COMMUNICATION PROBLEM BETWEEN CONTRACTOR AND CLIENT
IN DESIND BUILD PROJECTS

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UNIVERSITI TUN HUSSEIN ONN MALAYSIA
COMMUNICATION PROBLEM BETWEEN CONTRACTOR AND CLIENT IN DESIGN AND BUILD PROJECTS

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A thesis submitted in
Fulfilment of the requirement for the award of the Bachelor of Technology Management (Construction) with Honours

Faculty of Technology Management and Business
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I hereby declare that the work in this project report is my own except for quotations and summaries which have been duly acknowledged.

Student : .................................................................

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Date : .................................................................

Supervisor : .............................................................

PROF. MADYA DR ARYANI BINTI AHMAD LATIFFI
DEDICATION

For my beloved father and mother,
Thank you for your encouragement and support.

For my supervisor, Prof. Madya Dr. Aryani Binti Ahmad Latiffi,
Thank you for your support and guidance.
ACKNOWLEDGEMENT

First of all, I would like to express my sincere gratitude and appreciation to my supervisor of this project, Prof. Madya Dr. Aryani Binti Ahmad Latiffi for all the advices, support and guidance given throughout the journey towards the completion of my final year project. This project was able to run smoothly and successfully with useful advices from supervisor who enlightened me all the time. A special thank was directed to him for the precious time spent on guiding me in this project.

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ABSTRACT

The most frequent construction cause of conflicts is unsuccessful communication between contractor and client. The poor communication between contractor and client will significantly delay the project progress which will increase the project cost. Hence, the purpose of this study is to identify the factors contribute to communication problems in design and build projects and the ways to reduce communication problems between contractor and client in design and build projects. Besides, G7 contractor which have experience in design and build projects in the area of Melaka have been selected as respondents of the study. A questionnaire was used as an instrument in this study for data collection. There are two hypotheses have been developed in order to achieve research objectives of present study. The study analysed by the Microsoft Excel 2013 with the collection of questionnaire data. A total of 45 sets were distributed to project manager and assistant project manager. Conflict between client and consultant lead to delay in passing information to contractor is major factor cause the communication problem in design and build project. Organization can establish seminar in advance usage of communication skill to improve the quality of the design and build project in construction industry. As a conclusion, a perfect communication can avoid a lot of unwanted accidents happens in the work place. Therefore, the communication skill is a must to be master by the contractors and client.
ABSTRAK

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CHAPTER 1

INTRODUCTION

1.1 Introduction

Communication is defined as the transference of meaning from one person to another and is affected by several factors such as beliefs, attitudes, values and knowledge. On the other way, it can also be defined as the formal and informal sharing of information between organizations (Engström, Sardén, & Stehn, 2009). It is really vital that communication was sending and receiving information between two or more people. The information was conveyed included facts, ideas, concepts, opinion, beliefs, attitudes, instruction and even emotions (Grimsley, 2012). There are three types of communication which was verbal communication, non-verbal communication and written communication. Verbal communication includes chats, presentation and voicemails. Written communication includes letters, emails, memos, reports and formal documents. Non-verbal communication uses signals to communicate and including body languages (Perumal & Bakar, 2011). Effective communication is vital to the successful completion of design and build project. The success of a project often relies on good communication practice and established channel between clients and contractors (Faught & Tran, 2015; Goh, Goh, Toh, & Ang, 2014; Mitkus & Mitkus, 2014). Good communication can improve teamwork and lead to better project collaboration. Poor communication can result in misunderstandings, delays and lead to bigger problems such as arbitration, even negative impact on local social and economy issues.
In general, contractor and client were evenly important parties in every construction project, particularly in design and build projects. This is because in a certain design and build projects, the construction parties only mainly consist of two, which is the client and the design and build contractor (Adamu, Sidik, & Ernest, 2017). Contractor was employed by the client on the advice of the architect, engineer or the architectural technologist or the client himself or herself acting as the manager. The general contractor was responsible for the overall coordination of a project (Shekhar, 2008). Client in which defined by his role of ‘Entity, individual or organization commissioning and funding the project in directly or indirectly way’ (CIOB, 2010). As conclusion, the client is responsible for providing capital projects and pay for all the expenses work done by the contractor.

