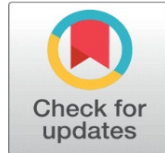


# REVIEW OF THE LEVEL OF UNDERSTANDING OF CONSTRUCTION WORK CONTRACTS AT PT. DAMARMAS CONTRACTOR

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## ABSTRACT

The occurrence of discrepancies in both the time and cost of construction projects can be caused by the lack of understanding of the parties involved in a construction work contract. Therefore, this research reviews the extent to which the parties to the construction work contract understand the clauses contained in the agreed construction work contract so that improvements can be made to carry out construction work contracts in subsequent construction projects.

The purpose of the research is to find out to what extent the parties to the construction work contract can understand and implement the contents of the clauses contained in the construction work contract, so that they can make improvements to the implementation of construction work contracts in subsequent projects. The research method applied a descriptive method that uses direct interviews with research respondents.

Based on the results of the research and discussion, it can be concluded that the parties to the construction work contract have understood and implemented the contents or clauses in the construction contract quite well but still need to be given an increased understanding of the mechanisms to carry out additional work and procedures related to the potential of extra time and cost of completing the construction project as a whole

**Keywords:** Project Time and Cost, Construction Project, Construction Work Contract

## 1. INTRODUCTION

A construction project is an activity to build a facility that has various aspects attached to it. Among them are technical aspects, economic aspects, and legal aspects. The existence of time, cost, and quality limits on the implementation of construction projects that must be met to achieve the objectives of the construction project requires management that is not simple. It does not rule out the possibility that the construction project will experience delays in the completion time of the

work as a whole or the occurrence of costs that exceed the set budget until the quality of the work is not fulfilled due to the lack of understanding of the parties involved in the construction project both from the party implementing the project and the project owner itself.

According to [Vmsconsultants. \(2023\)](#), there are several reasons that caused cost and time overruns in construction projects, including poor project planning and scheduling; lack of effective communication between project teams; ineffective collaboration between project teams; frequent changes in project scope, design and technical specifications; to poor procurement, management and utilization of resources on construction projects.

[Vmsconsultants. \(2023\)](#) states that to control costs and time to avoid overruns, several things can be done, including making effective work plans, estimating costs and making good project plans, conducting risk assessments to identify potential risks and eliminating them at the planning stage to avoid time delays and increasing construction project costs, changes in project scope, specifications, and design must be managed carefully to minimize their impact on the project as a whole, and Monitoring the progress of construction projects in a measured and effective manner can help project managers to monitor the schedule and costs that have been incurred during the construction implementation stage.

Research conducted by [Adryani \(2024\)](#) found that the company under study needs to improve its project management and ensure that it is more accurate in determining its scope of work for future projects. The results of [Dlamini and Cumberlege \(2021\)](#) state that construction managers need to choose the right project manager and project managers with key competency skills to manage projects so that cost and time accuracy can improve construction sustainability. Furthermore, [Jadhav and Devthanekar \(2021\)](#) produced research that the factors that influence the occurrence of time and cost overruns include before the construction process is inaccurate time and cost planning, design errors and errors in planning the project site, and from management issues, namely late payment of orders, lack of staff efficiency and lack of coordination between the parties involved in the construction project.

Based on some of the above, it can be seen that the occurrence of discrepancies in both the time and cost of construction projects can be caused by the lack of understanding of the parties involved in a construction work contract. Therefore, this research will review the extent to which the parties to the construction work contract understand the clauses contained in the agreed construction work contract so that improvements can be made to carry out construction work contracts in subsequent construction projects.

Reviewing the description above, the formulation of the problem in the research to be carried out is the extent to which the parties to the construction work contract understand and implement the contents of the clauses contained in the construction work contract.

Based on the formulation of the problem, the research objective is to find out to what extent the parties to the construction work contract can understand and implement the contents of the clauses contained in the construction work contract, so that they can make improvements to the implementation of construction work contracts in subsequent projects.

