

Implications of The Increase in the Government's Project Budget Ceiling for Construction Managerial in Small Qualified Contractors

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ABSTRACT

The government has issued LKPP regulation No. 11 of 2021, which states that small qualification contractors may handle projects up to 15 billion, before this regulation came out, small contractors could only handle projects with a maximum value of 2,5 billion. The government hopes positively for this restriction because the gap between large and small construction companies is relatively high. In order to compete for large project values, small contractors must be able to reorganize the four managerial stages of construction project implementation, namely Planning, Organizing, Actuating, and Controlling (POAC). For this reason, a study was conducted to analyze the implications of increasing the budget ceiling of government projects on the construction managerial of small qualification contractors. This research uses a descriptive qualitative method by analyzing changes in construction project managerial at each stage through an in-depth interview with small contractors who handle construction projects worth 5 to 15 billion in fiscal years 2022 and 2023 in the Padang City government. The result of this research is that there are changes in the managerial constructors at the planning stage. At the planning stage, the contractor organizes the implementation of the project so that the project can be completed within the agreed time through the use of Man, Money, Material, Market, Machine, and Method (6M) resources. The resources that change during project implementation at the planning stage are human resources (man). With an increase in the project budget ceiling, small qualification contractors increase the number of team personnel, labour, and team competence in mastering specific competencies to support the implementation of construction projects. During the management of 5M (man, money, material, machine, and method) at the organizing, actuating, and controlling stages, small qualification contractors can adjust their construction managerial implementation when the project is still worth under 2,5 billion with a project whose value increases to 15 billion.

Keywords: *Project Managerial Construction; LKPP No. 11 of 2021; Small qualified contractors.*

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INTRODUCTION

The emergence of companies providing construction services, both individuals and business entities, has resulted in competition in the construction world becoming increasingly tight and competitive. Based on data from the Central Statistics Agency for 2021, the number of construction companies in West Sumatra is 5,480, with the number of small-scale construction companies numbering 5,196, medium-scale 269, and large-scale 15 construction companies.

The large number of small-scale companies is different from the technical capabilities of the contractors themselves because, in general, small contractors have limitations, such as resources, mastery of technology and management capabilities [1]. In 2017, 85% of the construction market value was controlled by large contractors, while the remaining 15% of the construction market value was contested by small contractors [2].

To overcome this, the government changed the PUPR Minister's regulation No. 31 of 2015 concerning Standards and Guidelines for Procurement of Construction Work with small qualifications into LKPP Regulation No. 11 of 2021, which states provisions for packaging construction work for a budget ceiling of up to 15 billion allocated to providers of construction work with small business qualifications [3]. This research looked at construction managerial changes in small qualified contractors due to increased government project budget ceiling. Thus, this study aims to analyze the implications of the increase in the budget ceiling of government projects on the construction managerial of small qualification contractors.

METHOD

This qualitative research produces descriptive data in the form of written or spoken words from people and observed behaviour [4]. The research object, which is an attribute or nature and value of a person or object, or activity with certain variations determined by the researcher to find the answer and then draw a conclusion [5], is construction work within the Padang City Government for the 2022 Fiscal Year and 2023. This is done to avoid restrictions and research coverage that is too broad due to limited research time. Meanwhile, the research subject is the definition of the research subject as an object, thing or person to which the data for the research variables are attached, and what is at issue is a small qualified contractor who handles construction work with a value of 5 to 15 billion within the Padang City Government for the 2022 and 2023 fiscal years.

The number of informants was determined using a purposive sampling method. These small qualified contractors involved in Government construction projects impacted changes to Presidential Decree No. 12 of 2021 and LKPP Regulation No. 11 of 2021 on work construction projects. The number of informants was taken from contractors who won projects for project values of 5 billion to 15 billion in the fiscal year for small qualifying contractors. From LPSE fiscal year data in 2022 and 2023, in Padang City, it is known that there are many projects with small qualification categories. For fiscal year 2022, there were 11 projects; while the number of projects in the small category in 2023 is 16 projects. Of the total number of projects, it was noted that only four projects had a value of 5 to 15 billion.