Figure 1.1: Contractor client relationship (Einarssan, 2008)

Figure 1.1 above shows the relationship between contractor and client in a certain project, regardless of the procurement method. In real situation, client and contractor have mutualism relationship in the design and build project. Contractors have to fulfill all the project goals stated by the client. At the same time, client need
to factor in project delay cost for potential delay-risk during construction period. Contractors have to report the project progress to the client and any mistakes due to design errors.

1.2 Background of Study

The efficiency and effectiveness of the construction process strongly depend on the quality of communication. The emergence of new information technology is an underlying factor behind the increasing importance of communication in all type of organization (Holm, 2010). There are four reasons are mention why improvement communication are need. The first reason is that an improvement in the communication within the contractor and client can reduce failure. Second, open communication, in which means sharing information openly can lead to innovation and better technical solutions. Third, communication improvement in early phase of project would positively influence the quality as perceived by all stakeholders involved. Finally, improved communication during the briefing sessions, from preliminary design stage to post-construction stage have the potential leading the team to have better decision making choices. In a sense, it is about less haste in moving to solution and better way of looking at the requirements first through communication (Hoezen, Reymen, & Dewulf, 2007).

There are many parties involve in a project include contractor and client. In a certain construction project, the builder contractor is the party whom need to deal with the problems and issues first hand. Some examples of those issues are related to changes such as design changes and schedule changes. A finding shows that construction changes issue can be resolved easily if accepted by the client (Kang, Magdi, Elamin, & Goh, 2015). However this is associated with communication issues factors such as inexperienced project personnel lead to construction changes (Tipili, Ojeba, & Sa ‘adiya Ilyasu, 2014). This phenomenon happens in both traditional and modern procurements such as design and build, turnkey projects, construction management procurement and so on (Faught & Tran, 2015; Idiake, Shittu, Anunobi, & Akanmu, 2015; Ramanathan & Narayanan, 2016). The communication between contractor and client is very crucial for the success of the
project. Proper communication channels between contractor and client must be established during the early stage. A good communication between client and contractor is very important because it will influence the performance of the construction project. Any problem within communication can lead to severe misunderstanding between contractor and client (Sambasivan & Soon, 2007).

Traditional procurement system in nature is lengthy design and construction period, poor communication between client and the project team, resulting potential poor construction quality, delay in completion and overrun of budget (Ramanathan & Narayanan, 2016). However, communication is an essential topic in the construction industry. A study was carried out in Lithuania on year 2014 verifying that the communication problem could lead the conflicts arising between client and contractor. The most frequent cause of construction conflicts was unsuccessful communication between client and contractor (Mitkus & Mitkus, 2014).

Communication between client and contractor is by a stage in the building process (pre tendering), by a document (tender), by client’s decision (acceptance of tender and approval of building documents), and by activities (coordination on site and final inspection) (Engstrom, Sarden & Stehn, 2009). In the design and build environment, the emphasizing of good communication practice was even more crucial as the communication channel reduced from three parties whom are client, consultants and main contractor to only client and contractor. In the design and build environment, contractor act as a single contact point and fully responsible for the coordination between the project team (Gambo & C.P. Gomez, 2015). The project team consists of sub-contractors and consultants whom are responsible for the design, construction, submission of approvals, and completion of the project. Thus, design and build contractor plays a larger and more crucial role than traditional procurement contractor.
1.3 Problem Statement

