

## **THE DELAYS FACTORS OF HOUSING PROJECTS FROM THE LICENSING MANAGEMENT ASPECTS POINT OF VIEW**

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### **ABSTRACT**

*The purpose of this study is to determine the factors of housing projects delays on PT X, North Sulawesi. This study applied mix methodology that consists of quantitative and qualitative approach. The study conveyed that: (1) architect licensing is the delay factor of housing projects by contribution about 0,295; (2) technical licensing is the delay factor of housing projects by contribution about 0,489; (3) contractor licensing is the delay factor of housing projects by contribution about 0,388; (4) bureaucracy is the delay factor of housing projects by contribution about 0,443; (5) internal is the delay factor of housing projects by contribution about 0,384; (6) human resource is the delay factor of housing projects by contribution about 0,668; (7) financial is the delay factor of housing projects by contribution about 0,421. Based on the result of the study it can be revealed that architect licensing have the lowest contribution to the delay factor of housing projects. However, the human resource is the delay factor with the highest contribution on it.*

**Keywords:** Project Delay, Housing, Project Management, Licensing Aspect.

### **INTRODUCTION**

Housing is one of basic needs for people in promoting human life quality (Wignyosoebroto, 2005:108), because housing is the primary needs for people instead of clothing and food. Therefore, whenever, people will need it. Based on data from Central Bureau of Statistics, it can be revealed that next 20 years the needs of housing of Indonesian people will reach 31 million units, in which 18.4 millions units of housing are in urban and 12.5 millions units are in rural (Okezone, 2014). The increasing of housing need for people is the opportunity for housing business. Based on the statement of Director President of PT American Standar Indonesia-LIXIL Corporation, Indonesian property market will increase for about 20% every year significantly. This is potential prospect for future property business in Indonesia. Factors that influence this prospect are the growth of population and the need of housing for middle class people that for about 800 hundred each year (Tempo, 2013).

The increasing of housing need and demand, then, influence the price of housing in Indonesia. Based on the survey from Bank of Indonesia, the price of housing in is the highest if compared from the price of housing in other cities in Indonesia. The growth of housing price in is for about 9,7o% per quarter (Komentar, 2014; Jawa Pos, 2014). This growth have ocured since five years ago and is affected by the economic growth of , the security stability, and the cheaper land price.

This opportunity is taken by developer in to establish the property business, especially in housing projects development in North Sulawesi. One of them is PT X, that had handled housing projects and any construction projects in . Yet, most problems that faced by PT X is

related to project licensing in which finally influence the project process and establishment. Actually, PT X has been practiced project licensing management to anticipate it. But there are some factors that influence the project delay.

Project delay itself may be caused by any factors, such as the owner (Kamaruzzaman, 2012:179). Beside that, Labombang (2011:41) mentioned several factors that influence project delay, i.e: a) the failure in finishing project that suitable to the planned design and time; b) the failure in taking the planning description, planning detail, and available time; c) unpredictable land condition; d) bad weather; e) labour strike; f) the price of material and labour that raised unpredictably; g) work accident; h) the damage that is caused by bad work structure; i) unpredictable condition such as flood and earthquake; j) claims from contractor because of loss and costs due to project delay that caused by design details from designers is also overdue; and k) the failure of project finishing as determined budget.

In the development of housing project, the planning activities is completed gradually in any dozens years. Practically, the licensing handling is started before the construction activities begun, because developer commonly has had operation and work schedule (Salim, 2010:246). Theoretically, project licensing management is project management that includes all activities related to housing establishment, such as preparing and arranging work schedule, contract, all licensing related to housing project, report, and sponsorship (Writer, 2008:137). Shortly, licensing handling is not always can be handled well, therefore it will influence the project delay (Lanagan and Norman, quoted Labombang, 2011:41).

Licensing, actually is the agreement of authority based on law and government regulation. It is regarded as the administration legal in one angle which is applied law factually based on conditions and procedures that have been determined in the applied law. The licensing in housing project consists of many types of license, but the final license is Building Permit (*Izin Mendirikan Bangunan* –IMB). Based on the previous study that had been conducted by Kurniawan & Ernawati (2013), revealed that in order to get an IMB, there are many obstacles that must be faced, such as obstacles related to officers skill and ability, available facilities, and personal adequacy. They, finally caused the delay of IMB services and issuance, in which are indicated as the factors that influence housing project delay.

