

THE IMPLEMENTATION OF PARTNERING
CONCEPT IN THE MALAYSIAN CONSTRUCTION INDUSTRY

BY

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ABSTRACT

This research was concerned with the application and implementation of the partnering concept in the Malaysian Construction Industry particularly in the public sector. The main objectives of the research were to evaluate the significance of partnering in the public sector and to study its strengths and weaknesses with emphasis placed on the implementation processes of the Public Works Department of Malaysia.

Potential areas where improvements could be made in practice were identified. Questionnaires were sent out to designers, contractors and clients. The response received was 24%. Two case studies were also carried out combined with an examination of interviews with the various parties involved in the implementation of partnering, illustrating the benefits and the basis for the research findings.

This dissertation concludes with numerous problem areas being highlighted and recommendations are made for improvements to these areas.

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1.0 INTRODUCTION

1.1 Background

There is ample evidence in recent years, relationships between clients and contractors on construction projects have become increasingly adversarial. According to the European Construction Institute, first, there has been a perceived rise in adversarialism between contracting parties in the construction industry leading to time consuming disputes and possible litigation. This atmosphere is not conducive to the timely and satisfactory completion of projects. Secondly, there is a heightened recognition of the benefits that greater harmony and co-operation can yield.

The contracting parties in the construction industry – particularly the client and contractor represent two distinct organizations with separate objectives, management styles and operational procedures. Each party makes decisions based on it's own goals and objectives without considering the impact on the other party, and seeks to derive maximum benefits out of the other party. In addition, there is so much legalistic jargon which is embedded into the volumes of documents that a mistrusting and adversarial atmosphere has consequently evolved within the industry. Inflexible rights – based on interpretation and administration of contract requirements from owners, design professionals or contractors also often lead to a legalistic adversarial responses.

The construction industry, thus, has become the battleground for the legal profession which, of course, benefits them more than the plaintiffs or defendants of the ill-fated projects. Due to this confrontational process, the construction industry has not quite achieved the same growth and development as the manufacturing industries. Participating organizations, such as clients, designers, contractors, subcontractors, suppliers and manufacturers therefore, need to understand the consequences of such adversarial attitudes that will ultimately result in a lose-lose situation. The conflicting nature of the participants with a winner and loser attitude will drag the industry into the 'abyss of doom'.(Woo, 1998).

The direct outcome of this lack of harmony is an increasing number of disputes which, with goodwill, might have been avoided. There has also been an increasing resort to litigation, as resolution is hindered by the hardening attitudes of the parties.

The consequences do not stop there, however. An atmosphere of mistrust permeates projects and relationships degenerate, leading to a breakdown of the teamwork and mutual respect that are necessary for successful completion. This situation affects construction work for both the private and the public sectors and operates against the primary objective of delivering a quality project, safely, on time, within budget and with a satisfactory outcome for all concerned.

Now, with the new millennium, the construction industry is changing in a new direction, and it must respond with new thinking and innovative strategies. High

risks associated with both new investment decisions and plant modernization, changing regulations, new technologies, hostile takeovers, mergers, foreign competition, and increased profit pressures are forcing the construction industry to shift away from the traditional contracting approaches in order to develop new ways of doing business (Cook, 1990). Companies must seek new strategies to lower costs and differentiate themselves to gain competitive advantage (Kearney, 1987; Modic, 1988; Cook, 1990).

One approach to conducting business that confronts the economic and technological challenges facing the construction industry in the 1990s is the concept of partnering. Partnering can be used as a business strategy between owners, contractors, and engineering companies to attain mutually desirable goals, to satisfy long-term needs, and to achieve future competitive advantage (Stralkowski et al. 1988; Cook 1990).

Partnering through the Total Quality Management philosophy seeks to enhance the relationships between various participating organizations with greater understanding of individual aspirations and needs to share in the success and failure of the venture. Pooling together their niche resources, knowledge and expertise in their respective specialization, the mutual advantage gained outweighs the effort put in place.