

**NEGOTIATION IN DESIGN
AND BUILD CONTRACTS**

By

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ABSTRACT

The procurement method in the Malaysian construction industry has diversified and Design and Build has been a phenomenon in this trend. It is becoming evident that significant portions of both public and private construction projects are adopting this concept of procurement. Priority has been accorded to the procurement via negotiated design and build.

This research sought to discover the approach of negotiation in design and build procurement, since the process of design and build develops from planning, designing, bidding, constructing and completing the project within a fixed time in a fast track manner. Important aspects touched in this research are also to find out the perception and satisfactory level of negotiated design and build contracts amongst project managers, to identify the difficulties and limitations encountered by them in negotiating and implementing the projects and whether having the right skills in negotiation will help securing better deals in the procurement, and improve project performance.

The main findings of the research have discovered that the much perceived negotiated design and build, if being handled with the right preparation, perspective and adequate awareness and knowledge, will create healthy win-

Chapter 1

INTRODUCTION

1.1 Generally

The Economic Report in the Fourth Quarter of 2004 published by Bank Negara Malaysia mentioned that the construction sector playing a pivotal role in contributing about 3% - 3.3% of Gross Domestic Product (GDP) in the last year. Although in the last two year 2002-2004, the Malaysian economic growth had been going steady at 7% - 8%, the economic growth registered last year, 2004 was not so much different at overall growth of 7.1%. The Government felt the need to balance the country's internal and external growth factors. As such, in the construction sector, the setting up billions of ringgit allocated for public projects such as infrastructure works, residential projects and public facilities projects. Bank Pembangunan dan Infrastruktur, formerly known as Bank Pembangunan Malaysia alone had indicated to lend up to RM28 billion for construction and infrastructure projects under the remaining 8th Malaysia Plan (Year 2000 – Year 2005).