHOD**

This study employs a mixed-method approach by integrating qualitative and quantitative techniques to achieve a comprehensive understanding of contractor selection decision-making. The qualitative component is utilized to explore and identify relevant criteria, contextual factors, and practical considerations influencing decision processes. Meanwhile, the quantitative approach is applied to empirically test the relationships among variables and to evaluate decision priorities in a structured manner. The adoption of mixed methods is particularly appropriate for addressing complex, multi-criteria decision-making problems, as it combines exploratory insights with statistical validation, thereby enhancing the overall rigor and depth of the study (Creswell & Creswell, 2018; Saunders et al., 2019).

The study uses both primary and secondary data sources to strengthen the robustness of the analysis. Primary data are collected through structured questionnaires and in-depth interviews with respondents, while secondary data are obtained from company documents, internal reports, and relevant academic literature. The respondents consist of key stakeholders involved in contractor selection processes, including project managers, procurement personnel, and technical experts within PT Jakamitra Indonesia. A purposive sampling technique is applied to ensure that participants possess the necessary expertise and experience, thereby improving the relevance and reliability of the data collected (Hair et al., 2021; Sekaran & Bougie, 2020).

Data collection techniques include questionnaires, interviews, and documentation review to enable data triangulation. The questionnaire is designed using standardized indicators to measure price, service quality, customer satisfaction, and contractor selection decisions based on respondents' perceptions. In-depth interviews are conducted to capture contextual insights and deepen the understanding of decision-making practices, while documentation review is employed to validate and support empirical findings. This triangulation approach enhances the credibility, consistency, and validity of the research outcomes (Yin, 2018).

The data analysis is conducted using Structural Equation Modeling (SEM) with the Partial Least Squares (PLS-SEM) approach, which is suitable for analyzing complex models involving mediating variables and relatively small sample sizes. The analysis includes evaluation of the measurement model—covering validity and reliability—and the structural model for hypothesis testing, including direct and indirect (mediating) effects. The study measures independent variables (price and service quality), a mediating variable (customer satisfaction), and a dependent variable (contractor selection decisions). All variables are assessed using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), allowing for the quantification of perceptions and

facilitating statistical analysis. Instrument validity and reliability tests are conducted to ensure the accuracy and consistency of the measurement results.

## **RESULT AND DISCUSSION**

The empirical analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) to evaluate both the measurement and structural models. The results confirm that all constructs meet the required standards of validity and reliability. Convergent validity is established as all indicator loadings exceed 0.70 and the Average Variance Extracted (AVE) values are above 0.50, indicating adequate construct representation. Reliability is also confirmed through Cronbach's alpha and composite reliability values exceeding 0.70, demonstrating strong internal consistency. These findings indicate that the measurement model is robust and suitable for further hypothesis testing, in line with established methodological standards (Hair et al., 2021).

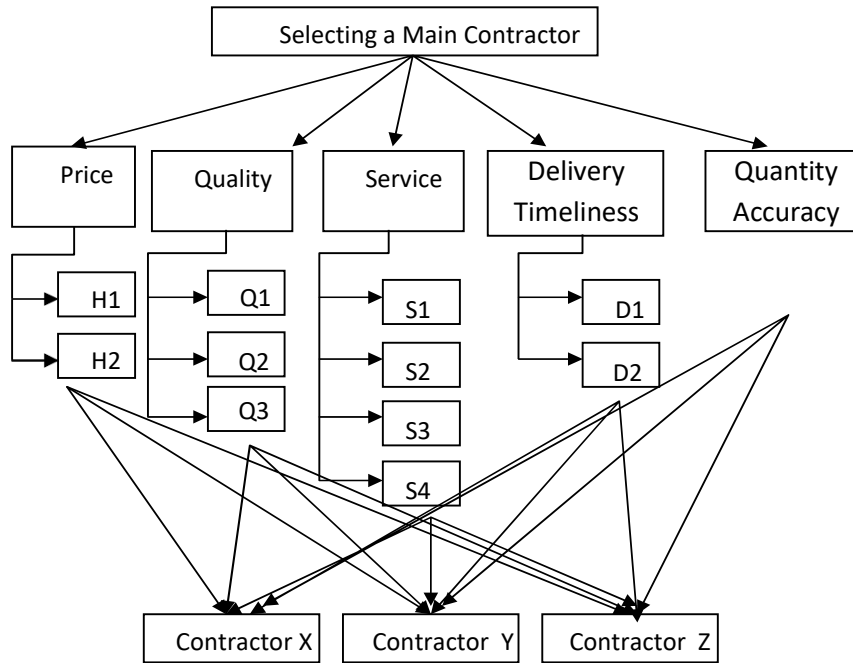
The structural model results reveal that price and service quality have positive and significant direct effects on contractor selection decisions. Price remains a critical determinant, reflecting the importance of cost efficiency and perceived value in decision-making. This finding supports customer value theory, which posits that decision-makers evaluate alternatives based on the trade-off between benefits and costs. However, the results also indicate that price alone is not sufficient to drive optimal decisions, as non-price factors increasingly influence contractor evaluation in complex project environments.