Table 1. Research Subjects

No.	Contractor Name	Position	Informant Code
1	Contractors A	Leader	I1
2	Contractors B	Leader	I2
3	Contractors C	Leader	I3

Interview

The interview process begins by sending a letter of request for a research permit to DPM & PTSP (Investment and One-Stop Integrated Service Office), then forwarded to the Padang City Education and Culture Office and the Padang City PUPR (Departement of Civil Works and

Housing) Office, which then surveyed the contractor locations studied in Padang City and Pariaman City.

This process began on 25 November 2023, while the initial interview was carried out starting on 28 November 2023 after the informant's location was obtained. The interview at this stage was used as the initial stage to test interview questions on one of the informants. Furthermore, the interview was conducted at company C in mid-December 22, 2023. Then, on 3 January 2024, the researcher interviewed with company A directly at the contractor's office in Pariaman City. The researcher interviewed company B, which was domiciled in Batu Sangkar, so the interview process was carried out on 6 January 2024, online or via telephone.

To compile the interview list, researchers conducted a literature study to map construction management variables, which include the implementation of project activities POAC (Planning, Organizing, Actuating, Controlling) with the management of all resources man, money, market, material, method and machine (6M). To map and group questions according to POAC variables in utilizing 6M resources, researchers used the help of a fishbone diagram. According to Juran and Godfrey [6], fishbone diagrams are an efficient tool for completing organizational management data to explore all possible causes of existing problems. Meanwhile, researchers conducted a brainstorming session with informants directly during the interview process to determine potential factors influencing managerial changes in construction projects. Brainstorming is a method of collecting many ideas from people/or groups of people in a short time [7]. The brainstorming results are mapped in a cause and effect diagram (fishbone) where the 6M resources are the cause of the implementation of POAC construction management. The description of the cause and effect diagram is shown in Figure 1 below.

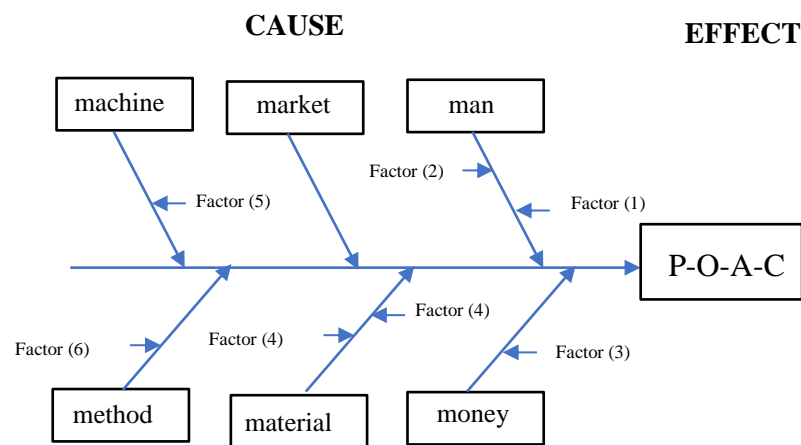


Figure1. The brainstorming results are mapped in a cause and effect diagram (fishbone) where the 6M resources are the cause of the implementation of POAC construction management.

Data Analysis

The interview results will be analyzed using qualitative content analysis methods. It is stated that content analysis as a tool or technique in research can be replicated and helps conclude a set of texts [8]. Researchers will document the interview results in a transcript table to conduct content analysis on the transcript table (verbatim) and coding.

Validation

The researcher reconfirmed to the informant the content and thematic analysis results of the implications of changes in the project budget ceiling on construction management in small contractors. If the informant agrees, the information received and analyzed will be used as a

conclusion to find the implications of changes in project value qualifications on construction management in small contractors.

RESULTS AND DISCUSSION

Results from analysis of the interview data show the implications of increasing government project budget ceilings for small qualified contractors. This is explained by using resources (consisting of man, market, money, material, machine, and method) at each stage of construction work (Planning, organizing, activating, and controlling). In this research, market resources were not analyzed because they were not included in the managerial implementation of construction in the field.

