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THE LEVEL OF AWARENESS OF STANDARD FORM
OF BUILDING CONTRACT BY ASIAN
INTERNATIONAL ARBITRATION CENTRE (AIAC)
AMONG CONSTRUCTION PROFESSIONALS IN
MALAYSIA

Final Project submitted in partial fulfilment

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DECLARATION

"I declare that this Final Project/Dissertation is the result of my own research and that all sources are acknowledged in the references"

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ABSTRACT

For many years, the construction industry has been contaminated with different encompassing issues particularly the contract agreement itself. In the Malaysian construction industry, different form of contract is being used in both the private and government sectors such as PWD 203A (Rev. 1/2010) and PAM 2018 (With Quantities). However, the usage of standard form is still lacking due to barriers such as high dependency of existing standard form of contract, lack of trust, fear of taking risk and many more. In the year 2018, the Asian International Arbitration Centre has produced and established a new standard form of contract which is the Standard Form of Building Contract 2019 by AIAC. Despite that, a study shows that even though the AIAC standard form of contract was officially introduced to the construction industry, it is still not commonly applied. Hence, this research is being carried out and the aim of this research is to determine the level of awareness of Standard Form of Building Contract by AIAC among construction professionals in Malaysia. As for the objectives of this research, it is to study the differences of Standard Form of Building Contract by AIAC and PAM 2018, the level of awareness on the application of AIAC Contract 2019 as well as the barriers in the application of the standard form. A survey is conducted among construction professionals in Malaysia and through literature review done by the previous researchers. The findings will be analysed by using SPSS Version 22.0 with the support of previous researches. As a result, it has been discovered that lack of awareness is the main factor towards the slow application of Standard Form of Building Contract by AIAC in the construction industry.

Keywords: Standard Form of Contract, Asian International Arbitration Centre, Barrier

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CHAPTER 1.0: INTRODUCTION

1.1 INTRODUCTION

After independence, Malaysia has begun developing its construction industry. The construction industry is a mechanism in which the physical developments of a nation are enabled by implementing projects from the planning process to the implementation level (Adnan et al, 2008). Traditionally, it is known that the construction sector comprised of 3 categories such as buildings, civil, infrastructure and other trades (Szymanski, 2006).

For years, the construction industry has been infected by multiple restriction surrounding issues such as cost overrun, delay, inadequate quality and lack of sustainability according to (Bruno et al, 2017). Abdul Rahman et al (2006), found that the completion dates were delayed by 45.9% during the construction phase and caused losses for the client or the developer and the entire industry, as construction had a major impact on the economy. The main sources have caused problems are incomprehension of the content of the contract documents (Chong, H. Y., & Zin, R. M., 2010).

According to Chee Keng (2002), other problems generally emerging in the construction industry come from the management of contracts themselves. Most of the contract is drafted within the same organization by dissimilar firms or professionals. For instance, the Architect and the Engineer will produce the design drawings together with the specifications and Quantity Surveyor is the one who will produce the Bill of Quantities. This is yet another source of conflicts because inconsistency will naturally occur, and ambiguities will emerge as analysis is carried out on the particular contract arrangement.