

# CHAPTER I

## INTRODUCTION

### **1.1. Background**

The development of construction industry in Indonesia is more complex related to the regulation of new standards, new technologies, and the scope of work that always change. The success of a project could not apart from the collaboration between parties involve the project, which are owner, consultant, engineer, and contractor. The above mentioned parties have different interests and goals that can lead conflicts. The conflict can occur in each person himself/herself, in the organization itself (internal conflict) such as in the contractor that can consist of interpersonal conflict and conflict because of the other factors (cost and schedule), and conflict between organizations such as between owner and contractor.

If we observe the construction activities that consist of some step, the construction phase is a very important step because the quality of whole project is based on the construction and management in this step. Besides that a large part of the whole project cost and time was focused during construction (Oberlender, 2000). In this construction step, there is a big risk to occur a conflict especially intern conflict that commonly occurred in the contractor itself. The real example is conflict that caused by rework. It can make additional time and cost so this is a problem for contractor because the contractor should reschedule the work and manage the cost. The other example is a conflict that very basic that is

interpersonal conflict between persons in the project organization that caused by different interest, misunderstanding, and miscommunication. If the conflicts that have been occurred can not be managed well, it can make the worst effect to the project itself.

To resolve the conflicts that occurred in construction project, the organization/ contractor needs an effective management to manage the conflicts with identify and analyze the conflict and the causes. Beside that, the organization/ contractor has also to know about the methods to resolve the conflicts so that the conflicts that have been occurred can be managed well and support the possibility to reach the better project goals.

## **1.2. Problem Statement**

According to the condition above, the research question that can be stated is as follow:

1. What causes of conflicts that occur in construction project during construction phase?
2. What methods of conflict resolution used to resolve conflicts that occur in construction project during construction phase?
3. What difference between causes of conflict that occur in small contractors and non-small contractors during construction phase?

### **1.3. Problem Limitation**

In order to limit the problems, limitation is needed for this topic. This topic concerns about the internal conflict that occurred in the contractor itself. Another limitation is the data research of the questionnaire collected from the contractors in Yogyakarta area.

### **1.4. Expected Benefit of the Study**

The benefit of this study is to help the contractor to understand about the causes of conflict that potentially to occur in its organization and how to resolve the conflict with the right methods.

### **1.5. Objective of the Thesis**

The objective of this thesis is to identify the causes of conflict in construction projects during construction phase. The second is to investigate the methods of conflict resolution that used to resolve conflicts. The last is to analyze the difference between causes of conflict that occurs in small contractors and non-small contractors during construction phase.

### **1.6. Outline of the Thesis**

This thesis is divided into five chapters. It consists of introduction, literature review, research methodology, data analysis and discussion and the last one is conclusion and recommendation.

The first chapter of this thesis is introduction. It is divided into six subchapters which are background of the study, problem statement, problem limitation, expected benefit of the study, objective of the study, and the last one is outline of the thesis.

The second chapter is literature review that contains literature study which supports the thesis.

The third chapter is research methodology. It talks about how to collect and analyze the data for this thesis.

The fourth chapter is data analysis and discussion. It talks about the data analysis from the data that have been obtained before and discuss.

The fifth chapter is conclusion and recommendation. It contains the conclusion of the thesis and the recommendation to encourage this thesis.