Fishbone Diagram Analysis

The factors that arise at each managerial stage of a construction project are asked to determine any changes due to the increase in the government project budget ceiling, so analysis is carried out using a fishbone diagram through a brainstorming session.

Planning

Five resources are the causal factors for running the construction managerial stages in the Planning stage. Each of these resources has factors that support the resources themselves. The five resources are seen in the fishbone diagram in Figure 2 below.

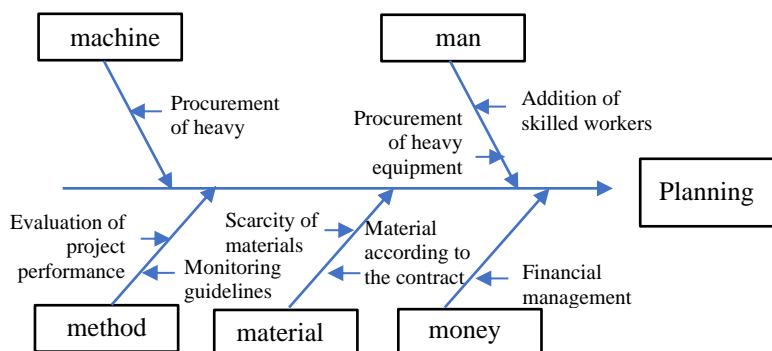


Figure 2. Fishbone Diagram of Planning Project Activities

Organizing

Differently at the planning stage, it was detected that only one resource influenced the implementation of organizing the project well: Man resources. The factors that influenced were changes in the organizational structure and the addition of personnel in the organization. This is illustrated in the fishbone diagram in Figure 3 below.

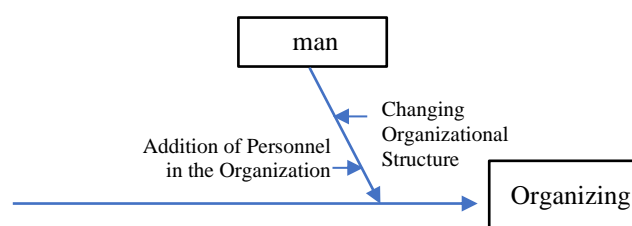


Figure 3. Fishbone diagram of Organizing project activities

Actuating

Similar to the managerial stage of organizing projects, at the actuating stage, there is also only one resource that influences the implementation of this stage, namely human resources, such as direction, assignment and motivation and the scope of personnel assignments. The fishbone diagram at this stage is shown in Figure 4 below.

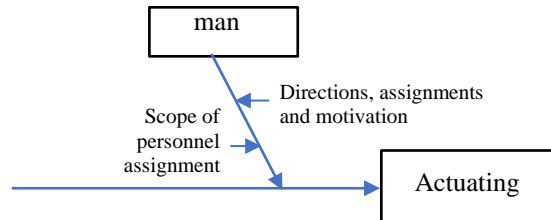


Figure 4. Fishbone diagram of Actuating project activities

Controlling

No different from actuating, there is also one factor that causes changes in managerial implementation at the controlling stage, namely the method resource. The changes that occur at this stage are comparing the quality of the results obtained with standards and plans, in addition to efforts to evaluate and correct deviations that occur. The fishbone diagram at this stage is depicted in Figure 5 below.

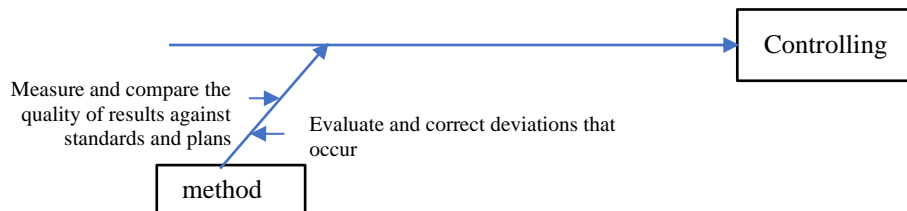


Figure 5. Fishbone diagram of Controlling project activities

Content Analysis and Thematic Analysis of Interview Results

Interview responses will be interpreted and concluded to obtain implications of project value changes on contractor management by mapping and comparing project activities by processing all resources before and after LKPP Regulation No.11 of 2021 [9] comes into effect. The results of content analysis and thematic analysis are shown in the following table.

