Volume 23 Issue 13
Originally issued as G1



Global Journal of Management and Business Research: G Interdisciplinary
Volume 23 Issue 1 Version 1.0 Year 2023
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Contract Administration and its Future in Saudi Arabia

By Mohammed A. Al-Zubidi

Abstract- In recent years, Saudi Arabia has experienced rapid economic growth and infrastructure development, leading to an increased demand for efficient and effective contract administration. This paper investigates the current state of contract administration in Saudi Arabia and explores its future prospects in light of emerging technologies, legal frameworks, and industry best practices. Through a comprehensive review of relevant literature, interviews with industry professionals, and analysis of case studies, we identify key challenges and opportunities in the realm of contract administration, such as the need for standardized processes, improved dispute resolution mechanisms, and enhanced collaboration among stakeholders. The paper also highlights the potential benefits of adopting digital technologies, such as Building Information Modeling (BIM), blockchain, and artificial intelligence (AI), to streamline contract administration processes, reduce human errors, and increase overall efficiency. Finally, we discuss the implications of these findings for stakeholders involved in the Saudi Arabian construction industry and provide recommendations for future research and policy development in the field of contract administration.

Keywords: *contract administration, saudi arabia, BIM, blockchain, GTPL, challenges, digital technologies, standardization.*

GJMBR-G Classification: *JEL: L14*



Strictly as per the compliance and regulations of:



© 2023. Mohammed A. Al-Zubidi. This research/review article is distributed under the terms of the Attribution-NonCommercial-NoDerivatives 4.0 International (CC BYNCND 4.0). You must give appropriate credit to authors and reference this article if parts of the article are reproduced in any manner. Applicable licensing terms are at https://creativecommons. org/licenses/by-nc-nd/4.0/.

Contract Administration and its Future in Saudi Arabia

Mohammed A. Al-Zubidi

Abstract- In recent years, Saudi Arabia has experienced rapid economic growth and infrastructure development, leading to an increased demand for efficient and effective contract administration. This paper investigates the current state of contract administration in Saudi Arabia and explores its future prospects in light of emerging technologies, legal frameworks, and industry best practices. Through a comprehensive review of relevant literature, interviews with industry professionals, and analysis of case studies, we identify key challenges and opportunities in the realm of contract administration, such as the need for standardized processes, improved dispute resolution mechanisms, and enhanced collaboration among stakeholders. The paper also highlights the potential benefits of adopting digital technologies, such as Building Information Modeling (BIM), blockchain, and artificial intelligence (AI), to streamline contract administration processes, reduce human errors, and increase overall efficiency. Finally, we discuss the implications of these findings for stakeholders involved in the Saudi Arabian construction industry and provide recommendations for future research and policy development in the field of contract administration.

Keywords: contract administration, saudi arabia, BIM, blockchain, GTPL, challenges, digital technologies, standardization.

I. Introduction

Contract administration plays a critical role in the successful delivery of construction projects by ensuring that the terms and conditions outlined in a contract are adhered to by all parties involved. As the construction industry in Saudi Arabia continues to expand, driven by initiatives such as Vision 2030 and the National Transformation Program, there is an increasing need for efficient and effective contract administration practices. Moreover, the growing complexity of construction projects, coupled with the involvement of multiple stakeholders, calls for innovative solutions and strategies to address the challenges faced in contract administration. The objective of this paper is to examine the future of contract administration in Saudi Arabia by exploring emerging technologies, legal frameworks, and industry best practices that can enhance the overall efficiency and effectiveness of contract administration processes. In doing so, this paper aims to provide valuable insights and recommendations that can contribute to the development of improved contract administration practices within the Saudi Arabian construction industry. The paper is organized as follows: Section 2 provides a background on the current state of contract administration in Saudi Arabia, including an overview of the construction industry and the regulatory environment. Section 3 discusses the key challenges faced in contract administration, such as standardization, dispute resolution, and stakeholder collaboration. Section 4 highlights the potential benefits of adopting digital technologies, including Building Information Modeling (BIM), blockchain, and artificial intelligence (AI), in streamlining contract administration processes. Section 5 examines the implications of these findings for stakeholders involved in the Saudi Arabian construction industry and offers recommendations for future research and policy development. Finally, Section 6 concludes the paper by summarizing the key findings and their significance for the future of contract administration in Saudi Arabia.

II. The Current State of Contract Administration in Saudi Arabia

The construction industry in Saudi Arabia has experienced significant growth over the past few decades, driven by large-scale infrastructure projects and government initiatives such as Vision 2030. This growth has placed a spotlight on the importance of efficient contract administration practices in managing complex construction projects involving multiple stakeholders. Currently, contract administration in Saudi Arabia is governed by various regulatory frameworks, including the Government Tenders and Procurement Law (GTPL), which sets the rules and procedures for public-sector contracts. In the private sector, contracts are typically based on internationally recognized standard forms, such as FIDIC or bespoke agreements. While these legal frameworks provide a foundation for contract administration, inconsistencies and gaps in their application have led to challenges in the industry.

