

# IMPACT OF POOR MANAGEMENT IN CONSTRUCTION

HAZWANI BINTI HARIF

UNIVERSITI MALAYSIA PAHANG

## ABSTRACT

Construction industry cannot run well without a good management team. Construction projects involve many parties namely the contractors, consultants, clients, suppliers, subcontractors and so forth. So, without a proper management, it is chaos. The negligence about management not only gives adverse impact to the company but also to clients and every party involved. The poor management problem in construction industry is a common phenomenon happen. Therefore, systematic management is important for the implementation of construction projects so that it will be well executed. This study is conducted to analyses the impact of poor management to the construction, to identify the causes and effects as well as to recommend on solutions to the problem. The study involved literature review as the foundation for information getting from books, journal, magazine and others. Questionnaire forms were being distributed randomly to get feedback from construction organizations as the primary data. The analysis is carried out using average index method. The main causes of poor management are weak and ineffective project manager, lack of responsibility and poor organization while the main effects of poor management are the risk to project, increase the construction cost and delay work.

## ABSTRAK

Industri pembinaan tidak dapat berjalan dengan baik dan sempurna tanpa sebuah kumpulan pengurusan yang baik. Projek pembinaan melibatkan banyak pihak iaitu kontraktor, perunding, pelanggan, pembekal, subkontraktor dan sebagainya. Jadi, tanpa pengurusan yang betul, ia akan menjadi huru-hara. Kecuaian dalam bidang pengurusan bukan sahaja memberi kesan buruk kepada syarikat tetapi juga kepada pelanggan dan semua pihak yang terlibat. Masalah pengurusan yang lemah dalam industri pembinaan adalah satu fenomena yang biasa berlaku. Oleh itu, pengurusan projek pembinaan yang sistematik adalah penting bagi projek-projek pembinaan supaya ia dapat dilaksanakan. Kajian ini dijalankan bertujuan menganalisa kesan pengurusan yang lemah dalam pembinaan untuk mengenalpasti punca serta kesannya dan juga mencadangkan penyelesaian kepada masalah ini. Proses kajian melibatkan kajian literatur secara menyeluruh untuk mengumpulkan data-data sekunder daripada buku, jurnal, majalah dan lain-lain. Kajian kes pula melibatkan pengedaran borang soal selidik yang dilakukan secara rawak untuk mendapatkan data utama. Analisis data dijalankan menggunakan kaedah indeks purata. Antara punca utama pengurusan yang lemah adalah pengurus projek yang lemah dan tidak berkesan, kurang tanggungjawab dan organisasi yang lemah manakala kesan utamanya pula adalah risiko kepada projek, peningkatan kos pembinaan dan kelewatan kerja.

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## LIST OF ABBREVIATIONS

EOT	-	Extension of Time
CPM	-	Critical Path Method
PERT	-	Program Evaluation and Review Technique
WBS	-	Work Breakdown Structure
KPKT	-	Kementerian Perumahan dan Kerajaan Tempatan

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Background of Study

Construction industry is said as an indicator in consolidating economy of a country because demand is increasing in line with economic growth and development. Economic crisis in the history of Malaysia in 1997 and 1998 is an effective example in which the construction industry fell and caused problems in the completion of the construction projects which led to abandoned projects. This industry relies on many sources thus make it as a complex industry. Construction main objective must be achieved which the construction should be completed within the prescribed time and costs and also meet the quality requirement.

Construction industry is one of the emerging industries in Malaysia. This development can be clearly seen through the construction activities which have been and are being rapidly implemented and also mega-projects which have been identified for the future. In order to ensure the success of the planning made, the implementation of these projects shall conform to the goals of its construction so that

the work done meet the client satisfaction thus raise the dignity of construction industry indirectly.

Therefore, a systematic management of construction project is required for the implementation of these projects so that it will be well executed. Sophisticated approach should also be planned to manage the project. However, there are still weaknesses in the management during the execution of construction project.

One of the most important factors for the success of a construction is the management system. Management plays an important role in construction project as it is the foundation in each construction project. Project management is the process by which project manager plays a main role of control and planning of all activities during the construction period which includes employees, building materials, work schedules, time period, cost, skills and knowledge, equipment and machinery at the site and many other responsibilities to achieve and meet the client's demand in project to be submitted in accordance with the prescribed period, reasonable cost and satisfactory quality of work.