Service quality is found to exert a strong and significant influence on contractor selection decisions, highlighting its role as a key non-price factor. This finding is consistent with the SERVQUAL framework, which emphasizes dimensions such as reliability, responsiveness, and assurance as critical determinants of customer preference. In the context of this study, aspects such as timeliness, professionalism, and effective communication emerge as dominant considerations. This suggests a shift toward more holistic and quality-oriented evaluation practices among project owners, reflecting the increasing complexity and performance demands of construction projects.

Furthermore, customer satisfaction demonstrates a significant positive effect on contractor selection decisions and plays a mediating role in the model. The results show that both price and service quality significantly influence customer satisfaction, which in turn affects decision-making outcomes. This confirms the relevance of expectation-confirmation theory, where satisfaction is formed based on the alignment between expectations and perceived performance. The mediation analysis indicates partial mediation, meaning that price and service quality influence decisions both directly and indirectly through satisfaction. This highlights satisfaction as a critical mechanism that strengthens the relationship between service attributes and behavioral intentions.

From theoretical and practical perspectives, this study contributes by integrating customer value theory, SERVQUAL, and expectation-confirmation theory within a unified framework of contractor selection. The findings emphasize the importance of balancing economic and service dimensions in decision-making processes. Practically, contractor companies are encouraged to maintain competitive pricing while enhancing service quality to improve customer satisfaction and increase selection likelihood. For project owners, adopting a multi-criteria evaluation approach is essential to ensure optimal decision-making and project success. Additionally, the structured identification of criteria and sub-criteria in this study provides a foundation for further analysis using decision-support methods such as the Analytical Hierarchy Process (AHP), enabling more systematic and transparent contractor evaluation.

## Hierarchical Structure Compilation



**Figure 1.** Contractor Assessment Hierarchy Structure

### 1. Preparation of Pairwise Comparison Matrix of Criteria

Table 1. Pairwise Comparison Matrix of Contractor Selection Criteria

Criteria	Price	Quality	Service	Delivery Timeliness	Quantity Accuracy
Price	1,00				
Quality		1,00			
Service			1,00		

Table 2. Pairwise Comparison Matrix of Contractor Selection Criteria

Criteria	Price	Quality	Service	Delivery Timeliness	Criteria
Delivery Timeliness				1,00	
Quantity Accuracy					1,00

Source: processed primary data

### 2. Preparation of a Pairwise Comparison Matrix of Sub-Criteria for Each Criteria in Contractor Selection

Table 3. Pairwise Comparison Matrix of Objectives Between Sub-Criteria in Price Criteria

Subcriteria	Price-to-quality ratio (H1)	Price to quality ratio (H1)

Price to quality ratio (H1)	1
Ability to offer discounts on orders exceeding certain quantities (H2)	1

Table 4. Pairwise Comparison Matrix of Objectives Between Subcriteria in Quality Criteria

Subcriteria	Conformity of goods/services to established specifications (Q1)	Conformity of goods/services to established specifications (Q1)	Conformity of goods/services to established specifications (Q1)
Conformity of goods/services to established specifications (Q1)	1		
Defect-free or damage-free delivery (Q2)		1	
Ability to provide consistent quality (Q3)			1

Source: processed primary data

Table 5. Pairwise Comparison Matrix of Objectives Between Subcriteria in Service Criteria

Subcriteria	Ease of contact with the company (S1)	Ease of contact with the company (S1)	Ease of contact with the company (S1)	Ease of contact with the company (S1)
Ease of contact by the company (S1)	1			
Ability to provide clear information (S2)		1		
Kecepatan dalam hal menanggapi permintaan (S3)			1	

Source: processed primary data

Table 6. Pairwise Comparison Matrix of Objectives Between Subcriteria in Service Criteria

Subcriteria	Ease of contact with the company (S1)	Ease of contact with the company (S1)	Ease of contact with the company (S1)	Ease of contact with the company (S1)
Responsiveness in resolving problems (S4)				1