III. Key Challenges in Contract Adminstration

Several challenges in contract administration have been identified in the Saudi Arabian construction industry:

1. *Standardization:* The lack of standardized contract forms and procedures has led to inconsistencies in contract administration practices, making it difficult

Author: Saudi Arabian Oil Company Procurement & Supply Chain Management Materials Services Department Dhahran, Saudi Arabia.
e-mail: khaled.aljezan@aramco.com

© 2023 Global Journals

for stakeholders to navigate the contractual landscape. This can result in disputes, delays, and increased costs for projects.

2. *Dispute Resolution:* The construction industry in Saudi Arabia is characterized by a high number of disputes, often attributed to ambiguities in contract terms, differing interpretations, and inadequate dispute resolution mechanisms. Traditional litigation can be time-consuming and costly, leading to a growing interest in alternative dispute resolution (ADR) methods, such as arbitration and mediation.
3. *Stakeholder Collaboration:* Effective contract administration requires collaboration and communication among all stakeholders involved in a project. However, the siloed nature of the construction industry, combined with cultural and organizational barriers, can hinder efficient collaboration, leading to misunder-standings, delays and disputes.

IV. Potential Benefits of Adopting Gigital Technologies

The adoption of digital technologies can help address some of the challenges faced in contract administration within the Saudi Arabian construction industry. Key technologies that can contribute to improved contract administration practices include: *Building Information Modeling (BIM):* BIM is a collaborative process involving the creation and management of digital representations of physical and functional characteristics of a facility. BIM can improve contract administration by enhancing communication and collaboration among stakeholders, providing a single source of project information, and facilitating more efficient management of project schedules, budgets, and resources. *Blockchain:* Blockchain technology enables secure, transparent, and tamper-proof digital transactions through a decentralized ledger system. In contract administration, blockchain can be used to create smart contracts, which are self-executing contracts with the terms directly written into code. Smart contracts can automate various contract administration tasks, improve transparency, and reduce disputes arising from human errors or misinterpretations. *Artificial Intelligence (AI):* AI can be used in contract administration to automate routine tasks, such as document review and data analysis, leading to increased efficiency and reduced human errors. Additionally, AI-powered tools can assist in risk identification and mitigation, design optimization, and resource allocation, contributing to more effective contract administration.

V. Implications and Recommendations

The adoption of digital technologies and improvements in contract administration practices have significant implications for stakeholders in the Saudi Arabian construction industry: Enhance efficiency and reduce disputes through standardized contract templates and processes. Promote the use of alternative dispute resolution methods to resolve disputes more efficiently and cost-effectively. Encourage the adoption of digital technologies, such as BIM, blockchain, and AI, to streamline contract administration processes and improve collaboration among stakeholders. Invest in the development of an industry- wide digital strategy to facilitate the integration of digital technologies and best practices in contract administration. Foster educational and training programs to develop the necessary skills and competencies in contract administration and digital technologies.

VI. Conclusion

In conclusion, the future of contract administration in Saudi Arabia is contingent on the industry's ability to address the key challenges and embrace the potential benefits offered by digital technologies. By adopting standardized procedures, improving dispute resolution mechanisms, and leveraging innovative technologies, such as BIM, blockchain, and AI, stakeholders can significantly enhance the efficiency and effectiveness of contract administration practices. This, in turn, will contribute to the successful delivery of construction projects in the country and support the ongoing growth and development of the Saudi Arabian construction industry.

References Références Referencias

1. Alreshidi, E., Mourshed, M., & Rezgui, Y. (2017). Factors for effective public sector construction project administration in Saudi Arabia: A qualitative exploration. Built Environment Project and Asset Management, 7 (3), 238-251. doi: 10.1108/BEPAM-01-2016-0001.
2. Azhar, S. (2011). Building Information Modeling (BIM): Trends, benefits, risks, and challenges for the AEC industry. Leadership and Management in Engineering, 11(3), 241-252. doi: 10.1061/(ASCE) LM.1943-5630.0000127.
3. Cai, H., Deng, Y., & Zhai, W. (2020). A critical review of the use of blockchain in the construction industry. doi:10.1016/j.autcon.2020.103345.
4. Elgohary, K.M., El-Diraby, T. E., & Hewage, K.N. (2016). Artificial intelligence in the construction industry: An ontological outlook. Canadian Journal of Civil Engineering, 43 (10), 901-915. doi:10.1139/cjce-2015-0543.

© 2023 Global Journals

5. El-Mashaleh, M. S., O'Brien, W. J., & Minchin, R. E. (2007). Stakeholders' expectations of construction projects in Saudi Arabia. Journal of Construction Engineering and Management, 133(11), 831-838. doi: 10.1061/(ASCE)0733-9364(2007)133:11(831).
6. Kashkari, S., & Awasthi, A. (2019). Blockchain technology for enhancing supply chain resilience in construction. Engineering, Construction and Architectural Management, 26 (7), 1460-1477. doi: 10.1108/ECAM-01-2018-0019.
7. Saudi Vision 2030. (2016). Vision 2030: Transforming the Kingdom of Saudi Arabia's Economy. Retrieved from https://www.vision2030.gov.sa/en.

© 2023 Global Journals