Design and build procurement is an alternative procurement method to traditional procurement method that able to resolve cost overrun and time overrun issue (Idiake et al., 2015). In a design and build communication problem study, the scholar suggested that there are certain communication issues may affects the project quality, such as insufficient communication between client and the design-builder to resolve majority of the design issue during the design development phase (Faught & Tran, 2015). A research in one of the Malaysia’s hospital design and build project suggested that workmanship defects may actually originate from ambiguities in the specifications and detail drawings, which root cause itself is communication issues between the construction parties (Isa, Hassan, Mat, Isnin, & Sapeciay, 2011). A misunderstanding will always happen when the client passed unclear or incomplete information to contractor. Construction conflicts affect the interest of many stakeholders in connection with big investments; it reduces profits, causes asset losses and damages, and sometimes severe the companies’ image. Apart from that, Cheung and Yiu (2016) stated that, conflicts sometimes are inevitable due to high differences in interests among the participants of the construction projects. Consequently, the conflict occurs and the project progress is delayed. In history, practical experience showed this cause may account more than 90% of total conflicts in the construction industry (Mitkus & Mitkus, 2014). In another design and build project findings in Malaysia, design and build procurement issues are associated with coordination issues, supervisions issues, lack of communication frequency, lack of teamwork and many other social communication factors (Saaidin, Endut, Akmar, Samah, & Mohd, 2016). Hence, the client and contractor must establish effective communication channel before the conducting the project to avoid losses.

As a result, this study is a must or indeed needed to investigate the factors contributing to communication problems between client and contractor in construction industry to mitigate financial and non-financial losses and discovering the possible solution to reduce the communication problem between client and contractor in construction industry.
1.4 Research Questions

From the problem statement, the following are the research questions:

1) What are the factors contribute to communication problems between contractor and client in design and build projects?

2) How to reduce the communication problems between contractor and client in design and build projects?

1.5 Research Objectives

From the research questions, thus the research objectives as below:

1) To identify the factors contribute to communication problems between contractor and client in design and build projects.

2) To identify the ways to reduce the communication problems between contractor and client in design and build projects.

1.6 Scope of Study

The study focuses in Melaka because many construction development projects are falling into Melaka. Chief Minister Datuk Seri Idris Haron said that Melaka recorded a total of 133 construction projects involving a cost of RM1.1 billion. On top of it, one of the developer tycoon in Malacca, the Hatten Group committee to deliver approximately RM 2.5 billion worth of gross development projects to the state of Malacca since 2013, and still continuing. At the same time, China investors pumped
in a total amount of RM14 billion into the Melaka port development. As a result, Melaka will be the one of the uprising-biggest conventional wharf in the world. Hence, a lot of near future construction development will be carried out at Melaka. This study aims to investigate the communication problem factors between client and contractor in design and build project and propose the solutions to reduce the communication problem. The target of this study is the G7 contractor which have experience in design and build project. The total numbers of G7 contractors in Melaka area is 154 of CIDB registered contractors (CIDB, 2017).

1.7 Significance of Study

Results of this study have a potential to contribute to the society especially in construction industry. A good communication between constructions parties potentially avoids a lot of unwanted accidents in the work place. Therefore, there is a need of improving communication quality so that the projects can carry out smoothly without any obstacles. Good communication quality between the building team including the contractor and client can reduce the risk of failure in the project. The expectancy of failure avoidance is reducing the chances of increasing in cost of operation and delay in project timeline. When such communication issue resolved, indirectly it will induce open communication which are able to attract, stimulate innovations and better technical solution which benefit for all construction parties. This study also can be a reference to the client and contractor to understand the factor or the root cause of the communication problem and from thereon they are able to solve their respective communication problem.

1.8 Methodology

This study conducted using quantitative methodology. The major target population of this study is G7 contractors which have experience in design and build project in Melaka. This study will collect data from primary and secondary sources. First, this
study will focus on secondary data which is collecting information through past studies and media, example from e-journal, books, reports, and newspaper about the communication problems in design and build project. For the primary data, the questionnaire will be given to the respondents to gather information about the communication problem between client and contractor in design and build project. The primary data will be analyzed with Microsoft Excel. The data obtain from the analysis will present in table form and graphical charts such as pie chart or bar chart. Lastly, the analyzed data will be discussed with the secondary data in discussion.

1.9 Expected Outcome

There a few communication problem factors in design and build project are common and repetitive, and similarly applicable to both contractor and client. However there will too be differences in some factors, with the consideration of difference in positioning between contractor and client in contractual relationship and their work nature. From there, the scholar works on some recommendations to find out the strategies that can resolve the communication problem between client and contractor in design and build project.

