CONTRACTORS’ PERCEPTION TOWARDS CAUSES OF CLAIMS IN CONSTRUCTION PROJECTS

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Abstract
The construction industry is an important sector for the development of the Gaza Strip. A key factor to a successful construction project is to complete the project without any claims occurrence. Nonetheless, claims are very common in the construction industry of Palestine. The aim of this paper is to identify and rank the existing causes of claims according to their relative importance in the construction industry from the perspective of the local contractors. The paper reports on a questionnaire-based research investigation targeting local contractors by analyzing their perception towards causes of claims. The results found the main causes of claims and they are: awarding bid to the lower bidder; border closures; residents’ interference during project implementation; road blockage and difficulties in passing between cities and governorate. It was found that owners may not award the contract to the lowest responsive bidder. Owners may coordinate with the local residents of the area to inform them about the benefit of projects. Owners may assist contractors in removing obstacles of the project site to avoid delays. It is hoped that these findings will guide efforts to improve the performance of the construction industry and will be useful to international engineering and construction companies seeking a share in the Palestine and regional markets.

Keywords
Claim, Construction, Contractors, Dispute

INTRODUCTION

The construction industry is one of the main Palestinian industries. Since the establishment of the Palestinian National Authority (PNA) in 1994, construction projects implemented by the governmental and private sectors have supported the development of numerous related industries in the local market. The construction industry’s share is 33% of the total Palestine production and influences other economic, social, educational and professional sectors (PCU, 2005).

The construction industry is a major supporter of employment and contributes 10.8% to employment directly and 30% indirectly by supporting related industries that are operating in production and services sectors. Following the breakout of the second Intifada in 2000, the construction and other majors industries have been affected negatively as a result of border closures, preventing the supply of critical materials to all industrial and commercial sectors, cities and towns. These frequent closures have badly affected the construction industry and contributed to the high rate of unemployment in Palestine (PCBS, 2006).

The local Palestinian authorities deal with funds to implement the donor’s regulations which, in some cases, are difficult to be put in practice by the contractors because they are not compatible