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LCMB7020 Dissertation Proposal

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To what extent does less effective contract management contribute to project failure?

Introduction

Construction projects are by their nature complex and expensive endeavours that also take up a lot of time (Walker, 2015). Contract management is a highly crucial aspect in the construction projects due to its impact on the quality, time and cost. Such construction projects are faced with a myriad of challenges relating to logistical, technical, environmental or physical problems. Effective construction management, thus, ensures that the contract is awarded to a party with the capacity to fulfil the requirements, and all parties have a clear understanding of their risks and responsibilities throughout the project (Cooke and Williams, 2013). Nonetheless, there are risks that are within the control of the parties in a construction contract, and those that are beyond their control (Levin, 2016). Therefore, to some extent, the effective contract management helps to mitigate or eliminate the risks that are within the control of the parties to the construction contract (Marzouk and Enaba, 2019). The study thus proposes that ineffective contract management is what leads to project failure.

Statement of the problem

Project failure happens when a given construction project fails to deliver on its objectives or expectations (Behera, Mohanty, and Prakash, 2015). There are several reasons why the construction projects may be unsuccessful. Some of those include a poorly defined project scope, failures to identify key assumptions, an inadequate risk management, an ineffective communication among others (Halpin, Lucko, and Senior, 2017). The most effective way to overcome these challenges is to establish an appropriate contract management. Through the

contract management, these challenges can be eliminated when the conditions and responsibilities for all parties are carefully considered, understood and assigned (Lavikka, Smeds, and Jaatinen, 2015). As a result, it is imperative that contract management remains an active process throughout the project's lifecycle, reducing the likelihood of the project failure. However, there has been little focus on the area of the construction project management from past literature (Clough et al., 2015). As a result, the primary focus of this study is to evaluate the ways in which the contract management can help to minimise the probability of project failure.

Research Aim

The aim of the study is to ascertain the extent to which the effective contract management increases the chances of successful attainment of the objectives of a project.

Research Question

To what extent does less effective contract management contribute to project failure?

Research Objectives

1. To critically evaluate the role that the effective contract management plays towards the success of construction projects.
2. To ascertain the extent to which less effective contract management contributes to project risk.
3. To determine the roles of various project stakeholders in the contract management.

Rationale of the study

Construction projects tend to be highly complex due to the unique nature of each project and unforeseen circumstances that may derail the project. As such, the construction projects are generally prone to a myriad of risks that affect different stakeholders (Kerzner, 2017). Such risks tend to either delay, stall, inflate project costs, or reduce the quality of the final product (Yan and

Liu, 2016). Since the construction projects are highly technical, it is quite difficult for non-experts to fully understand the scope of the risks from the outset (Doloi, 2013). Therefore, the contract management is an effective way of making sure that the interests of the developer as well as other stakeholders are taken care of (Ruparathna and Hewage, 2015). Through the effective contract management, the developer is shielded from losses relating to the contractor's non-performance (Mubarak, 2015). The study is, thus, useful in helping various construction stakeholders to understand how the contract management increases the likelihood of project success. Such information is also useful for the stakeholders without the technical knowhow of construction projects in ensuring that their needs and expectations are realised.

Literature Review

The preliminary literature review of this dissertation proposal is meant to evaluate the background of the studies surrounding the topic that have been done in the past. The literature review will also evaluate the various research approaches that were utilised in the past studies which will also inform the current study.

Nature of construction project contracts

Ashworth and Perera (2018) described the nature of construction projects as having distinctive attributes such as being unique, interconnected and complex. The major objectives of the contract management are to ensure that projects are completed within the set timelines, within the set budget and to the desired quality (Ashworth and Perera, 2018). Kongsong (2017) added that large construction projects have several interconnected components, which further complicate the coordination of the various construction teams. Therefore, contract management is meant to ensure that the major project parameters are met. Such project parameters include cost, quality, scope, time and resources. In a separate study, Marsh (2017) stated that in the pre-contract phase, it may be at times difficult to estimate the full extent of risks facing a project. Thus, the lack of full information in this stage, which is quite likely, may result in erroneous assumptions getting made (Marsh, 2017).