Table 2. Transcript Table (Verbatim) and Coding

Construction Implementation Stage	Theme	Project Name	Interview	Coding
Planning	Man			
	[Training] for workers	Construction of Building A	<i>There is not any</i>	-
		Construction of Building B	<i>Yes, we carry out upkilling, such as implementing safe work methods and floor lasering work.</i>	[Upskilling]
		Construction of Building C	<i>Yes, there is improving administrative governance; that's why we also said earlier that we need administrative staff beyond those required. This</i>	[Increase competence]

Construction Implementation Stage	Theme	Project Name	Interview	Coding
			<i>administrative staff can operate MS software. Project for easy schedule creation that can also be used to control work progress.</i>	
Organizing	Man			
	[Change] organizational structure	Construction of Building A	<i>There are no additional personnel and no structural changes</i>	No [changes]
		Construction of Building B	<i>No structural changes</i>	No [changes]
		Construction of Building C	<i>The structure is changed internally only</i>	There are [changes]
Organizing	Man			
	Provide [explanation] to the team regarding their duties and responsibilities	Construction of Building A	<i>Yes, we only hold meetings if there is an urgent need regarding the progress of work implementation.</i>	There is [coordination]
		Construction of Building B	<i>Yes, we meet at least once a week to see the progress of the project</i>	There is [coordination]
		Construction of Building C	<i>We hold team meetings at least once a week</i>	There is [coordination]
Actuating	Man			
	Work ethic	Construction of Building A	<i>Our workforce has been assigned according to their respective jobs, so there is a clear balance in duties and responsibilities.</i>	[According to job]
		Construction of Building B	<i>We carry out evaluations when work begins. If someone does not comply with their duties and responsibilities, we will place them according to their abilities.</i>	There is [labour evaluation]
		Construction of Building C	<i>Yes, if something is unsuitable, rotate it according to needs.</i>	There is [labour evaluation]
Controlling	Method			
	Implementation of team and workforce duties and obligations by standards/plans	Construction of Building A	<i>Yes, we constantly monitor and provide direction at every stage of project work.</i>	Monitor and [give direction]
		Construction of Building B	<i>Yes, before carrying out work in the field, we do a briefing first so that workers focus on the results achieved every day.</i>	[Gives directions]
		Construction of Building C	<i>Yes, always strive to comply with standards or plans.</i>	[Complies with] standards
	Method			
	Inspection of team and workforce work	Construction of Building A	<i>We are always present every working day in the field to see the progress of the team's work.</i>	[Checking] work
		Construction of Building B	<i>I am always present in the field to see the progress of the project and assess things for improvement.</i>	[Seeing] work progress
Construction of Building C		<i>Checked every day, both directly and indirectly. For example, when controlling the foundation excavation stage, if I am not at the location, then I will</i>	[Check] job	

Construction Implementation Stage	Theme	Project Name	Interview	Coding
			<i>ask for a video call with the field staff about the depth, construction and so on. Because if there is a mistake, you will suffer a loss.</i>	

Based on the transcript table (verbatim) and coding above, a concept map of the relationship between managerial changes in small qualified contractor construction and the increase in the project budget ceiling is created as follows.

