



Ain Shams University
Faculty of Engineering
Structural Department

Causes and Solutions for Loss and Bankruptcy for Contracting Companies in Egypt

A thesis submitted in partial fulfillment of the requirement of the
Master of Science in Civil Engineering

By

Eng. Mahmoud Hegazy Mohammad Solayman

B.Sc. (2008)

Faculty of Engineering – Al azhar University

Supervised by

Prof. Dr. Ayman Hussein. H. Khalil

Professor at Structural Department

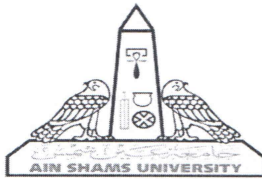
Faculty of Engineering - Ain Shams University

Dr. Mohamed Badawy Abd Elmegeed

Lecturer at Structural Department

Faculty of Engineering - Ain Shams University

**Cairo
(2015)**



Ain Shams University
Faculty of Engineering
Structural Department

APPROVAL SHEET

**Causes and Solutions for Loss and Bankruptcy for
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By

Eng. Mahmoud Hegazy Mohammad Solayman
B.Sc. in Civil Engineering 2008

EXAMINERS COMMITTEE

Name:

Signature:

Prof. Dr. Khaled Mohamad Heiza

Prof. of Reinforced Concrete Structures
Faculty of Engineering - Almonofia University

Prof. Dr. Omar Ali Moussa Elnawawy

Professor of Concrete Structures
Faculty of Engineering - Ain Shams University

Prof. Dr. Ayman Hussein. H. Khalil

Professor at Structural Department
Faculty of Engineering - Ain Shams University

Date: / / 2015

STATEMENT

This thesis is submitted as partial fulfillment of M.Sc. Degree in Structural Engineering, Faculty of Engineering, Ain Shams University.

The author carried out the work included in this thesis, and no part of it has been submitted for a degree or qualification at any other scientific entity.

Signature

Mahmoud Hegazy

RESEARCHER DATA

Name : Mahmoud Hegazy Mohammad
Date of Birth : 2 / 2 / 1985
Academic degree : B.Sc. in Structural Engineering
University issued the degree : Al azhar University
Date of issued degree : 2008
E-Mail : eng_m_hegazy@yahoo.com

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ABSTRACT

The construction industry has unique characteristics that sharply distinguish it from other sectors of the economy. It is fragmented, very sensitive to the economic cycles and political environment, and has a significantly high rate of business failure. Business failure, collapse and bankruptcy are common terms in the industry due to the many risks inherited in how the industry operates. None of these are pleasant words, but in real life companies do collapse.

For all that was this study. It aims to identify the causes of loss and bankruptcy for Egyptian contracting companies. This research will be focused to explore the factors that lead to failure and identify the severity of each factor. In addition to finding solutions and possible means to prevent or reduce loss.

The current situation for construction sector in Egypt was evaluated, and found that companies have suffered a lot and a lot of many of the problems and causes, which in turn could lead to the loss.

Research has been depended on a questionnaire, the questionnaire survey was designed based on the objectives of the study and developed to get the opinion from the experienced respondents. Different types of organizations were included, small, medium and big construction companies, consulting offices, general and private companies. The questionnaire distributed to participants to give their experience and opinion.

The causes of failure divided into four groups: Administrative causes, Financial causes, Technical causes and General causes

Quantitative statistical analysis for questionnaire was done by using Statistical Package for Social Sciences program (SPSS).

The analysis of data is done to rank the severity of causes. Ranking was followed by comparison of mean values within groups and for the overall sub factors as following: ranking of factors for Administrative Causes, ranking of factors for Financial Causes, ranking of factors for Technical Causes, ranking of factors for General Causes, ranking of Main Groups and Top Ten critical factors

An explanation of the Top Ten critical factors that lead to loss and bankruptcy of the contracting companies in Egypt was done. Also a comparison between top critical factors from analysis and the same critical factors from previous researches was done.

The study has highlighted some important recommendations and recommendations for future research.

KEYWORDS: Failure Factors, Egyptian Construction, Contracting Companies, Loss Bankruptcy, Construction Industry, Projects Management.

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CHAPTER (1)

INTRODUCTION

CHAPTER (1)

INTRODUCTION

1.1 General

In this chapter an introduction to the construction industry will be highlighted. Also, the research importance, research objectives, and scope of work are to be explained.

Collapsed, failed, bankrupt, broke, and bust. None of these are pleasant words, and this is not a very pleasant subject, but in real life companies do collapse.

This research aims to define what makes healthy companies collapse or fail. Understanding this process can perhaps prevent their failure or alleviating it or may be even reversing it.

The prospect of construction business failure is an important topic to explore. Since construction industry has a very high risks, failure is a real possibility. In the overall picture the construction industry is at or near the top in the annual rate of business failures and resulting liabilities.

The construction industry is the tool through which a society achieves its goals of urban and rural development. However, it is becoming increasingly more complex partly because the complexity of the construction process itself and the large number of parties involved including clients, users, designers, regulators, contractors, suppliers and others.

The construction business is large in size and significant in the role it plays in the economy but throughout recent years it has witnessed an increasing number of construction financial failures. A number of studies