### **The Objectives of the Study**

The objectives of this study are:

1. To analyze that the architect licensing is the factor of housing projects licensing delay.
2. To analyze that the technical licensing is the factor of housing projects licensing delay.
3. To analyze that the contractor licensing is the factor of housing projects licensing delay.
4. To analyze that the bureaucracy function is the factor of housing projects licensing delay.
5. To analyze that the internal function is the factor of housing projects licensing delay.
6. To analyze that the human resource is the factor of housing projects licensing delay.
7. To analyze that the financial factor is the factor of housing projects licensing delay.

## **LITERATURE REVIEW**

### **Housing Project Management**

Project management is understood as an activities of planning, organizing, directing and controlling the company's resources to achieve short-term goals that have been determined. Project management is indispensable in controlling the implementation of a project because it involves a wide variety of resources, requires expertise and skills, and influenced by the environment and natural factors, where all these things must be properly managed to ensure the targets achievement of the project (Malik, 2010: 165). Project management is done in three general phases, namely (Prasetya, 2009: 31):

1. Planning; a phase that includes goals, defining the project and team organization.

2. Scheduling; a phase that connects people, money and materials for specific activities as well as linking individual activities with one another.
3. Control; a phase in which companies conduct oversight of resources, cost, quality and budget. In phase control, the company also revised or changed plans and shifting or re manage resources in order to meet the needs of time and cost.

Related with this research topic, the stages in the management of housing projects, namely: (a) formulate a job description of each of the parties in the organizational structure of project management; (b) formulate a shopping budgeting plan including resource requirements in the form of labor, materials, money, and building area; (c) formulate timetable of each activity and the overall activities of the project with more attention to each track; (d) establish the level of quantity, quality, time and cost to be achieved based on the capabilities of the technology and control techniques; (e) formulate the cost of each activity and overall project; (f) formulate an effort to maximize the quantity, quality, time and cost; and (g) measure and evaluate the work of the project and then predict the future performance (Risza, 2010: 178).

### **Licensing Management of Housing Project**

Company's licensing management project is a project management that covers all activities of the housing projects, ranging from preparation to planning of work schedules, contracts, all kind of licensing concerning the housing project, reports and sponsorship (Writer, 2008: 137). Licensing management of housing projects functions are controlled in several ways, namely (Sadyohutomo, 2008):

- a. Architect licensing  
Housing design made by architects need to be consulted to obtain the approval from the design team and the officials of the competent authorities in licensing (urban planning) (Sulastomo, 2000: 119).
- b. Technical licensing  
Technical licensing typically issued by technical agencies and government or association that serves as an agency or institution that consults the building construction business entity, which must be met for a company to be able to take part in the auction, especially on government projects (Malik, 2010: 57).
- c. Contractors licensing  
Contractor is the party that entrusted with the task to carry out development projects by the owner through the auction procedure. The work that performed by the contractor is carried out in accordance with the contract or work plans and terms as well as pictures of work at a cost that has been agreed upon.
- d. Bureaucratic functions  
Bureaucracy licensing is the backbone of the public service that should give the best, most effective, efficient and inexpensive practices on serving the public (Akhmaddhian, 2012). Thus, the Licensing Agency should have a simple structure, a task force that is solid and not fragmented, have clear rules on the rights and obligations of users and providers of services and to be able to develop a culture of caring and prioritize the interests of users as citizens with dignity (Dwiyanto, 2011).
- e. Internal functions  
Internal factors that influences the licensing rooted in the parties that handle these licenses, among others, political commitment, education, expertise, information or insight, education, income, organizational skills, expertise, and hierarchical control systems (Korompis et.al., 2013).
- f. Human Resources  
Required the availability of the appropriate personnel with the relevant competencies and skills in order to fulfill the given job properly (Wibawa, 2006: 84).

g. Finance

Required the design of financing and control of the implementation of the project to be able to meet the design fees have been set at the beginning, so that the efficiency, effectiveness of time, quality and cost can be achieved (Helmi, 2011: 143).