1.10 Summary

Effective communication is vital to the successful completion of any design and build project. Communication problem will affect the quality of the project. The purpose of this study is to identify that the communication problems’ factor between contractor and client so solution and ways can be discovered to resolve those factors, and aiming at improving the construction industry projects’ quality. One of the key successes of a good design and build project tied with a good quality of communication between contractor and client. This study has two research objectives, which is to investigate the communication problems’ factor between contractors and clients in design and build project and to identify the ways to reduce the
communication problem between contractors and clients in design and build project. This study will focus on the G7 contractors which have experience in design and build project located in Melaka. This study is expected to contribute to construction industry by solving the puzzles of communication problems between contractor and client which causes the design and build project in poor quality conditions, timeline delay and asset losses and damages. Next chapter will discuss on literature review.
CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter will discuss on the communication, client and contractor in design and build project. Besides, the factors contribute to communication problem and ways to reduce the communication also will discuss on this chapter.

2.2 Definition of Communication

Communication is the process whereby information is encoded and imparted by a sender to a receiver via a channel or medium. The receiver then decodes the message and give the sender a feedback (Perumal & Bakar, 2011). For example, the sender will send a message through fax, e-mail or by telephone to the receiver. The receiver will interpret that message and give respond to the sender. There are auditory means, such as speaking, singing, and sometimes tone of voice, and nonverbal, physical means, such as body language, sign language, eye contact, or by using written communication (Perumal & Bakar, 2011).

Communication is the means of an organization to link its members and achieve their common objectives. Thus, no communications means no management. Communication is the core of management and the determining factor of management efficiency (Tai, Wang, & Anumba, 2009). Communication is used to
provide and transfer the information and to achieve objective from the sender to the receiver. Communication also can improve the relationship between contractor and client in construction industry.

Through multiple definitions, communication can be interpreted in a variety of different purposes depending on the situation. Communication is a process of sending the message to the receiver and every message has its own definite objective.

2.2.1 Types of Communication

Communication is divided into several type which is Intrapersonal communication, Interpersonal communication, Small Group communication, Public communication, Group and team communication, Organizational communication and corporate communication (Daniel, 2008). Verbal communication involves using speech to exchange information with other where communicate verbally in face to face conversation. Meetings, interviews, conferences, speeches, and phone calls are other forms of verbal communication (Perumal & Bakar, 2011). Among the types of communication are:

a. Intrapersonal Communication

Intrapersonal communication is communication with our own-self. It is an ongoing process that includes such activities as evaluating ourselves and our relationships with others, planning for the future, and doing some internal problem solving (Daniel, 2008). Intrapersonal communication also happens to own. This communication is a dialogue taking place in itself (West & Turner). For example of intrapersonal communication is does journaling, writing in a calendar, or even psyching yourself up to do something.

b. Interpersonal Communication

Interpersonal Communication generally refers to the process of communicating between two or more people. An interpersonal channel is one
that involves a face to face exchange between a source and a receiver. Whilst some writers refer to interpersonal communication in a group context, there are arguably many differences between the patterns of interaction manifested between individuals in comparison to groups of people. The way in which one person will attempt to communicate with another will depend upon how they assume that the recipient will interpret and respond to the information they wish to transmit to them (Dainty, 2006). For example of interpersonal communication are face to face communication, meeting and phone calls.

c. Group and team communication

Group and team communication means that it will inevitably involve groups of people with different skills, knowledge and abilities working together, who each will ideally make a distinct contribution to the overall production activity. For example, consider a project team managing the construction of a large building for a contracting organization. This will involve a range of construction managers with responsibility for the various packages of work, quantity surveyors overseeing the commercial aspects of the endeavor, site engineers responsible for setting out the works, first line supervisors dealing directly with the workforce and subcontractors and a project manager overseeing and coordinating the work of the team and maintaining the relationship with the designers and client organizations (Dainty, 2006).

d. Organizational communication

Communication can be regarded as the substance of everyday organizational life. Although information technology can facilitate communication, effective information flow is ultimately achieved through effective interaction amongst people who operate within the context of their groups, teams and networks. Organizational communication in terms of the ways in which people communicate within and across the boundaries of the firm. This will inevitably involve information flow across professional, departmental, team and functional boundaries and so it accounts for some extremely complex