

CHAPTER I

INTRODUCTION

1.1. Background

Construction business is an industry sector that contributes to a nation's economy. According to the Market Research Future 2016, construction industry in Indonesia accounted for 11.92% of the country's Gross National Product (GDP). Based on the report, Indonesia's construction industry is noted as the second most productive and profitable market in Asia. The industry has been growing rapidly around 8% to 9% annually. This is a result of growing demand for residential properties and the growth of property sector across big cities around the country.

Along with the rapid growth of the construction industry in Indonesia, challenges that are being faced by the practitioners in the industry become more complex. One of the challenges is disputes in projects. A construction project involves many parties working together. The parties come from various background and cultures, working together as a team. These people must deal with a lot of divergence of one another. This makes disputes are prevalent in construction projects (Ock and Han 2003).

Disputes in construction projects are disadvantageous (Chan and Suen, 2005). Conflict and disputes, if neglected, can cause loss to the project. If

disputes are not handled sensibly, they might result project delay, confound team engagement and furthermore destroy business relationships (Cheung and Suen, 2002).

The aim of this research is to review causes of construction disputes in Yogyakarta. The research will be carried out using the analytical network process (ANP) method. The ANP method is used because of its ability to model complex problem into a simpler one. To model the network in ANP, Super Decision software is used.

1.2. Problem Statement

Disputes in projects can be very damaging. As what has been emphasized by Chan and Suen (2015), disputes can cause loss to a project. These losses include project delays, ruining team engagement and furthermore, they can destroy business relationships (Cheung and Suen, 2002). Because of this concern, it becomes important to identify the main causes of disputes in projects. When the main causes of disputes are known, practitioners in constructions are expected to prepare for a better solution when such problems appear in the future.

1.3. Research Objectives

1. To Identify the causes of disputes in the construction industry
2. To identify the main causes of construction disputes in Yogyakarta using the Analytical Network Process (ANP)

1.4. Research Benefits

1. For practitioners in Construction industry: This study will result main causes of construction disputes in Yogyakarta. By knowing the main causes, consultant, contractors and owners of projects will be able to prepare a better solution and can possibly avoid such disputes to happen before construction, during construction and in the future.
2. For Academicians: In the future, if a research is conducted with concern of construction disputes, academicians will be able to use the result of this research as a source of information.

1.5. Research limitations

1. This research will be conducted in Yogyakarta, questionnaires will be distributed to practitioners in the construction industry in Yogyakarta.

2. This research only limits its aims to find the main cause of disputes using the proposed method. A further solution to construction disputes are not discussed. However, general disputes resolutions will be presented in suggestions section.

1.6. Final Project Originality

Orlando (2013) studied about factors contributing to the happening of conflict in construction in Yogyakarta. Percentage, mean value and standard deviation were used in the study to process data. Wulandari (2015) studied about factors contributing to the happening of conflict in construction in Yogyakarta. Purposive sampling and mean value were used in data processing. Simanur (2017) studied about factors contributing to the conflicts in construction projects in Palembang. Percentage, mean value, standard deviation and frequency analysis were used in data processing. Cakmak (2014) studied about causes of disputes in construction industry in Turkey using ANP method. This research will study the main disputes in construction industry in Yogyakarta using ANP method. Thus, there have been studies about construction conflict and disputes, but none of the studies conducted in Yogyakarta has used the ANP method. It can be concluded that this research is eligible to be carried out with the method proposed.