Current rapid development of the construction sector has left the side effects to society and the economy. Most organizations with less experience and do not have a strong financial position could not handle the project offered. Poor in management has created many problems. Problems such as project delays, contractual problems, financial problems and else also occur and affect the development of a project and caused a lot of abandoned projects.

## 1.2 Problem Statement

A development of a country is driven by the economic growth of a country itself. This can be seen through the rapid in the construction industry which normally plays a role in the development of a country. The rapid growth of the construction industry in Malaysia has made a positive impact on the achievement of the national economy. However, these positive effects were contaminated with a variety of unimpressive achievement, especially in terms of inefficient and poor management systems.

There is numerous construction projects were facing problems because of poor management systems and non-effective management. The construction industry has various problems because of its complicated nature of operation (Kanji and Wong, 1998). Although with high technology system use and innovation in working methods for each construction project implemented, there are many run projects still begins and ends with problems because the problem cannot be managed properly. This can be seen through the current situation of construction industry in our country, where there are many projects which cannot be completed on schedule. In addition, there are also projects being abandoned and some of them are complete but do not meet the required quality of work. Figure 1.1 below show the statistic of problematic private housing projects identified by Kementerian Perumahan dan Kerajaan Tempatan (KPKT).

**STATISTIK KESELURUHAN PROJEK-PROJEK PERUMAHAN SWASTA BERMASALAH  
(LEWAT DAN SAKIT)  
SEHINGGA 31 MAC 2012**

BIL.	NEGERI	BIL. PROJEK LEWAT	BIL. PROJEK SAKIT
1	PERLIS	-	1
2	KEDAH	-	12
3	PULAU PINANG	3	9
4	PERAK	-	8
5	SELANGOR	26	84
6	WILAYAH PERSEKUTUAN	6	11
7	NEGERI SEMBILAN	4	10
8	MELAKA	3	5
9	JOHOR	5	23
10	PAHANG	4	20
11	TERENGGANU	2	17
12	KELANTAN	1	23
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**Figure 1.1:** Statistic of Delay/Sick Private Housing Projects until 31<sup>th</sup> March 2012

These problems may arise due to poor organization's management system, non-systematic management system and does not have a proper way to solve the problem. A weak and non-organized management is also one of the factors which contribute to this problem.

A good and thorough management will yield to excellent results. Many companies are only good in finding project but in terms of manages the project are somewhat neglected. This will give an adverse effect to the company. When delay occurs, they have to bear all losses.

As an effort to overcome the problem in the construction industry, the management in construction should be emphasized and should be solved. Therefore, the flow of a project would become smooth while improving the quality of work at the same time.



### **1.3 Aim and Objectives of Study**

The aim of this study is to analyse the impact of poor management to the construction. In order to achieve this goal, several objectives have been identified to facilitate the implementation of the study. The objectives of this study are as follows;

- 1) To identify factors affecting poor management
- 2) To identify the effect of poor management on the construction
- 3) To recommend on solutions to the problem

### **1.4 Scope of Study**

The study is focused on impact of poor management in construction. The area of this study is focused on construction companies around West Malaysia. The respondents of this study is focused on person who involve in management in construction work such as project manager, engineer, architect and else. Scope of this study included the effects of management systems in construction project and the problem faced. To meet the objectives of this study, the planned scope of study covered the following;

- 1) Study of the problems faced by the effects of a poor management systems
- 2) Surveyed on organizations involved in the construction industry in Peninsular Malaysia

## **1.5 Significance of Study**

Poor management is known as a cause of project failure but it is often neglected and less study is conducted. Poor management gave a big impact on a construction project such as the loss to the company in terms of cost, time, quality and reputation of the company. The main aim of this study was to improve the quality of the construction industry.

The finding of this study is important to increase the quality of management in the construction industry from perspective of effective management such as supervision and monitoring. This also helped to coordinate the management system thus able to plan the initial framework and systematic work plan in construction.

Besides that, this study increased the awareness of all the parties involved and helped to improve their management by knowing their roles and responsibilities.