**Delays of Housing Project**

Delays of the project is a condition in which there is overtime in the implementation of the project that has been planned and stated in the contract, which can be caused by a deficiency from the contractor or the owner side (Kamaruzzaman, 2012: 179), or it can also be caused due to an error in estimating the time required to complete the project (Ismael, 2013: 47). Housing project delays will cause various loss or impacts to various parties, namely the contractor, the consultant and the owner (Kamaruzzaman, 2012: 180).

Specifically, the housing project delays can be caused by several factors as follows (Ismael, 2013: 49):

1. Expertise and resources that are not sufficient to carry out the design specifications
2. Make changes to the design
3. Quality of material that is not in accordance with specifications
4. The increase in the price of building materials
5. Material used is less than the amount required
6. The buildup of material on the project site
7. Inaccuracy on booking materials time
8. Lack of construction materials
9. Placing less experienced workers in the field
10. The number of workers who are less skilled
11. Use of unskilled labor in the field
12. Lack of manpower
13. The quality of the equipment used is not good
14. The tools used are not in accordance with specifications
15. The amount of equipment is less than required
16. Broken tool
17. The implementation is not the same with the plan

Project delays can be solved using multiple attempts, among others (Ismael, 2013: 54): reducing improper operation method, make changes to design, evaluate the implementator of the plan, using skilled labor, and provide the materials needed in the project.

Based on the literature review above, the conceptual and thinking framework for this study can be illustrated as the Figure 1 and Figure 2.