## **2. MATERIALS AND METHODS**

### **2.1. CONSTRUCTION WORK CONTRACT**

According to Article 1, paragraph 8 of the Construction Services [Law Number 2 of 2017 Concerning Construction Services. \(2017\)](#), construction work contracts are all contract documents that regulate the legal relationship between service users and service providers in the implementation of construction services. [Yasin \(2014\)](#) states that a construction work contract is an agreement between service users and service providers that regulates the rights, obligations, and responsibilities of each party in the implementation of construction projects.

### **2.2. THE PARTIES TO THE CONSTRUCTION PROJECT**

According to [Globalindo Karya Indonesia. \(2025\)](#), the parties to a construction project consist of 5 (five) parties, namely the project owner, consultant, contractor, subcontractor or sub-provider, and supplier. The contractor is a person or company chosen by the project owner to work on a construction project based on the contract agreement, providing human resources and scheduling. Contractors in carrying out construction projects can be assisted by project managers, site managers, and experts, depending on the field of work to be carried out.

### **2.3. CLAUSES IN CONSTRUCTION WORK CONTRACTS**

In [Law Number 2 of 2017 Concerning Construction Services. \(2017\)](#), the minimum clauses or contents that must be contained in a construction work contract are the names and addresses of the parties, job descriptions or scope of work, period of implementation, contract value and method of payment, rights and obligations of each party, technical terms of work implementation and procedures for resolving options.

If the construction work contract does not fulfill its mandatory elements, it can potentially be legally invalid, can hinder and disrupt the smooth implementation of the project, and can cause legal loop *Yasin* oles in dispute resolution.

The research method applied is a descriptive method using direct interviews with research respondents. Direct interviews are conducted first by providing a list of questions to be answered by respondents, and then the answers of the respondents will be discussed further to make a research conclusion.

Respondents in this study were personnel at PT Damarmas Contractor. The respondents who were asked questions totaled 5 (five) people, consisting of:

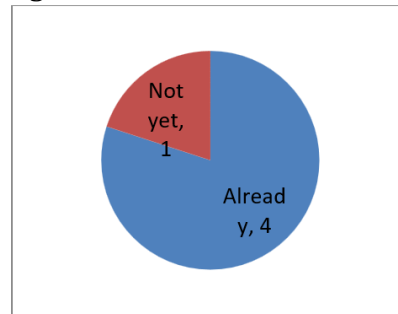
- The project manager, 1 (one) person
- Site Manager, 1 (one) person
- Experts, 3 (three) people consisting of architectural experts, civil experts, and mechanical and electrical experts.

## **3. RESULTS AND DISCUSSIONS**

The number of questions given to 5 (five) respondents was 7 (seven) questions to be answered by the respondents. The following are the results of the research on the questions posed and their discussion:

- 1) On the question relating to whether the clauses contained in the construction work contract have fully regulated the rights and obligations of the contracting parties, the results are as follows:

**Figure 1**



**Figure 1** Clauses on the Rights and Obligations of the Parties

From **Figure 1**, it can be seen that 4 (four) respondents responded that the construction work contract has fully contained clauses governing the rights and obligations of the contracting parties. Only 1 (one) respondent answered that it was incomplete. Based on this number, it can be stated that the construction work contract is a strong basis for guidance in carrying out the rights and obligations of each party.

- 2) The question asked related to whether the respondent had read the entire contents of the construction work contract clearly and completely, and the results are as follows:

**Table 1**

**Table 2 Read the Entire Content of the Construction Contract Clearly and Completely**

NO	RESPONDENT	ANSWER TO THE QUESTION
1	Project Manager	Read clearly and completely
2	Site Manager	Read clearly and completely
3	Structural Expert	Read clearly and completely
4	Architectural Expert	Most of the contract contents
5	M&E Expert	Some clauses related to his work

Table 1. Shows that the project manager, site manager, and civil experts stated that they had read the entire contents of the contract clearly and completely, while architectural experts stated most of them, and M&E experts stated only a few clauses related to their work. These results indicate that there is a potential or possibility of problems in the implementation of work in the field until all work is completed due to a lack of understanding of some of the people involved in the construction project, such as a lack of understanding related to the mechanism for submitting materials to be used, the mechanism for implementing work plus less work and others.

