

CHAPTER I

INTRODUCTION

1.1. Background

The development of construction industry in Indonesia is growing rapidly. According to Market Research Future 2016, a large number of construction projects going on both residential and non-residential due to the high demand for the societies in major cities around Indonesia. Construction industry plays a role as the major contributor to the country's Gross Domestic Product (GDP), in the third quarter of 2018 the percentage of construction industry in Indonesia accounted for 10.36%, the percentage is increased compared to 2017 (bps.go.id, 2018). In accordance with Market Research Report 2018, construction industry in Indonesia will continue to grow over time by the government investment. With the construction industry growth, the number of construction projects also increased.

A construction project could not apart from the collaboration of practitioners involved in the project such as owner, consultant, and contractor. Coordination and communication by every practitioner are needed so that the project can be completed successfully. A construction project can be said as a successful project if the project goals achieved, such as the project is completed on time, the project cost does not exceed the budget, and the quality is fulfilled (Atkinson, 1999).

However, each construction project has its own difficulties and challenges. One of the challenges is conflict which will arise if the project goals are not achieved, the conflict itself can be the main factors that affect project performance (Acharya *et al.*, 2006). Conflict is a process when there is an incompatibility in values or goals to be achieved which can affect the efficiency and productivity of work, both of which exist in each individual or relation with other people. The management of conflict is very influential in a construction project. Observing construction activity which consists of several stages is very important because the quality of the entire project is based on the process and the construction management.

The objectives of this research are to identify the dominant conflict factors in a construction project in Yogyakarta and identify the relationship between conflict and project performance in a construction industry in Yogyakarta. Following the introduction, Chapter II presents the literature review of previous research about conflict and their relationship to the project performance in general. Chapter III presents the method used to develop the conflict factor variables and project performance variables which will be used to develop the questioners and also presents the method used to process the data. Chapter IV presents the data analysis and results. The conclusion and recommendation of this research will be presented in Chapter V.

1.2. Problem Statement

These following research questions have been formulated to further examine the problem statement:

1. What are the dominant conflict factors of construction project in Yogyakarta?
2. How is the relationship between conflict and project performance?

1.3. Research Objectives

The objectives of this research are to:

1. Identify the dominant conflict factors of construction project in Yogyakarta.
2. Identify the relationship between conflict and project performance.

1.4. Research Benefits

This result of this research is expected to be useful for some parties as mentioned below:

1. For practitioners in the construction industry: This research can be a reference to know the dominant conflict factors and to know the relationship between conflict and project performance, hence the practitioners involved in construction industry will be able to attain better performance by mitigating the conflict in the initial stage.

2. For academicians/readers: This research can be a reference for further studies with the topic of conflict management.

1.5. Research Limitations

Several of limitations has been made in order to accomplish the research objectives as mentioned below:

1. This research will be conducted in Yogyakarta, the questionnaire will be distributed to practitioners who are currently working in construction companies (owner, consultant, and contractor) and currently handling the ongoing construction project.
2. The construction project handled by the practitioners must already have the work progress so the performance of the project can be measured.
3. This research only limits its objective to find the dominant conflict factor and the relationship between conflict factor and project performance. A further solution to solve the conflict is not discussed.