

THE INFLUENCE OF PARTNERING SUCCESS LEVEL WITH THE BENEFITS OF PARTNERSHIP IN CONSTRUCTION PROJECT IN MALUKU PROVINCE

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Abstract: This study aims to test whether the Partnering success level have an influence on the benefits of partnership.

This research was conducted in the Province of Maluku, the respondents are the parties involved in construction projects of the client / owner of the project (services in the Province of Maluku), construction companies and consulting firms. Sampling technique was purposive sampling, in which there are two criteria must be met is for project owners are agencies that have construction projects in the year 2016 until this study was conducted, to contractor companies and consulting firms is the company that handles the project from agencies construction project owners, and the second criterion is the contractor companies and consulting firms must have a minimum working experience of 5 years. This research is a survey research using a questionnaire, which use a questionnaire divided in two ways namely direct and distribute the mailing survey. The questionnaire used Likert scale 1-5. Questionnaires distributed numbered 200, which returned as much as 195 and a decent used to analyze as many as 193. Data analysis to test the hypothesis using an alternative method of SEM is PLS.

The results showed that the partnering success level have a positive influence for the benefits of partnership.

Key Words: Partnering success level, benefits of partnership.

I. Introduction

I.1. Background

Construction is a very competitive, high-risk business. In many circumstances, because of the limitations of traditional project delivery systems, the competitiveness and the perception of risks can make the relationship between participants adversarial (Tang *et al*, 2006). The construction industry has long been representing a very conservative culture. Parties rely on contracts to bind others together for a construction project (Cheng dan Li, 2002)

Construction project is a series of activities that only perform once and generally in short term, which means to have certain timing with limited allocation for resources in order to perform a job or activity that has been defined. According to

Gray and Larson (2008) a project is a complex, nonroutine, one-time effort limited by time, budget, resources, and performance specifications designed to customer needs.

According to Ervianto (2005) construction industry has three different characteristic from the other industries, for instance manufacture industries. Three characteristic of construction project is (1) unique, (2) specific resources are required and (3) involving numerous organizations.

Those three characteristic illustrate that in construction project conflict potential are essential. Chan (2003) implies that construction is a very competitive, high-risk business. There will be various problems occurred in construction business, such as lack of cooperation, lack of trust

and ineffective communication among the team. Based on that reason, the parties in construction business are thinking to cooperate in a partnering relation (partnership).

In accordance with Chandra *et al.*, (2002) partnering is an innovative development in order to resolve the actual problems and to achieve competitive advantage in construction industry. Partnering is a concept based on trust and teamwork which its goal is to achieve advantages that benefits the partners mutually (Slater 1998). This means that every members of the partnership will always seek to resolve conflicts or disputes among them based on the procedure that benefits all parties.

Wong and Cheung's research (2005) observes the influence of trust level and success level of partnering level in construction project. Success level is determined by time, completion cost, communication and management. By performing partnering in construction industry, great benefits will be achieved among the partners. Chan *et al.*, (2003) defines that there are 13 benefits of partnering.

I.2. Statement of Problems

Statement of problems in this research are: Does partnering success level influence benefits of partnering.

I.3. Objective of the Research

The Objectives of this research are: To examine whether partnering success level influences benefits of partnering.

II. Theoretical Review

II.1. Construction Project

Construction project is a series of activities that only perform once and generally in short term, which means to have certain timing with limited allocation for resources in order to perform a job or activity that has been defined. According to Gray and Larson (2008) a project is a complex, nonroutine, one-time effort limited by time, budget, resources, and performance specifications designed to customer needs. According to Ervianto (2005) projects have several characteristic: Limited time, One-time result, Several phases, Different patterns of activities, Various types of activities and requires various qualification of human resources, Project location is defined, Precised project specifications.

II.2. Parties that are Involved in the Construction Project

The efforts to construct a building are divided into several phases which begin with the idea until the execution. Tang *et al.*, (2006) implies that construction project from planning to implementation is involving numerous parties, such as the owner/client, designer, supplier, contractor and sub-contractor. However, parties that are involved in construction project are generally classified into three parties: owner/client/bouwheer, designer or consultant and contractor.

An institution or a person funding, planning and performing the construction are the elements involved in the development process or project. Each of the elements has its own duty, obligation, responsibility and authority based on its position. In performing that activity, each elements, corresponding to its position, are interacting one to another in a working relationship that has been establish together.

II.3. Partnering

Slater (1998) defines that partnering is a relationship among owners, design professionals and contractors – the stakeholders in a project. Each party recognizes and acknowledges their common goals with the other parties. Contract establishes legal relationship among stakeholders, while partnering establishes the essential working relationship. The working relationships establish the foundation for daily interaction among all parties and center on trust, commitment and equity.

