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**FACTOR AFFECTING LABOUR PRODUCTIVITY IN
BUILDING CONSTRUCTION PROJECT IN MALAYSIA**

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ABSTRACT

Labour productivity is important because it is associated with the improvement in wages and profits. In this case, the output per labour in the construction industry needs to be improved to gain progress in the future. Currently, the construction industry in the country is associated with slow labour productivity improvement over the years. There is a need to consider factors that affect labour productivity in the construction industry. In response, this study aims to 1) identify the factor affecting labour productivity, 2) determine the incentive to improve labour productivity and 3) identify barriers to achieving high labour productivity in building construction projects in Malaysia. This study focuses on building construction projects because building projects may not be similar in terms of magnitude of work and type of construction compared to civil engineering works. A literature review is conducted to identify those factors, and quantitative analysis is used to determine their relative importance. Based on the findings, amongst others, it shows that late payments, supervisory incompetence and communication problems are top factors that affect labour productivity while providing training to workers, high safety conditions and financial incentives should be the priority in terms of incentives to improve productivity. Concerning barriers to achieving high productivity, it shows that lack of automation in the industry, lack of delegation on decision-making, and high cost of construction equipment need to be addressed by policymakers. It is hoped that this study could help to improve construction industry productivity, especially in construction building projects.

(Keywords: Factor affecting efficiency, labour productivity, building construction project)

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FACTOR AFFECTING LABOUR PRODUCTIVITY IN BUILDING CONSTRUCTION PROJECT IN MALAYSIA

1.1 INTRODUCTION

There are many ways to measure efficiency of firm producing goods and services. One of the measures is labour productivity. The labour productivity measures output of labours divided by unit of labour. Increasing labour productivity means increasing output while the number of labours is fixed, or output is fixed while number of labour decreasing. Typically, the main source of variation between productivity level is often connected (directly or indirectly) to how the outputs and labours being managed by firms or managers (Sickles & Zelenyuk, 2019). According to (Chia et al., 2012), construction labour productivity has an important impact on Malaysia economic growth. The improvement in labour productivity could ensure successful construction project based on allocated time, cost and quality (Durdyev & Mbachu, 2018). However, productivity also need to correspond to the improvement in term of efficiency to provide quality of services and products in the construction industry (Durdyev and Ismail, 2016).

Construction industry has been associated with slow productivity growth (Fulford & Standing, 2014). Due this nature, greater attention should be put on improving construction productivity. In general, every construction project is special and unique and construction productivity can be directly or indirectly affected by a wide range of factors. The loss of construction productivity is usually attributed to various number of factors, rather than one. However, factors affecting construction labour