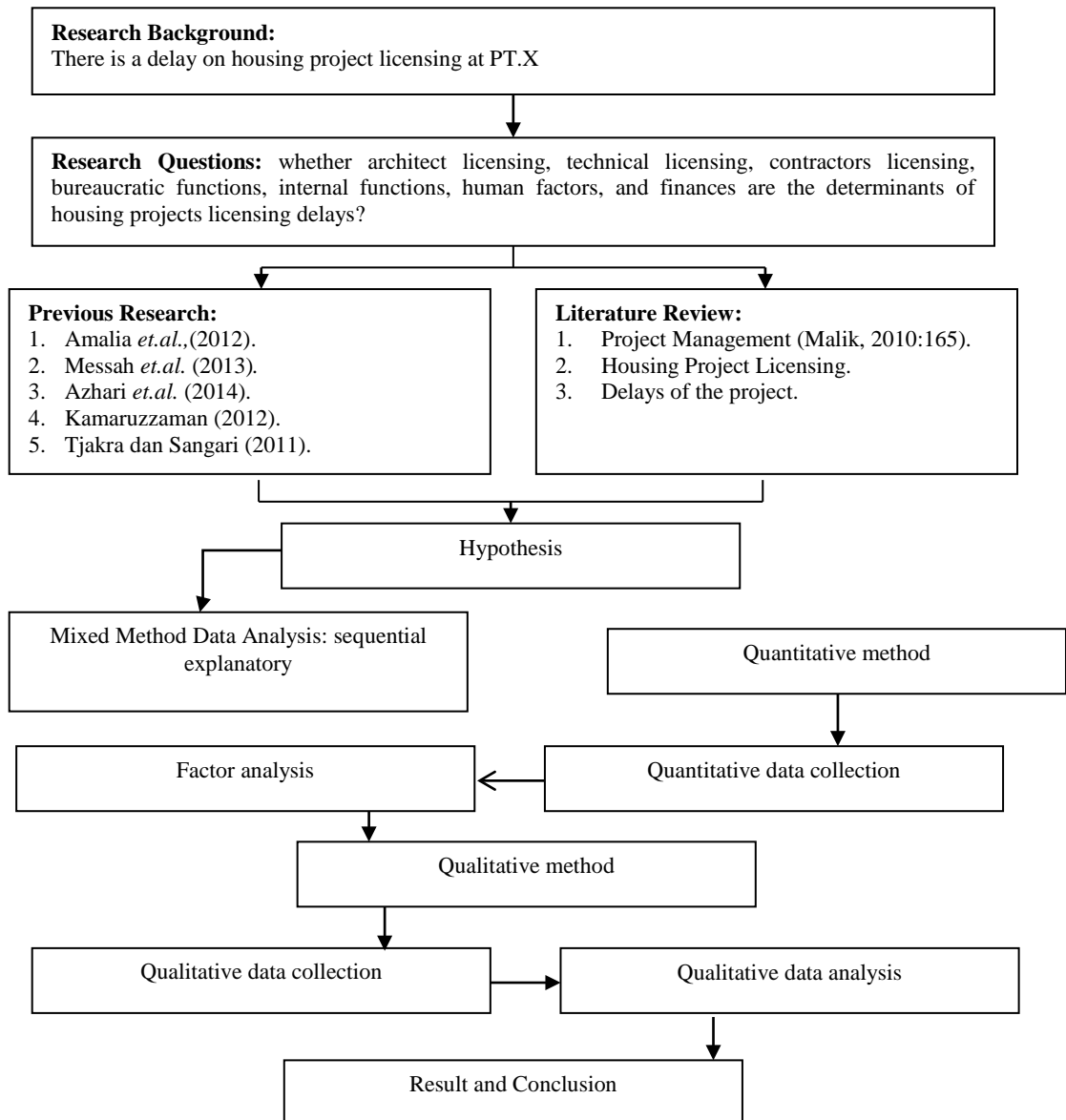
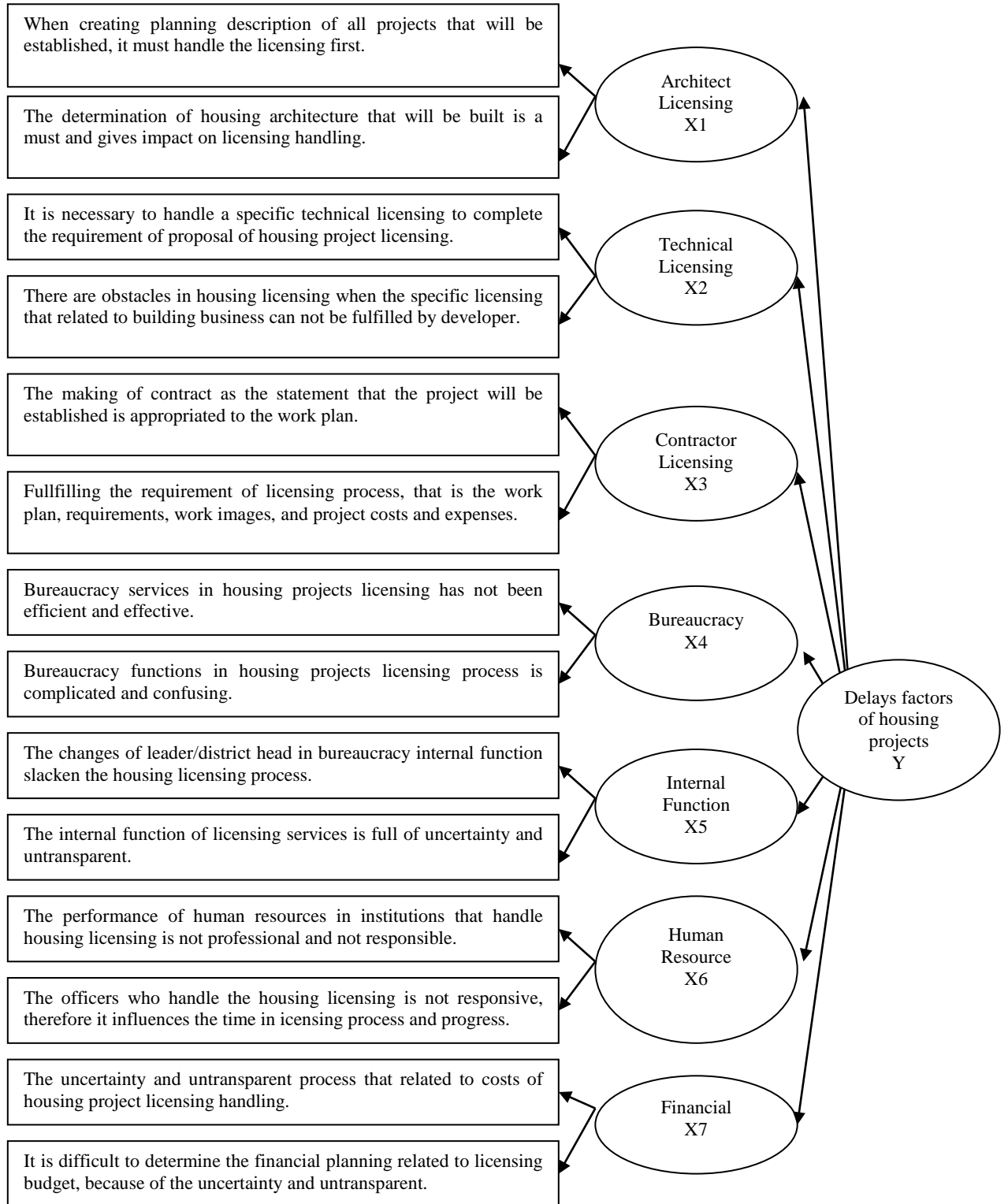


