PREDICAMENT IN CONSTRUCTION – AN OVERLOOK TO DELAYS, COST OVERRUNS AND RISKS

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SUPERVISOR'S DECLARATION

I/We* hereby declare that I/We* have checked this thesis/project* and in my/our* opinion, this thesis/project* is adequate in terms of scope and quality for the award of the Bachelor Degree of Civil Engineering

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I hereby declare that the work in this thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at Universiti Malaysia Pahang or any other institutions.

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ABSTRAK

Prestasi masa dan kos adalah kriteria asas bagi kejayaan dalam mana-mana projek. Masalah ini adalah fenomena global dalam industri pembinaan. Malaysia dianggap sebagai industri yang menghadapi prestasi buruk yang membawa kepada kegagalan dalam mencapai prestasi masa dan kos yang efektif. Akibatnya, kebanyakan projek menghadapi kelewatan masa dan kos yang berlebihan. Kajian ini menilai kelewatan dan kos lebihan projek pembinaan di Malaysia dan mengenal pasti cara yang berkaitan untuk meminimumkan kelewatan, kos berlebihan dan risiko yang terlibat dalam projek pembinaan. Penyumbang utama kepada prestasi buruk ini termasuk masalah reka bentuk, pengurusan bahan yang tidak teratur, keadaan cuaca, penghantaran bahan secara tidak langsung dan ketiadaan insentif untuk kontraktor untuk menamatkan lebih awal dari jadual. Tambahan pula, wawancara telah dijalankan keatas kakitangan yang berpengalaman yang terlibat dalam menguruskan projek-projek pembinaan bagi memahami situasi yang dihadapi sepanjang hayat kitaran projek. Kajian ini memberikan gambaran keseluruhan mengenai amalan semasa yang boleh digunakan sebagai langkah pencegahan untuk projek masa depan.

ABSTRACT

Time and cost performance are the basic criteria for the success of any project. These problems in the construction industry are a global phenomenon. Malaysia has been regarded as an industry facing poor performance leading to failure in achieving effective time and cost performance. As a consequence, most projects face huge amount of time or delays and cost overruns. This study assessed the delay and cost of overruns of construction projects in Malaysia and identified relevant ways to minimize deferred costs, delays and risks involved in construction projects. The major contributors to this poor performance include design problems or errors in resource, poor management of material, the weather condition, unpunctually material delivery and unavailability of incentives for contractor for finishing ahead of schedule. Furthermore, interviews were conducted with experienced personnel involved in managing construction projects in order to comprehend the situations encountered during the cycle life of the project. This study provide insight overviews of the current practice such that can be used as preventive measures for future projects.

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INTRODUCTION

1.1 INTRODUCTION

Projects are made with a due date in order to complete on time. This is to reduce costs as being delayed costs of money. Currently, projects are getting harder to complete hence certain projects are left unfinished. This is getting worse by the years. Ali and Kamaruzzaman (2010) mentioned that the cost overruns are a risky and crucial problem. They also stated that the problems of cost overruns and project delays are becoming a trend in the worldwide and it occurs more in developing countries due to growing rapid pace. It becomes a problem when the inability of the project managers to cope up with the growing industry hence resulting in budgeting and planning problems. Eventually, this lead to delay in projects completions. Hence, it is important to determine the factors that contribute to the cost overruns, take action to prevent and reduce these issues in the future.

The construction industry plays an important role in achieving fully developed nation status. It is imperative to complete projects on time as this is a sign of how good the company performance is. In fact, a project is considered 'successful' if it is not delayed and does not incur an additional costs which can be burdening to the company. Normally, when the projects are delayed, they are either extended or accelerated and therefore, incur additional cost.

Delivering a project on time requires mettle and commitments to the project since the construction process is subjected to many variables and unpredictable factors. To plan and manage a successful project, the three parameters, time, quality and costs, play the major roles. It is imperative to balance out the three components in order to reach an agreeable terms in cost, time and also quality of the project. The clients in the construction industry are primarily concerned with quality, time and cost. But majority of construction projects are procured on the basis of the constraints time and cost. Cost escalation and time overruns are typically associated with poor management practices. This study attempts to identify the cost overrun factors occur in the construction industries and investigate the impact of the cost overruns factors to the project delay.

1.2 BACKGROUND STUDIES

Construction project is not only the development work, but also conjointly enclosed all the planning, designing, management, executing or others work until the end of the construction phase. A construction project can be considered as successful if the project satisfies the all the requirements on original budget, on schedule, and agreed with the scope as that are set inside the project (Wu et al., 2014)

In foreign country, a very comprehensive analysis done by Wu et al,(2014) state that nine out of ten public construction projects in Chicago have overrun within the cost and schedule. Sambasivan & Soon, (2007) study report shows around 46% of the project, either had cost overruns or it did not meet the requirement or desires of client and users. In addition, researchers from Saudi Arabia, found that only 30% of construction projects were finished inside the completion date, and therefore time overrun was between 10% and 30%.

Recently, the construction industries of Malaysia are being developed quickly (Ali & Kamaruzzaman,2010). However, they are facing chronic issues, such as time and cost overruns, poor workers performance, poor productivity, over hooked in to from foreign countries and lack of resource (A. Memon, Abdul Rahman, & Asmi Abdul Aziz,(2012).

1.3 PROBLEM STATEMENT

Malaysia is facing a chronic problems including poor performance of time and cost. Besides that, construction waste, poor productivity and over dependent of foreign workers and all over these challenges that will be considered as critical issues. Meanwhile, in Malaysia it is reported that only 20.5% of the public projects 33.5% of the private sector projects were completed within the time. (Ammar Ali, 2018)

The critical issues facing by Malaysia is because of the dearth of concern by project manager within the construction issues. Less of studied on the impact of the cost overrun factors to the project delay and lack of updated information concerning costs factors contributed to the project delay in numerous stages. (Jia, 2015)

The construction trade is of terribly complicated and strategic nature. Therefore it is considered as a risky affair due to its peculiarity. Because of involvement of assorted stakeholders connected with the project, many internal and external factors increase the risks of the project.

Such problems if not managed efficiently will bring unanticipated and unexpected impact to the company as well as the construction industry. Therefore, project managers and site contractors need to pay serious attention to curb the problem.

Thus, this study is tried to highlight the factors of cost overruns within the industry, and investigate the impact of the factors of the project delay within the industry, therefore resulting an unfinished comes in certain projects. Hence, it will facilitate contractors and project managers to understand the importance of cost and time in an exceedingly project, alleviate financial and time related issues to ensure the flow of the project is smooth, therefore creating the project successful.

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