- 3) Regarding questions related to what clauses are always read and considered important to know the details in the implementation of construction projects, and the results are as follows:

**Table 2**

**Table 2 Results in Relation to Important Clauses of Construction Contracts**

NO	CLAUSES	RESPONDENT'S ANSWER
1	Project implementation time	5

2	Total project cost	5
3	Addition and subtraction of work	4
4	Merit pay system	4
5	Technical specifications	3

Table 2 shows that all respondents (5 respondents) stated that the implementation time and total cost of the project are important clauses that must be understood and implemented so that the project complies with the time and cost limits set. As for the added work and the payment system for work performance, out of 5 respondents, 4 (four) respondents stated that it was important, while only 3 (three) respondents out of 5 (five) respondents stated that it was important. Based on the answers of the 5 (five) respondents as set out in table 2, it can be seen that all respondents view project time and cost as the main constraints of construction projects that must be met, but there are still those who do not pay much attention to technical specifications which can basically affect the quality of project results to be obtained. Therefore, the management still needs to provide understanding to the team implementing the work in the field so that all matters relating to the clauses contained in the construction work contract, both the mechanism for adding less work, and the payment system for work performance to technical specifications, can be understood and implemented in full.

- 4) The question relating to what things must be prepared to be able to complete the project in accordance with the cost and time set obtained answers from the 5 (five) respondents that put the time schedule as the main element that must be prepared, followed by the initial capital to carry out the work, and work methods, labor and equipment in the next order to be prepared. This result shows that the respondents consider the time schedule to be an important guideline in the implementation of the work, which in turn can affect other preparations for carrying out the construction project work until it is completely completed.
- 5) On the question relating to the procedures that must be carried out to carry out the existence of additional work, out of 5 (five) respondents, 3 (three) respondents stated that they understood the procedure for adding less work, and 2 (two) respondents did not understand the procedure for adding less. The results obtained indicate the potential for problems to arise in carrying out less work if it is implemented. Therefore, it is necessary to increase understanding related to adding less work to all personnel involved in the implementation of construction work so that obstacles and problems do not arise in completing the agreed construction work contract.
- 6) On questions related to the possibility of additional project costs that can cause the contract value to exceed the agreed construction work contract value, the results showed that all respondents (5 respondents) stated that additional project costs could be made based on field conditions at the time the work was carried out. This can lead to the potential for cost overruns that must be borne by the project owner. Therefore, it is necessary to have an understanding between the parties involved in the construction project and control the possibility of cost overruns.
- 7) Questions related to the possibility of increasing the project implementation time received answers from 5 (five) respondents, all of whom gave answers that it was still possible to increase the overall project completion time. On this basis, the potential for additional project completion time is likely to occur, considering the things that allow additional time for project

implementation. Therefore, it needs to be understood that additional implementation time is still possible if it fulfills the things stated in the agreed construction work contract. Each contracting party must be able to control the potential for increasing the overall project completion time because the additional project implementation time can cause losses not only for the contractor but also for the project owner.

**Based on the research results obtained, it can be seen that:**

- 1) Respondents generally understand the contents of the construction work contract and consider that the contents or clauses contained in the construction work contract have fulfilled the interests of each contracting party.
- 2) Time and cost of construction projects are dominant factors that must be considered by each contracting party.
- 3) Understanding of the mechanism of added work still needs to be improved to prevent time and cost overruns.
- 4) The potential of extra time and costs beyond those stated in the construction work contract is still the basis for the project implementer; therefore, there needs to be clear and agreed-upon rules regarding these two matters.

#### **4. CONCLUSIONS & RECOMMENDATIONS**

Based on the results of the research and discussion above, it can be concluded that the parties to the construction work contract have understood and implemented the contents or clauses in the construction contract quite well but still need to be given an increased understanding of the mechanisms to carry out additional work and procedures related to the potential of extra time and cost of completing the construction project as a whole.

#### **CONFLICT OF INTERESTS**

None.

#### **ACKNOWLEDGMENTS**

None.

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