

Final Project 1

Code: MGM 496-PMG496

Resources Management in Projects

Faculty of Management
Midocean University

Contracting & Procurement in Projects

Student name

Abdulrahman Al Tayyar

Graduation Project – 1

Faculty of Management - Midocean University

Supervisor

Dr. Abdulrahim Nader

Faculty member- Faculty of management- Midocean University

27th February 2026 – 7

Table of Contents

1. Chapter 1: Introduction	3
1.1. Research Background	4
1.2. Research Problem.....	5
1.2.1. Theoretical Gaps.....	5
1.2.2. Practical Gaps	5
1.3. Research Significance	6
1.3.1. At the theoretical level	6
1.3.2. At the practical level.....	6
1.4. Research Questions	7
1.5. Research Objectives	7
1.6. Research Hypotheses	7
1.7. Research Model.....	7
1.8. Research Methodology.....	8
1.9. Scope of The Study	8
1.10. The Suggested Project Structure.....	8
2. Chapter 2: Literature Review	9
2.1. Introduction.....	10
2.2. The independent variable.....	10
2.3. The dependent variable.....	10
2.4. The relationship between the independent and the dependent variables	10
2.5. Conclusion	11
References.....	12

1. Chapter 1: Introduction

1.1. Research Background

The core element that enables an organization to deliver a project on time, within budget and to the highest quality, is effective contracting and procurement management. Every project outcome depends heavily on how an organization plans its procurement, selects and evaluates its suppliers and allocates risks through contract types and administers contracts during execution, especially in modern project industries, characterized by outsourcing, multi-tier supply chains and specialized sub-contracting.

Within (PMBOK) Project Management Body of Knowledge, procurement is not just a transactional activity, it is more of an integrated management process that aligns with the make-or-buy decisions, sourcing strategies and contract governance with project scope, schedule, cost, quality and risk plans. Contracting decisions shape the performance across the project life cycle and of course it influences the incentive structure, the accountability, change control, and dispute likelihood.

Regardless of the availability of formal standards and procedures, several projects still experience delays, claims, scope creep and cost overrun related to procurement. The core problem is derived from weak procurement planning, incomplete specifications, misaligned contracts, insufficient supplier evaluation and inadequate contract administration capabilities.

This graduation project will explain the test of the contracting and procurement management exercises in projects and their relationship with the project performance. It aims to identify gaps related to theoretical and practical in how procurement and contract governance are implemented and to propose an empirical model that explains how procurement and contracting capabilities contribute to successful project delivery.

This study is placed within the control of the project management system and has an academic understanding and professional practices contribution by providing evidence-based recommendations for improvement in the processes and decisions of the contracting and procurement.

1.2. Research Problem

The root cause of problems in any project underperformance is mainly caused by procurement and contract management. This section expresses the research problem by pointing out the gaps in existing theory and gaps observed in practice, building up to a focused research problem statement and the main research question.

This section is divided into two sub-sections:

1.2.1. Theoretical Gaps

Theoretically, procurement is a key project management knowledge area, but the empirical findings remain shattered regarding which contracting and procurement practices most strongly predict project performances across industries.

Previous studies usually test singular elements (e.g. contract type or supplier selection) without including them in a logical model that links procurement planning, sourcing decisions, contract governance and ongoing contract administration to measurable performance outcomes.

There are not enough data and evidence from emerging markets and the GCC, where regulatory requirements, localization policies and procedures and market structure can shape procurement behavior and supplier relationships.

1.2.2. Practical Gaps

Usually, organizations apply standard contracting templates without tailoring it per contract type, incentives mechanism or risk allocation to meet the project complexity and uncertainty.

Overemphasizing the lowest price, while underweighting past performance, capacity, and risk, leading to delivery delays, quality issues and increased change orders are categories under the supplier evaluation process.

Contract administration practices (e.g., change control, claims management, performance monitoring) and inconsistently implemented, resulting in debates, delays in timelines and cost increases.

Main Research Question: How do contracting and procurement management practices influence project performance (time, cost, quality and stakeholder satisfaction) in project-based organizations?

1.3. Research Significance

The study is quite important because it deepens our understanding of how contracting and procurement capabilities influence project success, while also offering practical insights for organizations aiming to reduce procurement risks and strengthen supplier performance.

1.3.1. At the theoretical level

- This study brings together planning in procurement, different sourcing strategies, the selection of contracts and contract administration within a single framework that explains their impact on project outcomes.
- It adds to the procurement and project governance literature by exploring how elements such as supplier performance and the quality of buyer-supplier relationships act as a middleman.
- It will also provide the necessary evidence tailored to the GCC Region, where the delivery of projects depends highly on third party suppliers and subcontractors, making procurement practices mainly critical.

1.3.2. At the practical level

- The results will be able to help the project managers and the procurement department individuals to choose the right contract type and incentive structure that matches the level of risk and uncertainty in their projects.
- It will also offer several practical recommendations for a strong supplier evaluation without depending on the cost alone but also emphasizing the suppliers' capabilities, quality and reliability.
- The study will also highlight different ways to improve the practices related to the contract administration that will include change control, performance tracking, and claims handling to minimize debates and enhance the performance of delivery.

1.4. Research Questions

1.5. Research Objectives

1.6. Research Hypotheses

1.7. Research Model

1.8. Research Methodology

1.9. Scope of Study

1.10. The Suggested Project Structure

2. Chapter 2: Literature Review

2.1. Introduction

Brief introduction for the chapter

2.2. The independent variable

2.3. The dependent variable

2.4. The relationship between the independent and the dependent variables

2.5. Conclusion

References

- Ahmad, I., & Minkarah, I. (1988). Questionnaire survey on bidding in construction. *Journal of Management in Engineering*, 4(3), 229–243.
- Bajari, P., & Tadelis, S. (2001). Incentives versus transaction costs: A theory of procurement contracts. *RAND Journal of Economics*, 32(3), 387–407.
- Kerzner, H. (2022). *Project management: A systems approach to planning, scheduling, and controlling* (13th ed.). Wiley.
- Project Management Institute. (2021). *A guide to the project management body of knowledge (PMBOK® Guide)* (7th ed.). PMI.
- Project Management Institute. (2017). *A guide to the project management body of knowledge (PMBOK® Guide)* (6th ed.). PMI.
- Turner, J. R. (2014). *The handbook of project-based management: Leading strategic change in organizations* (4th ed.). McGraw-Hill.
- Walker, D. H. T., & Rowlinson, S. (Eds.). (2008). *Procurement systems: A cross-industry project management perspective*. Taylor & Francis.