Source: processed primary data

Table 7. Pairwise Comparison Matrix of Objectives Between Subcriteria in the Delivery Accuracy Criteria

Sub-criteria	Ability to deliver goods according to the agreed schedule (D1)	Ability to deliver goods according to the agreed schedule (D1)
Ability to deliver goods according to the agreed schedule (D1)	1	
Ability to manage transportation systems (D2)		1

Source: processed primary data

### 3. Preparation of Pairwise Comparison Matrix of Alternatives in Contractor Selection

Table 8. Pairwise Comparison Matrix of Objectives Between Alternatives for each criterion and sub-criteria

Alternative	Contractor X	Contractor Y	Contractor Z
Contractor X	1		
Contractor Y		1	

Source: processed primary data

### 4. Calculate the weight/priority of importance of each variable at level 1 (criteria), namely Price, Quality, Service, Delivery Accuracy, and Quantity Accuracy

Table 9. Priority Assessment of Criteria for Contractor Selection

Criteria	Price	Quality	Service	Accuracy of Delivery	Accuracy of Quantity
Quality	1,00	0,50	6,00	2,00	0,50
Service	2,00	1,00	7,00	6,00	2,00
Delivery Timeliness	0,17	0,14	1,00	0,33	0,50
Quantity Accuracy	0,50	0,17	3,00	1,00	0,50
Criteria	2,00	0,50	2,00	2,00	1,00

Source: processed primary data

Table above shows that in selecting the main contractor, PT Jakamitra Indonesia's main priority is the quality criteria with a weight of 0.43, then the second priority is the quantity accuracy criteria with a weight of 0.21, followed by the price criteria with a weight of 0.20 in the third priority, the delivery accuracy criteria with a weight of 0.10 in the fourth priority, and finally the service criteria with a weight of 0.06.

Table 10. Priority of Importance (Weight) Criteria in Contractor Selection

Criteria	PRIORITY	WEIGHT
Price	0,20	<b>3</b>
Quality	0,43	<b>1</b>
Service	0,06	<b>5</b>
Delivery Timeliness	0,10	<b>4</b>
Quantity Accuracy	0,21	<b>2</b>

Source: processed primary data

**5. Calculate the weight/priority of importance of each variable at level 2 (sub-criteria)**

**a. Price criteria**

Table 11. Assessment of Priority of Sub-Criteria Importance in Price Criteria

Subcriteria	H1	H2
H1	1,00	7,00
H2	0,14	1,00

Source: AHP processing results

From the results of the pairwise comparison calculations between variables in the price sub-criteria above, the weights shown in table 11 below are obtained :

Table 12. Priority of Importance (Weight) of Sub-Criteria in Price Criteria

Subcriteria	WEIGHT	PRIORITY
Price-to-quality ratio (H1)	0,88	<b>1</b>
Ability to offer discounts (H2)	0,13	<b>2</b>

Source: AHP processing results

Table 12 above shows that in the price sub-criteria, Price appropriateness with quality (H1) is the main priority with a weight of 0.88 while the second sub-criteria is the ability to provide discounts on orders in certain quantities (H2) with a weight of 0.13

**b. Quality criteria**

Table 13. Assessment of Priority of Sub-Criteria Importance in Quality Criteria

Subcriteria	Q1	Q2	Q3
Q1	1,00	3,00	0,25
Q2	0,33	1,00	0,14
Q3	4,00	7,00	1,00

Source: AHP processing results

From the results of the pairwise comparison calculations between variables in the quality sub-criteria above, the weights shown in table 4.14 below are obtained:

Table 14. Priority of Importance (Weight) of Subcriteria in Quality Criteria

Subcriteria	WEIGHT	PRIORITY
Conformity of goods/services to established specifications (Q1)	0,21	<b>2</b>
Provision without defects or damage (Q2)	0,09	3
Ability to deliver consistent quality (Q3)	0,70	1

Source: AHP processing results

Table above shows that in the quality sub-criteria, the conformity of goods/services with the established specifications (Q3) is the main priority with a weight of 0.70, followed by the second sub-criteria, namely the conformity of provision without defects or damage (Q1) with a weight of 0.21, and finally the sub-criteria, the ability to provide consistent quality (Q2) with a weight of 0.09

### c. Service criteria

Subcriteria Ease of being contacted by the company (S1)

Table 15. Prioritization of Alternative Interests In the Ease of Company Contact Sub-Criteria

