

**THE CAUSES AND EFFECT OF DELAY TO
HANDOVER THE PROJECT IN
CONSTRUCTION INDUSTRY**

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Report submitted in fulfilment of the requirements for the award of the degree of
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SUPERVISOR'S DECLARATION

I hereby declare that I have checked this thesis and in my opinion, this thesis is adequate in term of scope and quality for the award of the Bachelor's Degree of Project Management.

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I hereby declare that the work is my own except for quotation and summaries which have been duly acknowledgement. The project has not been accepted for any degree and is not concurrently submitted for award of other degree.

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ABSTRACT

This thesis is to identify the main cause of project delay and to know the effects that will be happen if the project was delay in construction industry at Kelantan. It is because construction industry is important to Malaysia and it is one of the catalysts to the economic growth in Malaysia. Other than that, this thesis also can help to improve the construction industry in Kelantan. This study also provides a lot of useful input and information to those involved in the construction industry both directly and indirectly. A survey was conducted to get the data and information about the causes and effects of project delay. The survey was conducted in construction industry at Kelantan. There are 73 respondents that involve in the survey.

ABSTRAK

Kajian ini telah dijalankan bertujuan untuk mengenalpasti apakah punca utama yang menyumbang kepada kelewatan projek dan mengetahui kesan-kesan yang akan terjadi apabila berlakunya kelewatan dalam sesebuah projek di dalam industri pembinaan di Kelantan. Hal ini kerana industri pembinaan merupakan tunjang utama bagi Negara Malaysia kerana industri ini salah satu penyumbang terbesar kepada ekonomi Negara. Oleh itu, karya ini cuba untuk membantu dalam penambahbaikan industri pembinaan Negara. Satu kaji selidik telah dijalankan untuk mendapatkan data dan maklumat tentang punca dan kesan kelewatan dalam projek pembinaan. Kaji selidik tersebut melibatkan industri pembinaan di negeri Kelantan. Seramai 73 orang responden telah terlibat dalam proses soal selidik.

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

This study is about delay to handover the project in construction industry. The aim of this study is to know the causes and effect of delay to handover the project in construction. This chapter will cover the background of the study, problem statement, research objective, research question, scope of study, relevant of study, research framework, expected result and conclusion of project delay in construction industry.

There are various types of project such as construction project, oil and gas, information system, event and research and development. Commonly every project faces delay, this shows that this problem is a universal problem. It is because project delay is happens all around the world.

1.2 BACKGROUND OF STUDY

Construction industry is an important for the country. This is because the construction industry contributes to the economy and the progress of a country. The construction industry has a multiplier effect factor and wide chain in which it acts as a catalyst to the growth sectors of the economy. In 2014, the construction industry is estimated to remain strong with supply projections by 9.6%. For the record, the construction sector contributed 3.5% to the overall Gross Domestic Product (GDP) in 2012; estimated 3.7% in 2013, and is projected to 3.9% in 2014 (RMK-10). The improvement of performance in the construction industry causes of the implementation of various projects such as the My Rapid Transit (MRT) and the port at Kuantan. The government had allocated RM46.5 billion overall for the country's development expenditure for the year 2014. However, delay still happen in construction project. So, the causes and effect of the delay need to be listed to overcome this problem.

However, in construction industry there are many challenges. The main challenge is delay. Delays in the project are a big problem for the construction industry. This is because the delay will affect the project and the stakeholders. Delays in project is refers to prolong the time requirement to complete the project. It usually shows up as additional days of work or as a delayed start of an activity (G. Sweis et al 2007). Delay is one of the challenges that must be faced and dealt with by the project manager. Project delays often associated with project management itself.

Delays in the construction of a project are not only happens in this country, even in other states as well in Thailand, Hong Kong, Jordan and Saudi Arabia, they also are having the same problem. There are many causes that contributed to the delays. That is why the causes of projects delay are different among all the countries involved. Delays in the construction of the project will have an impact on projects such as the impact on the length of time for completion of the project, lawsuits, and other costs.

The delay of project happened because of many factors and can effect to the project. So, it has to be overcome early to avoid the same problem from recurring. This study is not to list the weakness in construction companies in our country, but to identify the causes of the delay in the company. This study will focus on the causes and

effects of delay to handover the project in construction industry. The causes of delay are from four categories which are contractor's causes, owner's causes, consultant's cause and external causes.

There are many parties that involve in a construction of a project such as Contractor, engineer, architect, project manager, stakeholders, and clients. The involvement of many parties led to the construction industry is considered complicated because it requires the cooperation of all parties involved to ensure the project runs smoothly. According to the records of the ministry, in 2009 until 2012, there are 119 contractor companies was blacklisted because of the failure to complete the project as specified in the contract.

1.3 PROBLEM STATEMENT

Delays in project are one of the problems that often occur on construction projects in Malaysia and around the world. Therefore many of the projects cannot operate as specified in the contract. The period of time for the project will be longer than it should be. Due to late completion of the project, so many plans and programs related to the project had to be postponed. Project delays will give huge impact to many people, especially those who invest. As we know, many projects in Malaysia are involved in delay.

There are many examples of projects that are suffering delay in Malaysia. Among the projects that have experienced delays during construction is project Kuala Lumpur international airport (KLIA 2). This mega project began in 2007 with the original cost of RM1.7 billion. This mega project was failed to be completed by the contractor as specified. KLIA 2 project was delayed because of the changing location of the project. KLIA 2 was supposed to complete and start the operations in June 2013. (Source: Sinar Harian July 4, 2013). KLIA 2 was extending the completion date about six times because of the delay. It is give huge impact the stakeholder. However, the project was completed and commissioned in May 2014 at a cost of RM 4.5 billion. The delay was happed because of the poor management. They don't have good planning