Figure 1. Thinking Framework



**Figure 2. Conceptual Framework**

### Research Hypothesis

Based on the background and the formulation of the problem posed in this study and the previous study presented above, then the hypothesis proposed in this research are as follows:  
 H1: Architects licensing factors are the determining factors of housing project licensing delay  
 H2: Technical licensing factor is the determining factor of housing project licensing delay.  
 H3: Contractors licensing factor are the determining factors of housing project licensing delay.  
 H4: Bureaucratic functions factors are the determining factors of housing project licensing delay.  
 H5: Internal functions factors are the determining factors of housing project licensing delay.  
 H6: Human resources factor is the determining factors of housing project licensing delay.  
 H7: Financial factors are the determining factors of the housing project licensing delay.

### RESEARCH METHODS

This study applied mix methodology in which implemented two types of research approaches, they are qualitative and quantitative. Total sample that were supported this study are 38 which consists of 37 members of association of Indonesian Property Developers (*Asosiasi Developer Properti Indonesia – ADPI*) and an employee from PT X. The instrumen of this study is questionnaires that were spreaded to 36 members of ADPI and interview guide that objected to one member of DPI and an employee of PT X.

Licensing factors influence housing project delay in this study were measured by seven factors, they are architect licensing, technical licensing, contractor licensing, bureaucracy functions, internal function, human resource, and financial function.

Data that were collected by spreading questionnaires then processed by applyng confiamtory factor analysis (CFA) in wich supported by software GeSCA.

### Discussion

The major of respondents of this study are male (75%) by age 36-45 years old (55,6%), and have been being experienced as developer for 2-5 years (41,7%0) (as seen on Table 1).

**Table 1. The Respondents' Characteristics**

| No | Identitas responden    | Frekuensi | Persentase |
|----|------------------------|-----------|------------|
| 1  | Gender                 |           |            |
|    | Male                   | 27        | 75 %       |
|    | Female                 | 9         | 25 %       |
|    | <b>Total</b>           | 36        | 100 %      |
| 2  | Age                    |           |            |
|    | 25 – 35 years old      | 9         | 25 %       |
|    | 36 – 45 years old      | 20        | 55,6 %     |
|    | > 45 years old         | 7         | 19,4 %     |
|    | <b>Total</b>           | 36        | 100 %      |
| 3  | Length of working time |           |            |
|    | < 1 years              | 12        | 33,3 %     |
|    | 2 – 5 years            | 15        | 41,7 %     |
|    | 6 - 10 years           | 8         | 22,2 %     |
|    | >10 years              | 1         | 2,8 %      |
|    | <b>Total</b>           | 36        | 100 %      |

Source: Primary Data

Confirmatory factor analysis that was conducted to examine the delay factor of housing projects conveyed that the seven factors which are caused project delay consists of architect licensing, technical licensing, contractor licensing, bureaucracy functions, internal function, human resource, and financial function. All of them significantly contribute to the housing

project delay, in which the highest contribution is human resource (X6), then followed by technical licensing (X2), bureaucracy (X4), financial (X7), contractor (X3), internal function (X5), and architect licensing (X1). For detail, it can be shown in Table 2.