Partnering is a concept based on trust and teamwork which its goal is to achieve advantages that benefits the partners mutually (Slater 1998). This means that every members of the partnership will always seek to resolve conflicts or disputes among them based on the procedure that benefits all parties. Naoum (2003) citing from Construction Industry Institute implies that partnering is defined as a long-term commitment between two organizations or more in order to achieve specific business objectives by maximizing and improving resources from each partner. While Chan *et al.*, citing Crowely and Karim (1995) observes from the organization's point of view to define partnering. Conceptually, partnering can be seen as organization formed to resolve problems, accelerate decision making, and improve.

II.4. The Successful Factors of Partnering

Chang *et al.*, (2000) suggests that partnering success level can be categorized into two parts. First is the managerial skill which including effective communication and conflict resolution. Secondly is the conceptual skill which including sufficient resources, top management supports, mutual trust, long-term commitment, coordination and creativity.

Chan *et al.*, (2000) discovers in the first research that there are 8 factors to determine the partnering success level: communication, conflict resolution, sufficient resources, top management supports, mutual trust, long-term commitment, coordination and creativity. In 2004, the research was improved and Chan *et al.*, (2006) found 7 success factors of partnering: top management supports, mutual trust, long-term commitment, effective communication, efficient coordination, productive conflict resolution and sufficient resources.

Wong and Cheung (2005) observes partnering success level through several factors, such as time, completion cost, quality, communication and management.

II.5. The Benefits of Partnering

By partnering in construction industry, the partners may achieve great B. Packham *et al.*, (2003) partnering in construction industry will give great benefits. For instance, accelerating project's implementation to make it efficient and reducing the completion cost. The work in construction project can be performed faster because parties or organizations are working together in resolving problems, finding implementation strategy and sharing the skills. With the cooperation among the partners, the project will be more efficient and cost will be reduced. Gray and Larsson (1998) implies that benefits of partnering are less of administration costs, efficiency of human resources and improvisation of communication, innovation and performance. Dozzi *et al.*, citing Larsson and Dexter in Wong and Cheung (2005) emphasizes that partnering benefits all parties including owner/client, contractor, sub-contractor, management and employees *on-site*.

III. Method of Research

III.1. Population and Sample

Partnering is a relevant to all parties involved in construction industry (Client, designer team/consultant, project management, supplier and sub-contractor). This research focuses on three categories of respondents: client, consultant and contractor. Population of consultant and contractor is all of consultants and contractors that are registered to Construction Services Development Maluku Regional. Sample size is 200. Sample is taken in non probability sampling method using purposive sampling techniques with two criteria: consultants and contractors that are or were conducting construction project from Government's Services in Maluku Province and have, at least, five-year experience in construction project.

Most of the construction projects in Maluku Province are public sectors (government), while private sectors are only a few. Therefore, the population of clients is the entire Government's Provincial Services in Maluku Province, which have construction project at the period of 2016/2017. Sample is taken in non probability sampling method using purposive sampling techniques with two criteria: Government's Services in Maluku Province that have construction project and have, at least, five-year experience in construction project.

III.2. The Type of Research

This is a survey research using questioners with closed-ended question, which means that respondents have to choose the available answers in the questioners (Neuman 2006: 287).

The distribution is done with two ways: mailing survey and direct survey. Questioners are distributed to the respondents with a set of questions about trust level in partnering, factors that influences partnering success level and benefits of partnering. To assist the respondents, filled questioners are collected by the researcher. This method increases response rate, provides the opportunities to find more information and advances control in order to maintain appropriate sample designs, but reduces the advantage of cost efficiency (Cooper *et al.*, 2001).

III.3. Hypothesis Test

This research examines hypothesis using structural equation model (SEM) with the assistance of PLS application. The main reason to choose SEM as the analysis tool is because

of its capability to display unobserved relation and to fix measurement error in the estimation process (Hair, 2006).