Alternative	X	Y	Z
X	1,00	2,00	0,20
Y	0,50	1,00	0,14
Z	5,00	7,00	1,00

Source: AHP processing results

From the results of the pairwise comparison calculations between variables in the sub-criteria Ease of contact by the company (S1) above, the weights obtained are:

Table 16. Priority of Importance (Weight) of Alternatives In the Subcriteria of Ease of Contact by the Company

Alternative	WEIGHT	PRIORITY
X	0,17	<b>2</b>
Y	0,09	<b>3</b>
Z	0,74	<b>1</b>

Source: AHP processing results

Sub-criteria: Ability to provide information clearly (S2)

Table 17. Assessment of Priority of Alternative Interests in the Subcriteria Ability to provide clear information

Alternative	X	Y	Z
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X	1,00	0,50	0,20
Y	2,00	1,00	0,33
Z	5,00	3,00	1,00

Table 18. Priority of Importance (Weight) of Alternatives In the Subcriteria, the Ability to Provide Clear Information

Alternative	WEIGHT	PRIORITY
X	0,12	3
Y	0,23	2
Z	0,65	1

Source: AHP processing results

Subcriteria Speed in terms of responding to requests (S3)

Table 19. Assessment of Priority of Alternative Interests on Subcriteria Speed in terms of responding to requests

Alternative	X	Y	Z
X	1,00	0,50	0,14
Y	2,00	1,00	0,14
Z	7,00	7,00	1,00

From the results of the pairwise comparison calculations between variables in the Speed sub-criteria in terms of responding to requests (S3) above, the weights obtained are:

Table 20. Priority of Importance (Weight) of Alternatives on the Speed Subcriteria in terms of responding to requests

Alternative	WEIGHT	PRIORITY
X	0,09	<b>3</b>
Y	0,14	<b>2</b>
Z	0,77	<b>1</b>

Source: AHP processing results

Subcriteria for Quick Response in Solving Problems (S4)

Assessment of Priority of Alternative Interests in the Quick Response Subcriteria in resolving problems

Alternative	X	Y	Z
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X	1,00	3,00	0,33
Y	0,33	1,00	0,20
Z	3,00	5,00	1,00

From the results of the pairwise comparison calculations between variables in the sub-criteria for quick response in resolving customer complaints (S4) above, the weights obtained are:

Table 21. Priority of Importance (Weight) of Alternatives in the Quick Response Subcriteria in Resolving Customer Complaints

Alternative	WEIGHT	PRIORITY
X	0,26	2
Y	0,11	3
Z	0,63	1

Source: AHP processing results

#### d. Delivery accuracy criteria

Sub-Criteria: Ability to deliver goods according to the agreed schedule (D1)

Table 22. Assessment of Priority of Alternative Interests on the Subcriteria of Ability to Deliver Goods According to the Agreed Schedule

Alternative	X	Y	Z
X	1,00	0,50	0,20
Y	2,00	1,00	0,33
Z	5,00	3,00	1,00

From the results of the pairwise comparison calculations between variables in the sub-criteria for the Ability to Deliver Goods according to the agreed schedule (D1) above, the weights obtained are:

Table 23. Priority of Importance (Weight) of Alternatives in the Subcriteria of Ability to Deliver Goods According to the Agreed Schedule

Alternative	WEIGHT	PRIORITY
X	0,12	3
Y	0,23	2
Z	0,65	1

Source: AHP processing results

Sub-criteria for Capability in terms of handling transportation systems (D2)

Table 24. Assessment of Priority of Alternative Interests on the Capability Subcriteria in terms of handling the transportation system

Alternative	X	Y	Z
X	1,00	3,00	0,33
Y	0,33	1,00	0,20
Z	3,00	5,00	1,00

From the results of the pairwise comparison calculations between variables in the sub-criteria for Capability in terms of handling the transportation system (D2) above, the weights obtained are:

Table 25. Priority of Interest (Weight) of Alternatives in the Capability Sub-Criteria in terms of handling the transportation system

Alternative	WEIGHT	PRIORITY
X	0,26	2
Y	0,11	3
Z	0,63	1

Source: AHP processing results

**e. Criteria for accuracy of quantity**

Table 26. Assessment of Priority of Alternative Interests on the Quantity Accuracy Criteria

Alternative	X	Y	Z
X	1,00	0,20	2,00
Y	5,00	1,00	5,00
Z	0,50	0,20	1,00

From the results of the pairwise comparison calculations between variables in the accuracy criteria above, the weights are obtained.

