

**A COMPARATIVE STUDY ON INDONESIA AND MALAYSIA
CONTRACTOR SELECTION PRACTICES**

AGUNG NUGROHO DWI PRASETYO

**A thesis submitted in fulfillment of the
requirements for the award of the degree of
Master of Science (Construction Contract Management)**

**Faculty of Built Environment
University Teknologi Malaysia**

JULY 2011

ACKNOWLEDGEMENTS

First and foremost, I would like to express my gratitude and sincere thanks to everyone who has involved in this thesis writing and throughout the accomplishment of my research.

I wish to thank to my supervisor, Assoc. Prof. Dr. Roslan bin Amirudin for his guidance, advice and suggestions throughout the preparation of my research. I appreciate the time that Dr. Roslan had spent to assist me in order to complete my research.

My gratitude and appreciation also goes to Ministry of Public Work Republic Indonesia who give me a scholarship to take Master study on Construction Contract Management at University Teknologi Malaysia (UTM).

My gratitude also for my company, Jasa Tirta I Public Corporation, who has allowed me to take Master degree at University Teknologi Malaysia with all their support to me to complete the program.

I would like to express my thanks to UTM, all lectures in Faculty of Built Environment, all my friends, course mates for their support, opinion, encouragement and cooperation. And not forgetting to my very own family members for their time and support from the very beginning until the completion of this research.

Finally, I would like to express my heartily gratitude again to those who have directly and indirectly assisted me on accomplishing this research. This research would not be successful without their assistance and cooperation. Thank you.

ABSTRACT

Contractor selection is one of the main phases in the construction project faced by the clients. The contractor roles is to transform the design into reality. It plays an important role in the successful of the project because wrongful in selecting a contractor will result in failure of the construction project. Previously predominant contractor selection process used is 'low-bid'. But right now, clients tend to move away from a "lowest price wins" principle, to multi criteria selection approach.

In order to procure the capable contractor, every country including Indonesia and Malaysia has guideline for contractor selection. In Indonesia, the guideline is Permen PU No. 43/2007. This guideline predominantly use an approach called "the lowest bid". In some instances it is occasionally unsatisfactory, the lowest bid is considered too low and it becomes a major concern for the owner. Meanwhile, in Malaysia, the various criteria for selection of contractors were practiced by the government. Public Work Department (PWD) issued a Tender Assessment Guide through SPKPKR Bil. 4/1993 and use of "Cut-Off" Price method for tender evaluation. Therefore, there is different in approach in the current tender evaluation practice between Indonesia and Malaysia.

The aim of this study is to identify areas for improvement in contractor selection through comparative study between Malaysian and Indonesian practice. To achieve the aim of the study a documentary analysis on the current tender evaluation practice for the project that used government funds in both countries is conducted using the SWOT analysis.

According to the results of the comparative SWOT analysis of tender evaluation practice in both countries, there are 8 (eight) areas for improvement to the current Indonesian tender evaluation practice which consist of 3 (three) areas which can be done by maintaining the strengths of the current tender evaluation practice and 5 (five) areas of improvements to overcome the weaknesses of the current practice. In conclusion, the result of this study can be used by the related bodies to improve the tender evaluation practice in Indonesia.

ABSTRAK

Pemilihan kontraktor adalah salah satu daripada fasa utama dalam projek pembinaan yang dihadapi oleh clients. Peranan kontraktor ialah untuk mengubah reka bentuk ke dalam realiti. Ia memainkan peranan penting dalam kejayaan projek kerana salah dalam memilih kontraktor akan menyebabkan kegagalan projek pembinaan. Proses pemilihan kontraktor sebelum ini yang utama digunakan adalah 'lowest-bid'. Tetapi sekarang, clients cenderung untuk beralih daripada "lowest price wins" prinsip kepada kriteria pemilihan dengan pelbagai kriteria.

Dalam usaha untuk mendapatkan kontraktor yang mampu, setiap negara termasuk Indonesia dan Malaysia mempunyai garis panduan bagi pemilihan kontraktor. Di Indonesia, garis panduan ialah Permen PU No 43/2007. Garis panduan ini lebih banyak menggunakan pendekatan yang dipanggil "the lowest bid". Dalam keadaan tertentu, ia kadang-kala tidak memuaskan, tawaran yang paling rendah dianggap terlalu rendah dan ia menjadi kebimbangan utama bagi clients. Sementara itu, di Malaysia, pelbagai kriteria untuk pemilihan kontraktor yang diamalkan oleh Kerajaan. Jabatan Kerja Umum (JKR) mengeluarkan Panduan Penilaian Tender melalui SPKPKR Bil. 4 / 1993 dan penggunaan kaedah Harga "Cut-Off" untuk penilaian tender. Oleh itu, ada yang berbeza dalam pendekatan dalam amalan penilaian tender semasa antara Indonesia dan Malaysia.

Tujuan kajian ini adalah untuk mengenal pasti kawasan untuk peningkatan dalam pemilihan kontraktor melalui kajian perbandingan antara amalan Malaysia dan Indonesia. Untuk mencapai matlamat kajian analisis dokumentar pada amalan semasa penilaian tender bagi projek yang menggunakan dana Kerajaan di kedua-dua negara adalah dijalankan menggunakan analisis SWOT.

Memurut hasil analisis perbandingan SWOT amalan penilaian tender di kedua-dua negara, terdapat 8 (lapan) bidang yang perlu diperbaiki Indonesia amalan semasa penilaian tender yang terdiri daripada 3 (tiga) bidang-bidang yang boleh dilakukan dengan mengekalkan kekuatan amalan penilaian tender semasa dan 5 (lima) bidang penambahbaikan bagi mengatasi kelemahan amalan semasa. Kesimpulannya, hasil kajian ini boleh digunakan oleh badan-badan berkaitan untuk memperbaiki amalan penilaian tender di Indonesia.