IV. Results and Discussion

IV.1. Respondent’s Characteristic

Table 4.1.1. Respondent’s Characteristic

Status Dalam Project	Amount
1. Client/Owner	
a. Education and Sport Services	1
b. Public Works Services	1
c. Cooperation & Small and Medium Businesses Services	1
d. Health Services	1
e. Marine Services	1
f. Tourism Services	1
g. Social Services	1
h. Transportation Services	151
i. Mine Services	33
2. Contractor	
3. Consultant	
Total	193
Gred	Total
7	16
6	20
5	13
4	33
3	43
2	59
1	-
Total	184
Working Experience	Total
5-10 years	116
11-16 years	47
16-20 years	14
>20 years	16
Total	193
Project Fields	Amount
Preparation	27
Supervision	6
Total	33

Project Fields	Amount
a. Industrial and Warehouse Buildings	10
b. Non-residence Buildings	64
c. Roads and Streets	51
d. Airport & runway	1
e. Bridge	15
f. Port or Harbor	8
g. City Drainage	3
h. Dam	21
i. Irigation & Clean Water	15
j. Etc	5
Total	193

Source : Primary Data Processed, 2016

IV.2. Hypothesis Test

Table 4.2.1. R Square

	R Square
Partnering success level ⇒ Benefits of partnering	0,498229

Source : Primary Data Processed, 2016

From the result above, it can be seen that influence model of partnering success level has R-square values of 0,498. It is interpreted that partnering success level construct variability which can be explained is 50% (rounding off 0,498 = 0,50). Meanwhile, other 50% is explained by the other variable such as benefits of partnering and variables that are not studied.

Influence model of benefits of partnering has R-square values of 0,498. It is interpreted that benefits of partnering construct variability which can be explained is 47% (rounding off 0,465 = 0,47). Meanwhile, other 53% is explained by the other variable that are not studied.

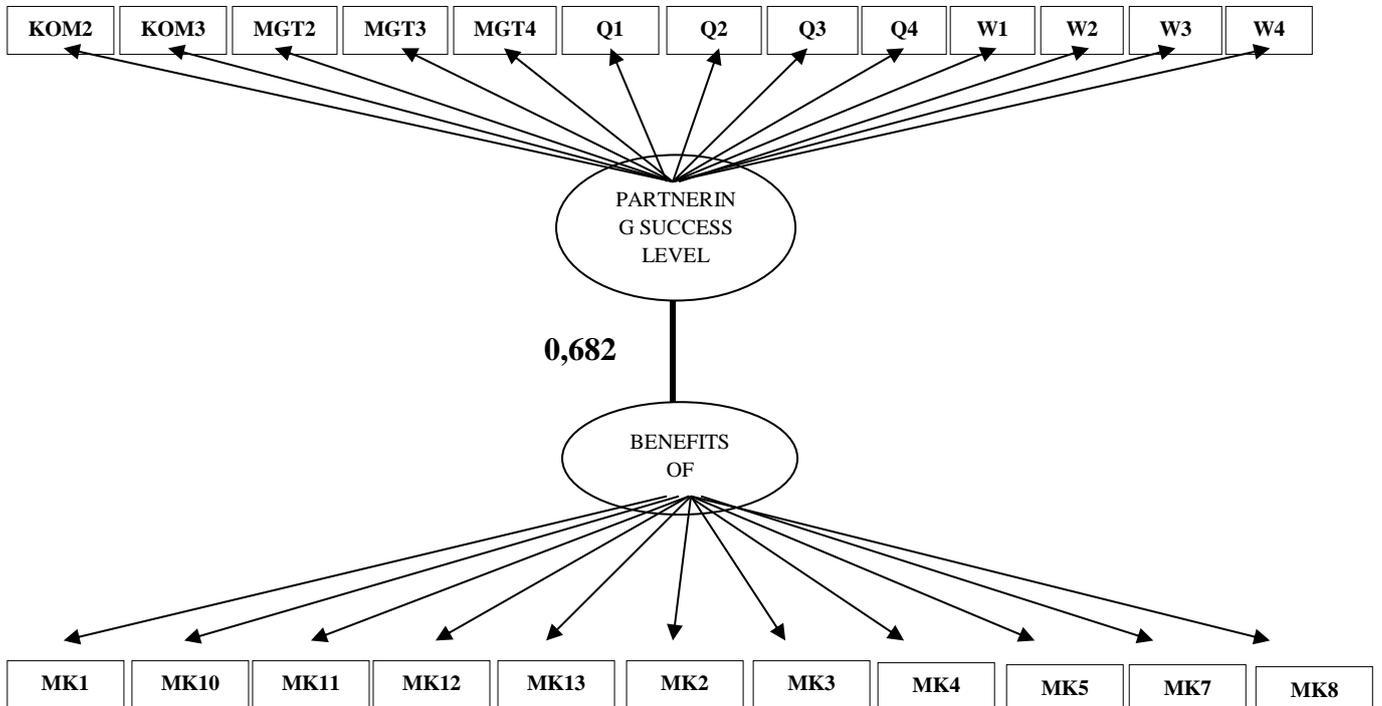
Second test is to examine the significance of the influence partnering success level towards benefits of partnering by observing the parameter coefficients and significance value of t statistic.

