

UNIVERSITI TEKNOLOGI MARA

**DEVELOPMENT OF MAIN
CONTRACTOR AND
SUBCONTRACTOR RELATIONSHIP
(MACSOR) FRAMEWORK FOR
MALAYSIAN CONSTRUCTION
PROJECTS**

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ABSTRACT

The parties in construction projects such as client, consultants, contractor and subcontractors have their responsibility to participate in delivering a quality project. In the construction project environment, the conflicts between main contractor and subcontractor have been developed due to lack of communication, delivery of information on site, master and slave syndrome, poor management systems and poor supervision. Unfortunately, these problems will lead to poor on the whole management of the projects, behind schedule project delivery, create dissatisfaction between main contractor and subcontractor as well as clients and low quality of products. Therefore, it is important for contractors to maintain a good performance and reputation of work. Based on the previous research, the awareness of good relationship between contractor and subcontractor in the construction industry is low. Based on the previous research, the awareness of good relationship between contractor and subcontractor in the construction industry is low. While several studies have been conducted within the similar research boundary in the country, specific variable with growing importance in the literature, namely the human-related factors such as trust, commitment and relationship between stakeholders in the project, has not received much attention. Therefore, it is necessary to explore on the existing working relationship between contractors and subcontractors in order to develop a framework of a successful relationship between contractors and sub-contractors in the construction project. There are three stages involved in this research. Stage one; data were collected through a semi-structured interview to determine the current relationship, the challenges and the factors contributing to the good and bad relationship between main contractor and subcontractor. Stage two; questionnaire survey was conducted which focused to identify the critical success factors (CSFs) that influence the good relationship between main contractor and subcontractor. Finally, stage three; develop a comprehensive framework of main contractor and subcontractor successful relationship using the Partial Least Square (PLS) analysis. In the MACSOR framework development (stage three), the collected data were synthesized from semi-structured interviews (stage one) and questionnaire survey (stage two). In the main findings, there have ten relationship factors in influencing the loyalty of the main contractor and subcontractor relationship. The factors are motivation, reputation, competence, communication, shared values, conflict handling, satisfaction, trust, commitment and cooperation. It was found that cooperation and commitment given a direct influence on loyalty with significant level of one percent. Therefore, it can be concluded that cooperation and commitment will positively affect the loyalty between main contractor and subcontractor in construction projects. The significance of the developed framework would help to improve good relationship between main contractor and subcontractor specifically in Malaysian construction projects. In the future, it is anticipated that this framework will give guidelines to the construction practitioners for them to understand the importance of building a successful relationship in Malaysian construction projects.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

This chapter presents the background and overall content of the whole thesis. It introduces the problem statement, research questions, research aim and objectives, research framework, scope of study, contribution to the body of knowledge and the structure of the thesis.

The construction organization plays an important role in the construction industry. It establishes buildings and infrastructure works required for social economic development which contributes to the overall incomes, generating demand for additional construction activity. A country's economic development and its future prospects have implications for the growth and development of the construction organization (Akintan & Morledge, 2013).

Recently, the construction industry is so specialized that no one firm can provide all the specialist; therefore, many small-sized specialist firms (subcontractors) with narrow expertise continue to work to meet the industry's varied and complex demands (Bennett & Ferry, 1990). This situation increases the demand for the interdependence of the specialism and the operating organization. According to Kale and Arditi (2001), the quality of main contractor-subcontractor relationship affects the main contractors' ability to perform on projects, which inevitably has direct consequences on project outcomes. This implies that as relationships become more harmonious, there is the possibility of improving the effectiveness and performance of the supply chain since project participants are more able to plan and share resources in an atmosphere of collaboration (Rowlinson & McDermott, 1999).

However, Dainty et al.(2001) realized that subcontractors have some misgivings about the sincerity of the much talked about collaboration of the supply chain. As such, existing relationships particularly among them and main contractors are riddled with mistrusts and skepticisms. They for instance believe that they are merely used by main contractors to improve their cash flow and survive the volatility in the construction business (Tommelein & Ballard, 1998).