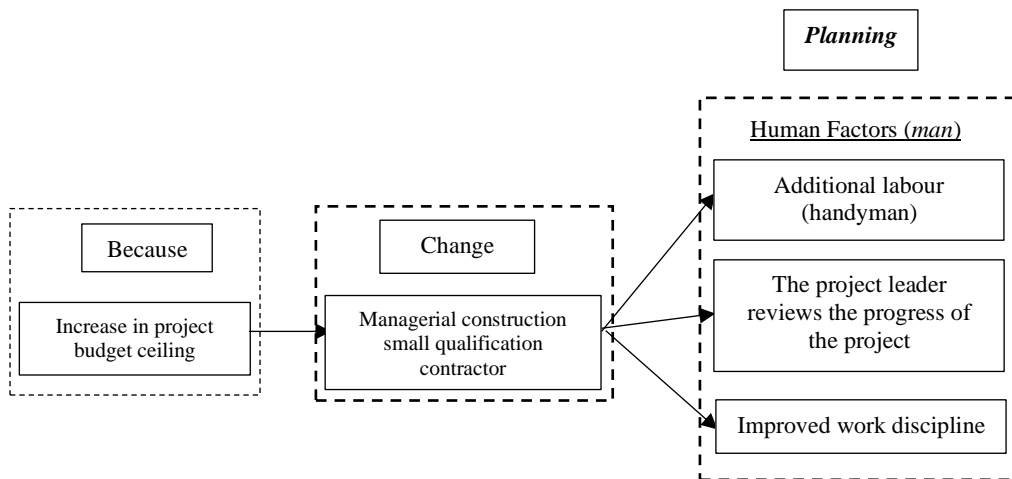


Figure 6. Scheme of managerial changes to the construction of small qualified contractors in Building A Construction

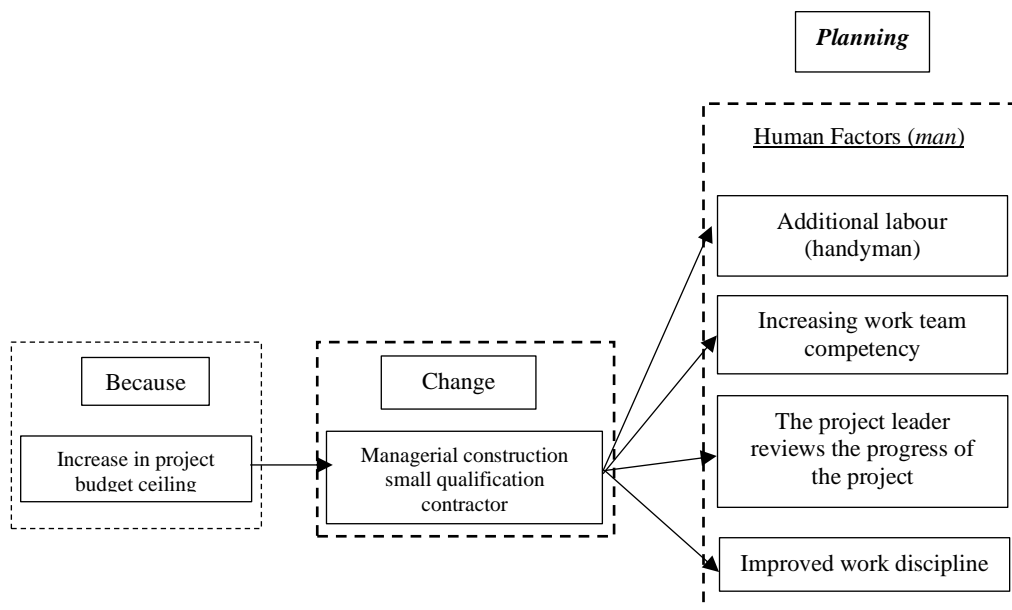


Figure 7. Scheme of managerial changes to the construction of small qualified contractors in Building B Construction