Table 4.2.2. Path Coefficients (Mean, STDEV, T-Values)

	Original Sample (O)	Sample Mean (M)	Standar Deviation (STDEV)	Standard Error (STERR)	T Statistics (IO/STERR)
partnering success level ⇒ benefits of partnering	0,681943	0,702165	0,060721	0,060721	11,230679

Source : Primary Data Processed, 2016

Figure 4.2.1. Structural Model



Source :Primary Data Processed, 2016

The implication for the parties involved in construction project is to strengthen the success level so that

This following is the summary of hypothesis test results from this research:

Table 4.2.3. The Summary of Research’s Hypothesis Test Results

Hypothesis	Information	Result
	Partnering success level positively influences benefits of partnering	Supported

Source: Primary Data Processed, 2016

From the results above, it can be proved that partnering success level positively influences benefits of partnering. The result of this research supported Wong and Cheung’s research (2005) which studied the partnering success level, and also the research of Chan *et al.*, (2003) studied about benefits of partnering.

long-term relationship in order to establish long-term relationship.

GAPINDO is the biggest construction industry Association in Maluku Province and operated as the main association that supervises various construction service association and clean-water service association. There are 5 construction service association (GAPENSI, GABPEKNAS, GAPEKSINDO, ASPEKINDO and AKLI), 1 consultant service association (INKINDO) and 1 clean-water service association (AKAINDO).

The implication of this research to GAPINDO is to recommend suggestion for the development of construction industry in Maluku Province, where GAPINDO has to improve its management capabilities which related to project’s performance: time, quality, cost, communication and management. By observing the research’s result for

performance, time, quality and management is well-adequate, so it is only emphasized on the management of project's completion cost and communication that take place among parties involved in project construction.

Communication that takes place among the parties involved in project construction must be improved, by making a more flexible relation and not only based on time schedule which has been defined for the meetings. In the process of project's implementation, the parties involved in that project can be more flexible in making communication and also meeting. This is useful for every parties involved to have the comprehension of the recent project's development, so that if problems occurred in the project, solution can be found as soon as possible.

V. Conclusion and Suggestion

V.1. Conclusion

From the result and discussion in chapter IV, it can be assumed that partnering is necessarily required in a construction project. Because partnering is a concept based on trust and teamwork, in order to achieve benefits among the partners, which every partner will always benefits others.

For validity and reliability test there are 4 (KOM1, MGT1, MK6, and MK9) indicators which are reduced from 33 existed indicators. It is because *loading factor* from this indicators is under 0,50. The reason of its *loading factor* to be under 0,50, is the object that researcher studies. The different cultural context and working situation causes the result of this research to be a slightly different from the initial research that the researcher summons up.

From the result of data processing with the assistance PLS program, we can see that there is positive influence from independent variable to dependent variable. It can also be observed that there is positive influence from dependent variable to independent variable. Parameter coefficient is 0,682, which means that positive influence from partnering success level towards benefits of partnering. The higher partnering success level the higher benefits of partnering, with t statistic value 11,230679 significant (t table significance 5% = 1.97) because of t statistic value is bigger t table 1,97.

The result of this research supports Wong and Cheung's research (2005) which studies about the partnering

success level, and also the research from Chan *et at.*, (2003) which studies the benefits of partnering.

V.2. Limitations and Suggestion

This research has a number of limitations on the aspect of research's object. Most of the object of this research in Maluku Province are construction projects in public sector, in this case owned by the government, while there are only a few in private sector. This condition causes the population of owner/*client* in this research is limited (9 companies, which are Services in Maluku Province, own construction project from 2016 until this research is performed).

Researcher's suggestion for the next research is to find research's object with more equal number of the owners of construction project between public sector and private sector so that from its results, partnering influence between both sectors can be distinguished. From research's result there are reduced or removed indicators. This is, of course, does not influence the existed construct. However, researcher's suggestions for the next research are to seek and explore more information from other literatures to enrich the research about partnering in construction project and, to remind of context understanding in choosing the object for the later research.

This is a quantitative research, which information is very limited and only in the surface. Suggestion for the next research is to combine qualitative and quantitative (triangulation). Triangulation research is, indeed, requires a lot of resources, time and cost. But the results obtained are more useful and purposeful for the parties related to this research, such as project owner, contractor company, and also consultant company. And the last suggestion is that the next research should enter other parties the involved in partnering construction project, such as: sub-contractor, supplier and many other parties that involved in construction project.

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