**Table 2. Confirmatory Factor Analysis of Licensing Factors that Caused Housing Project Delay**

| Latent Variable | Indicator | Estimate | SE    | CR     | Result      |
|-----------------|-----------|----------|-------|--------|-------------|
| X1              | X11       | 0.936    | 0.033 | 28.52* | Significant |
|                 | X12       | 0.962    | 0.022 | 43.48* | Significant |
| X2              | X21       | 0.922    | 0.033 | 27.53* | Significant |
|                 | X22       | 0.927    | 0.033 | 27.97* | Significant |
| X3              | X31       | 0.949    | 0.019 | 51.23* | Significant |
|                 | X32       | 0.953    | 0.023 | 41.37* | Significant |
| X4              | X41       | 0.936    | 0.023 | 41.47* | Significant |
|                 | X42       | 0.963    | 0.016 | 61.14* | Significant |
| X5              | X51       | 0.896    | 0.040 | 22.26* | Significant |
|                 | X52       | 0.920    | 0.021 | 43.66* | Significant |
| X6              | X61       | 0.897    | 0.038 | 23.73* | Significant |
|                 | X62       | 0.930    | 0.023 | 40.02* | Significant |
| X7              | X71       | 0.934    | 0.021 | 44.78* | Significant |
|                 | X72       | 0.887    | 0.041 | 21.79* | Significant |

Source: Primary Data

The result of confirmatory factor analysis above is supported by the explanation from informant who had been interviewed.

*“Kalu dorang pe pelayanan katu yah seperti biasa noh, kalu torang bae-bae dorang lei bae. Kalu torang datang marah – marah ya bisa-bisa dorang nyanda mo layani, kalu dorang nyanda layani, ya so pasti nyanda mo kaluar noh itu izin.”*

(The services delivery of them depend on us, if we come to the office friendly, they will deliver their service well. But, if we come to the office by anger, they will be reluctant to give their best service, and the license will not be issued).

This explanation shown that the officers who are responsible in licensing services depend on the developers' attitude. It means that they are not have good professionalism in conducting tasks. The other explanations related to the licensing factor delay for the housing projects may describe the same.

### Conclusion and Recommendation

The conclusions obtained from this study based on the formulation of the problem and the results of data analysis that has been done in previous chapters are as follows:

1. The architects licensing factor is the weakest determining factor of the housing project licensing delay with a contribution of 0.295.
2. The technical licensing factor is the determining factors of housing project licensing delay with a contribution of 0.489.



3. The contractor licensing factor is the determining factors of housing project licensing delay with a contribution of 0,388.
4. Functions of bureaucracy are the determining factors of housing project licensing delay with a contribution of 0.433.
5. The internal functions are the determining factors of housing project licensing delay with a contribution of 0,384.
6. The human resources are the strongest determining factors of housing project licensing delay with a contribution of 0.668.

Recommenations that can be given based on the results of the analysis and conclusions of this study on the factors that cause delays in housing development projects are as follows:

1. Reccomendations for PT. X
  - a. PT. X should continue to try to establish communication with the licensing body, so it can find the latest information and be able to establish a good and strong relationship. With this kind of relationship, then PT. X can have a better opportunity to provide advice to the licensing body regarding deficiencies in terms of services or procedures provided by the licensing body.
  - b. PT. X need to continue to enhance cooperation with other companies, or be more active in the DPI community in order to have a broad relationship in the field of property that can provide ease in the development of the project.
  - c. PT. X need to continually strive to provide input and advice to the licensing entity to enable the improvement of the quality of service and ease of care of licensing procedures in the project.
2. Recommendations for the Licensing Body
  - a. The licensing body should evaluate the implementation of the licensing procedure because based on the data obtained it is known that there are several obstacles caused by the complexity of the procedure which resulted in the delay of the housing project development.
  - b. The licensing body should conduct strict monitoring on the services staff along with related parts, as based on the data obtained is known that the quality of services provided by staff is still not efficient and effective due to the lack of professional human resources owned by the licensing body in carrying out its duties.
  - c. The licensing body should conduct training and regular evaluation in order to improve the quality of its human resources, especially the service, so they can provide better service and quality.
3. Reccomendations for the next researcher
  - a. The researcher can investigate the same topic, namely regarding the factors that cause delays in the project, but with different objects and locations.
  - b. Researchers can use the factors that cause the delays of the projects obtained from this study as a reference, and then make some improvement of the concept regarding the effect of those factors on the delays of the project on different objects.

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