Impact of effective contract management on construction projects

Mulla and Waghmare (2015) found that one of the core benefits of contract management is a risk reduction. Contract management ensures that there is an extensive evaluation of the risks related to a project as early as the pre-contract phase. As a result, risk management becomes a core aspect of the contract management from the initial stages of a project (Mulla and Waghmare, 2015). Risk management activities entail risk identification, risk assessment, and risk

response. Smith (2017) added that contract management ensures that all risks are understood, from the early stages, and appropriate actions are taken. Thus, the client is able to understand their risks, as well as the contractor's risk (Smith, 2017). Furthermore, Fewings and Henjewe (2019) established that when the responsibilities for the various risks are ascertained through the contract, there is more effective risk management since the involved stakeholders are able to effectively plan and put in place risk control measures. Conversely, the failure to properly define the risks and apportion their responsibilities between stakeholders increases the chances of project failure (Fewings and Henjewe, 2019).

Turner (2017) also evaluated the impacts of the contract management in construction projects and identified that contract management practices result in the financial optimisation of a construction project. An effective contract management ensures that the contractor with the most competitive bid is selected (Turner, 2017). Furthermore, Rumane (2017) established that contract management is essential in increasing accountability by the contractor. The spending discipline for the contractor is increased since the budget is usually defined within the contract (Rumane, 2017). Moreover, Subramani, Sruthi, and Kavitha (2014) identified that the work schedule is usually set up prior to the signing of the contract, and thus the contractor is bound to the terms. Effective contract management, therefore, prevents any excessive cost overruns (Subramani, Sruthi, and Kavitha, 2014).

Methodology

The research aims at identifying the extent to which the effective contract management reduces the incidences of project failure. The methodology addresses how the researcher intends to collect and analyse the information needed to fulfil the research aim. The components of the research methodology entail the proposed research design, data collection, instrumentation of data collection and data analysis.

Research design

The dissertation will use a survey research design that will enable the collection of data from various construction stakeholders. Obtaining the information from the stakeholders who have experience with contract management is more likely to increase the reliability of the data collected (Fellows and Liu, 2015). In this research design, the responses from the sampled group are assumed to represent the results of the entire population (Creswell and Creswell, 2017).

Data collection

The data to be used in the dissertation will be collected from a sample of the population which is project managers and construction clients. Since construction contracts involve both the clients and the construction companies through the project managers, both stakeholders are the population of study in this dissertation. Due to the limitations of time and budget, a convenience sampling approach will be utilised in order to collect information from the respondents that are accessible to the researcher (Fellows and Liu, 2015).

Instruments for data collection

The research entails the collection of qualitative data and is descriptive in nature. Thus, an open-ended questionnaire will be used in collecting data of this nature. The questionnaires

will be administered physically in various construction sites and construction companies in the UK that are accessible to the researcher.

Data Analysis

The data to be collected is qualitative in nature and, thus, will be analysed using qualitative data analysis (QDA). QDA entails the classification of raw qualitative data into distinctive themes in order to identify a meaningful pattern in the responses collected (Creswell and Creswell, 2017). The method is effective in the collection of in-depth information on the research area.

Preliminary findings

Contract management is a vital process especially in construction projects since it helps to ensure that the requirements of different project stakeholders are protected (Mubarak, 2015). Contract management also shields each party from losses resulting from non-performance of the other party (Walker, 2015). Contract management increases the level of performance of the contractor. Also, the operational effectiveness of the contractor is enhanced through effective contract management (Yan and Liu, 2016). Thus, contract management results in better planning, and better coordination between construction teams. During the post-award phase of contract management, the client or their consultants usually continuously inspect the work to ensure that the standards are adhered to, and the expectations of the project are fulfilled (Levin, 2016). Therefore, such measures contribute to keeping the contractor on track throughout the project, which reduces the likelihood of project failure.

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