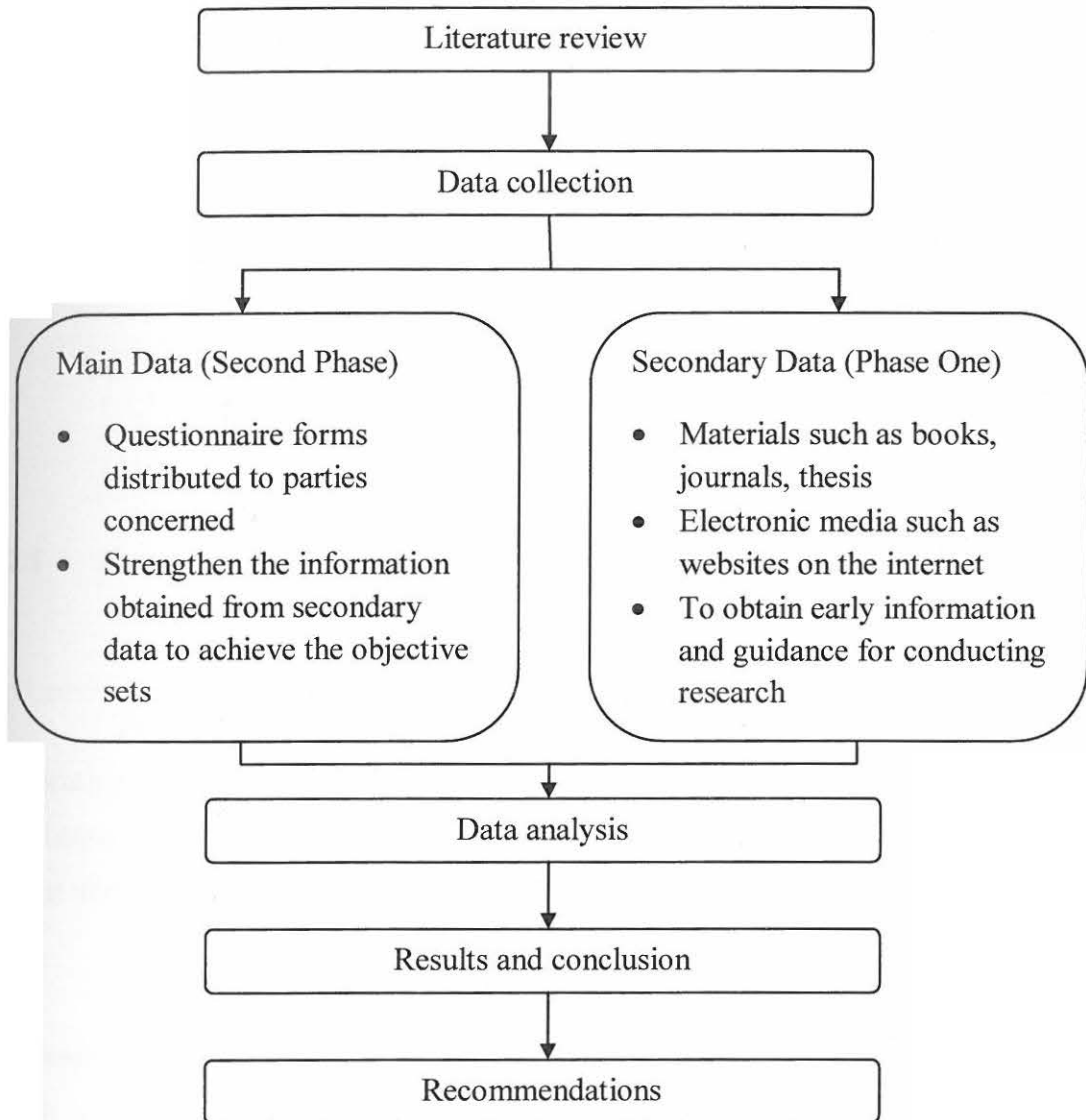
## **1.6 Expected Outcome**

After doing this study, it is expected that all the objectives of the study can be achieved.

- Factors and effects of poor management will be determined
- Solutions to the problems will be determined

## 1.7 Research Methodology

Figure 1.2 below shows the summary of research methodology. This chart simplified the research methods done and facilitated a better understanding.



**Figure 1.2:** Research Methodology Flowchart

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

Effective and efficient management is the most important factor in the execution of work. Poor management will result in numerous problems and have an impact on the financial costs of contractors and also the financing cost. Apart from that, it will cause delay work and affect the quality of construction.

This chapter will discuss the matters pertaining to the aspects of management in construction. This chapter will provide a more detailed description with respect to the definition and basic concepts of management in construction. In addition, this chapter will also discuss the definition of management, followed by the definition of the poor management and the problems occurred due to management in construction.

