

UNIVERSITI TEKNOLOGI MARA

**THE IMPLEMENTATION OF
STRATEGIC PARTNERING IN
INDUSTRIALISED
BUILDING SYSTEM**

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ABSTRACT

The concept of strategic partnering is an important consideration for the players in the construction industry. The research has revealed that strategic partnering is about long term relationship practiced between two or more parties in projects awarded by the clients. Strategic partnering in construction has been presented as a potentially important way of improving construction project performance through the direct benefits received by the clients such as quality, project success, less delay, less problem, social benefits and sustainable business. The aim of the research is to develop a conceptual framework for the implementation of strategic partnering in the industrialised building system. The methodology adopted in this research is mixed method consisting of literature search, questionnaire survey and semi-structured interviews. The benefits of using this method are that it presents an opportunity to seek verification in the results from different methods, and also to seek similar or different pattern as well. Using this approach, the targeted of respondents are selected are public and private clients. The findings of this research are derived from the literature review, questionnaire survey and semi structured interviews. Both public and private clients understand the concept of strategic partnering in terms of definition, contractual procedure, procurement method and suitability of the project. It can be ascertained from the results; public clients described strategic partnering as a commitment and shared goals between stakeholders whilst private clients described it as a trust relationship between stakeholders. The majority of public and private clients in Malaysia are found to use PAM and PWD the standard form of contract during the strategic partnering exercise in IBS projects. In terms of procurement method, public clients mostly use design and build while private clients uses the traditional method in strategic partnering practice in the IBS projects. Both public and private clients indicated that mass construction, complexity of the projects and long term development of IBS projects are suitable to practice strategic partnering. However, for partnering charter, private clients were unfamiliar with this approach in the contractual practice in strategic partnering. Win-win situation received by public and private clients through practicing this approach, public clients revealed that they received social benefits and cost saving as compared to private clients where they gained in terms of return on investment and profit. One of the outcome of this research is a conceptual framework developed which is suitable as a reference for the Malaysian construction industry players practicing strategic partnering in IBS construction approach. Its guide the industry player's towards a better understanding and successful implementation of strategic partnering as planned in the Construction Industry Master Plan Malaysia 2006-2015 (CIMP).

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

Strategic partnering has been highlighted in Malaysia's Construction Industry Master Plan (CIMP, 2006–2015). As stated under the first strategic trust in the CIMP's aims, a cultural shift is needed from traditional to modern methods of collaboration using strategic partnering in the construction industry. Through strategic partnering, all players are integrated under one management roof and work as a team to achieve better value in the construction industry. Liu and Fellows (2001) described strategic partnering as parties developing a longer-term relationship over a series of projects for which contracts are usually negotiated.

Latham (1994) highlighted the need for strategic partnering, where developers could obtain the high-quality projects to which they aspire. Latham (1994) also recommended that public and private clients demonstrate best practices similar to those utilised by market leaders. Today's competitive business context requires leading organisations to advance their business priorities, drive innovation and achieve competitive advantage (Laszlo, 2008). He also suggested that, to maintain viability and be competitive in the markets, stakeholders should change their mindsets and move from old to new styles of leadership. He also emphasised that a stakeholder's mindset should centre on ability, trust and reputation, stemming from the organisation's need to live up to its name and business standards. Consequently, changing the method of construction and collaboration approach by using strategic partnering will bring benefits to the construction industry in terms of costs, quality and time.

However, in the Industrialised Building System (IBS), strategic partnering has been in use since the 1960s, when the government launched two pilot projects involving the Tuanku Abdul Rahman 17-storey low cost flats consisting of 3,000 units in Kuala Lumpur. This project was awarded to JV Gammom and Larsen as a contractor (CIDB, 2003). The second projects are 6 blocks of 17-storey flats and 3 blocks of 18 storey flats