Table 27. Priority of Importance (Weight) of Alternatives in the Accuracy Criteria

Alternatif	BOBOT	PRIORITAS
X	0,18	2
Y	0,70	1
Z	0,11	3

## 6. Choosing the Optimal Contractor

After calculating each criterion and sub-criteria for each alternative, a global priority table is compiled. This global priority table is a summary of all AHP calculation results, showing the weights of each criterion and sub-criteria, making it easier to select the optimal contractor. This table can be seen below:

Table 28. Global Priority

Level 0 (Objective)	Level 1 (Criteria)	Level 2 (Subcriteria)	Weight	Alternative	Weight
Selecting the best contractor	Price 0,20	H1	0,88	Contractor X	0,18
				Contractor Y	0,70
				Contractor Z	0,11
		H2	0,13	Contractor X	0,68
				Contractor Y	0,20
				Contractor Z	0,12
	Quality 0,43	Q1	0,21	Contractor X	0,13
				Contractor Y	0,59
				Contractor Z	0,28
		Q2	0,09	Contractor X	0,33
				Contractor Y	0,59
				Contractor Z	0,08
	Q3	0,70	Contractor X	0,56	
			Contractor Y	0,32	
			Contractor Z	0,12	
	Service 0,06	S1	0,52	Contractor X	0,17
				Contractor Y	0,09
				Contractor Z	0,74
S2		0,24	Contractor X	0,12	
			Contractor Y	0,23	
			Contractor Z	0,65	
Selecting the best contractor	Service 0,06	S3	0,14	Contractor X	0,09
				Contractor Y	0,14
				Contractor Z	0,77
		S4	0,10	Contractor X	0,26
				Contractor Y	0,11
				Contractor Z	0,63
	Delivery Accuracy 0,10	D1	0,83	Contractor X	0,12
				Contractor Y	0,23
				Contractor Z	0,65
		D2	0,17	Contractor X	0,26
				Contractor Y	0,11
				Contractor Z	0,63
				Kontraktor X	0,18

Accuracy of Quantity	Kontraktor Y	0,70
0,21	Kontraktor Z	0,11

From the global priority table, the overall weight of each alternative can be calculated by adding up all the overall weights for each supplier, the result is

Table 29. Overall Alternative Weight

Alternative	WEIGHT	PRIORITY
Contractor X	3,09	III
Contractor Y	4,02	II
Contractor Z	4,89	I

If the selection of the Contractor is based on individual criteria

Table 31. Overall Alternative Weight

Criteria	Contractor X	Contractor Y	Contractor Z
Price	0,86	0,90	0,23
Quality	1,02	1,51	0,47
Service	0,64	0,57	2,79
Delivery Timeliness	0,38	0,34	1,28
Quantity Accuracy	0,18	0,70	0,11

Source: AHP processing results

## CONCLUSION AND RECOMMENDATION

This study aims to examine the effect of price and service quality on contractor selection decisions, with customer satisfaction as a mediating variable. The findings indicate that both price and service quality have a positive and significant influence on contractor selection decisions. Service quality emerges as the more dominant factor, reflecting a shift from a cost-based approach toward a value-based perspective that emphasizes professionalism, timeliness, and reliability in project execution.

Furthermore, customer satisfaction is found to have a significant effect on contractor selection decisions and acts as a partial mediating variable in the relationship between price, service quality, and decision-making. This suggests that decisions are not solely determined by direct evaluations of price and service quality but are also influenced by accumulated experiences and perceived satisfaction. Thus, customer satisfaction plays a critical role in strengthening the relationship between service attributes and final decisions.

From a practical perspective, this study recommends that contractor companies should not rely solely on competitive pricing strategies but also focus on improving overall service quality, particularly in terms of communication, professionalism, and timeliness. For project owners, it is essential to adopt a multi-criteria evaluation approach in contractor selection to ensure more objective decisions and minimize project risks. Theoretically, this study contributes by integrating economic and behavioral factors into a comprehensive analytical framework.

However, this study has several limitations, including its focus on a single company and a relatively limited sample size. Therefore, future research is recommended to expand the research scope, incorporate additional variables such as reputation, trust, and risk

management, and apply integrated analytical approaches, such as combining AHP and SEM, to produce more comprehensive and generalizable findings.

## ACKNOWLEDGEMENT

The authors would like to express their sincere gratitude to PT Jakamitra Indonesia for providing access to data and facilitating the research process. Appreciation is also extended to all respondents, including project managers, procurement teams, and technical staff, for their valuable time and insights.

The authors also acknowledge the support from colleagues and academic contributors who provided constructive feedback and guidance during the research preparation and completion. Finally, the authors thank all parties who have directly or indirectly contributed to the successful completion of this study.

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