## **2.2 Background of Management**

To measure the excellent and good project is based on how a company manages their construction projects. From there, it can be seen whether the management is carried out effectively or not. If it works, it will produce high quality of work and the economy of the project will be organized.

Good management comes from a strong organization. If an organization can manage a project well, this means that all persons involved in the organization carry out their duties properly.

Management goal is to ensure that the rights of clients are met with the maximum possible extent whether in terms of access to project information or from the aspect of high quality production work.

Finally, all the elements in the management as the process of planning, controlling, scheduling and evaluating are conducted on schedule and in a suitable manner.

### **2.2.1 Definition of Management**

Management concept is hard to explain properly. A management practice is complex because they are managed by humans. Out of many opinions, terms and definitions about management, Parag Diwan (1999) stated that the management is the process of penetration by one or more individuals to coordinate the activities of others to reach a decision which cannot be achieved by an individual acting alone.

Dr. Suhaiza Hanim Mohd. Zailani, Mohd Hanizam Zalazilah and Shahimi (2002) stated that management involves the coordination of human and material resources to achieve objectives.

Andrew AL Tan (1996) explained the management is a process of distributing the input of organizations including economic resources, staffing by means of planning, organization, direct and control to produce output (goods and services) which needed by each customers to achieve the objectives of the organization.

Management is related to human. Management determines that a job or task is done by a person. Management also involves the understanding of the duties and responsibilities of the parties involved in executing a task. Duties and responsibilities run by a manager must involve the most important aspect which is human.

### **2.2.2 Definition of Poor Management**

Poor management may be a contributing factor in any failure to achieve a desired state. That state may be, for example, the successful running of an administrative process, the completion of a task, the creation of a cohesive group of people, or the individual happiness and motivation of staff members. Classic characteristics of sub-standard management include a lack of planning, vague communication, lax control, absence of support or inadequate evaluation of progress.

Serkan Kivrak and Gokhan Arslan (2008) mentioned that poor management is one of the critical reasons which can negatively affect the construction business and thus result in failure.

## **2.3 Importance of Management in Construction**

There are 3 main objectives in managing construction projects which are time, cost, and quality. Nigel J. Smith (2002) explained that primary objectives are usually measured in terms of time, cost and quality, and their inter relationship. However, it is difficult for a contractor to meet the all 3 main objectives successfully in a construction project at the same time. It may be possible to meet one or two of the primary objectives but meeting all three is almost impossible.

### **2.3.1 Quality Management**

Quality management involves making sure the project meets the needs that it was originally created to meet, or in other words, that stakeholder expectations were met. Quality management is important to ensure the result of a project meets the needs for which the project was executed.

Celia Desmond (2004) stated that poor employees do not contribute to poor quality but poor management does. R. Max Wideman (1987) also stated that poor management may reduce the effective benefits and quality of a project.

### **2.3.2 Cost Management**

Nigel J. Smith (2002) explained that the record of cost management in the engineering industry is not good. Many projects show massive cost and time overruns. These are frequently caused by underestimates rather than by failures of project management. There are several opinions or explanations on cost management

by different author shown below in order to give a general view on what actually cost management in a project is.

- 1) Project cost management includes the processes required to ensure that a project team completes a project within an approved budget. The main planning tasks performed as part of project cost management are cost estimating and cost budgeting. Cost estimating involves developing an approximation or estimate of the costs of the resources needed to complete a project. Cost budgeting involves allocating the overall cost estimate to individual tasks over time to establish a baseline for measuring performance. (Kathy Schwalbe,2006)
- 2) Cost management is directly related to schedule management and scope management. These three elements are associated with the Triple Constraint and awareness of the relationship between these elements is essential to achieving overall project success. (Harold Kerzner, PH.D, Frank P. Saladis, PMP, 2006)
- 3) Project cost management involves four processes which are resource planning, cost estimating, cost budgeting, and cost control. These processes are designed to provide an estimate of the cost required to complete the project scope, to develop a budget based on availability of funds, management policies, and strategy, and to ensure that the project is completed within the approved budget. (Avraham Shtub, Jonathan F.Bard, Shlomo Globerson, 2005)

### **2.3.3 Time Management**

Managing projects within time, cost, and quality is easier said than done. The project management environment is extremely turbulent, and is composed of numerous meetings, report writing, conflict resolution, continuous planning and replanning, communications with the customer, and crisis management. Harold Kerzner (2006) stated that discipline time management is one of the keys to effective management. From Wikipedia, time management refers to a range of skills, tools,