

Title: The Effects Of Procurement Methods On Performance Of Construction Projects In Malaysia

Author: Maizon Binti Hashim

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Abstract:

The increasing complexity of buildings, the need for greater financial management, the need to reduce design and construction periods and the increasing burden of contract administration have put pressure on the clients to seek alternative approaches to the traditional procurement method. Alternative procurement routes are being increasingly used due to the increasing awareness of most clients especially in terms of the project performance criteria of time, cost and quality. This study focuses on those issues. Its main objectives are to identify the characteristics of the client and the project and their relationship to the procurement methods. The other objective is to examine the effects of the procurement method on the performance of the construction projects. This study was carried out using the survey approach and questionnaires were prepared to interview the respondents, who were clients of the construction industry. The study shows that private developers, investors and owner-occupiers prefer design and build methods of procurement because their emphasis is always on the early completion of the project and fast return on their investment. Government organisations and agencies are accountable to the public as such they tend to choose the traditional procurement method. On the other hand experienced clients that have vast experience in handling large and complex projects prefer the management contracting method. This study also highlighted that most large and complex projects were procured using management contracting method, while small and medium sized projects were mainly undertaken using the traditional and design and build procurement methods. It was shown in this study that the traditional procurement method has longer pre-construction time which lead to longer project duration, but, it gives the client more control of the project design and cost. Design and build method gives the client less control on the design and construction of the project and the cost will escalate, but, construction time can be shortened. The effect of choosing the management contracting method is similar to that of the design and build method, particularly for large and complex projects. It is necessary for members of the construction industry to be aware of the variety of basic characteristics in order to assist them in selecting the most appropriate procurement method. In order to ensure a successful choice of procurement method, the clients's brief must be clear, comprehensive and contain their primary and secondary objectives in terms of functionality, quality, time and cost at an early stage. Value for money can be achieved if functionality and quality can be achieved at the right price.