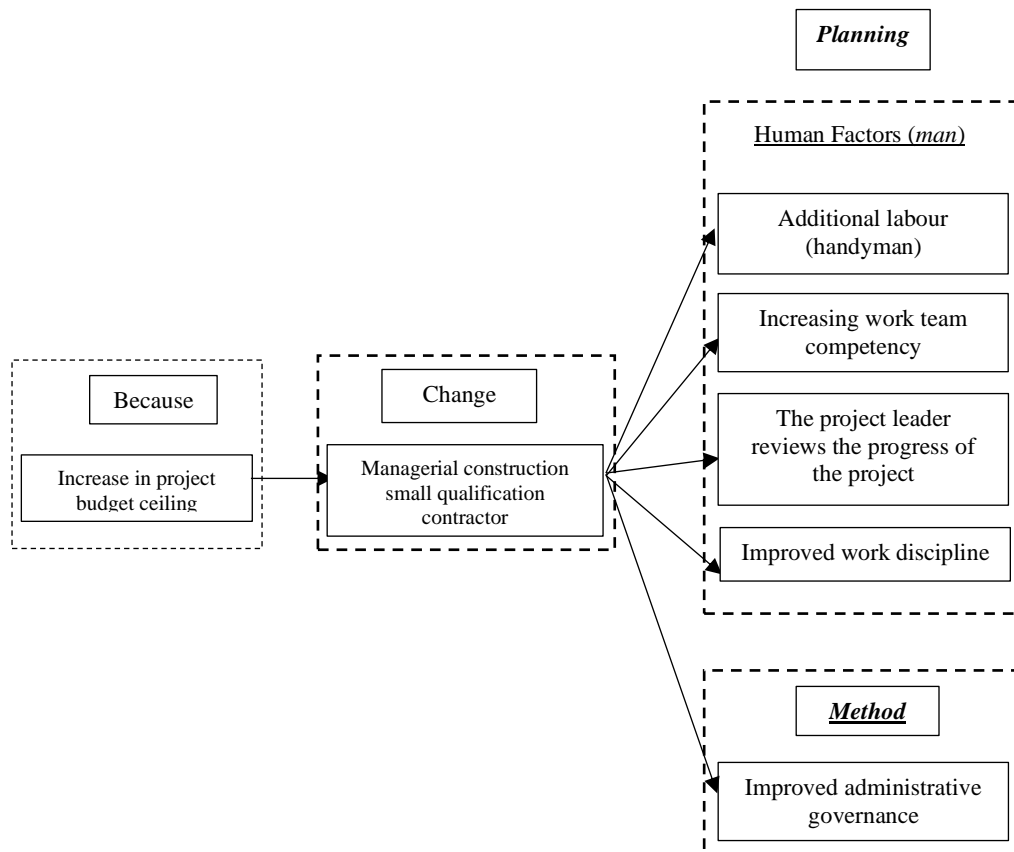


Figure 8. Scheme of managerial changes to the construction of small qualified contractors in Building C Construction

Validation

To validate the implications of changes in government project budget ceilings on construction management for small qualified contractors, the researcher asked for the following final statements from the informants.

"There is no difference, overall, there are no changes to the implementation of the project, everything is the same as the implementation of the previous project (smaller project), the only difference is the volume of work (I1)."

"We carry out work professionally, both for work with a value of under 2.5 billion and yesterday up to 6.7 billion. To improve project performance, we need to upskill the team in several ways (I2)."

"We have been involved in the contracting world for more than 30 years, and the contractor handling this project is our contractor company, which was founded ten years ago, so we are used to construction work both in the city of Padang and in areas outside the city. Padang. "From previous projects, what differentiates this project is the use of BIM software, which, before getting the project, we had prepared personnel who were capable of operating BIM and measuring using drones (I3)."

Based on this description, LKPP regulation no. 11 of 2021 regarding the increase in the government project budget ceiling for small qualified contractors resulted in managerial changes at the Planning stage in terms of increasing the number of workers and team expertise.

CONCLUSION

Based on the discussion results regarding the implications of changes in the government's project budget ceiling on the construction managerial of small qualified contractors, it was concluded that the construction project managerial of small qualified contractors on projects experienced changes at the planning stage. The planning stage is a part of project management whose primary focus is and is closely related to the division, allocation and scheduling of work within the project's scope. Through planning, the contractor must be able to arrange project implementation so that the project can be completed within a certain agreed time, with the project stages and resources that have been determined. One of the resources that influences project implementation at the planning stage is human resources (man). With the increase in the project budget ceiling, small qualified contractors increase the number of team personnel, workforce, and team competencies in mastering specific competencies to support the implementation of construction projects. Meanwhile, the management of 5M (man, money, material, machine, and method) at the organizing, actuating, and controlling stages of small qualified contractors can adjust their construction managerial implementation when projects are still worth less than 2.5 billion with projects whose value increases to 15 billion.

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