

**DEPARTMENT OF QUANTITY SURVEYING
FACULTY OF ARCHITECTURE, PLANNING &
SURVEYING
UNIVERSITI TEKNOLOGI MARA
PERAK**

**EFFECTS OF LATE PAYMENT TO
INDUSTRIALIZED BUILDING SYSTEMS (IBS)
CONTRACTORS**

Final project submitted in partial fulfillment of the requirement for the
award of Bachelor of Quantity Surveying (Honours)

**PREPARED BY: NUR NABIHAH BINTI MOHD NOR
(2017138517)**

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ABSTRACT

Industrialized Building System (IBS) is the term coined by the industry and government in Malaysia to represent the adoption of construction industrialization and the use of prefabrication of components in building construction. The IBS project requires upfront payment as compared with conventional project. The issue of the late payment was disturbing the implementation of IBS construction industry to go smoothly. Therefore, this study aims to identify the payment issue of Industrialized Building System (IBS) in Malaysian construction industry and their effect to contractors in handling IBS projects. This study employs quantitative approach in collecting data to collect information about the payment issue of Industrialized Building System (IBS) which involved contractors and the clients. This study also is expected to help the contractors to maintain their business with especially at the early stages of construction which involved huge capital investment for the IBS project. The outcome of this study will encourage construction industry especially IBS contractor to have better understanding on financial management.

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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND OF STUDY

The construction industry is a key sector that plays an important role in development that contributes to economic growth in Malaysia. Accordingly, the construction industry is one of the most dynamic, high-risk, challenging and beneficial fields. It involves a lot of uncertainty and is widely associated with high levels of risk due to the nature of construction activity, processes and environment. The Government has introduced the Industrialized Building System (IBS) to upgrade the development sector towards developed countries.

The IBS project set-up is different compared to the conventional project. IBS project requires high upfront payment compared with conventional project. The contractors are part of larger holding companies in the corporate set-up which include manufacturing and design firms. The companies positioned themselves as one-stop total solution provider for IBS and offer a wider range of services from design, production, and installation. So, contractors have to pay the specialists or manufacturers huge amounts of payment at the initial stage in order for the manufacturer to proceed with their precast component order. This scenario is identified as one of the hurdles of IBS adoption for the contractor whether in Traditional method or Design and Build delivery, because they need efficient