

CENTRE OF STUDIES FOR QUANTITY SURVEYING  
FACULTY OF ARCHITECTURE, PLANNING & SURVEYING  
UNIVERSITI TEKNOLOGI MARA  
SARAWAK

IMPLEMENTATION OF PERFORMANCE – RELATED –  
PAY AMONG FRESHLY GRADUATED QUANTITY  
SURVEYORS IN SABAH

Final Project submitted in partial fulfilment  
of the requirement for the award of  
Bachelor of Quantity Surveying (Honours)

DG NUR AMALINA BINTI AG BUHTAMAM (2018265098)  
SEMESTER MARCH 2020 – JULY 2020

## DECLARATION

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the result of my own work, unless otherwise indicated or acknowledged as a referenced work. This topic has not been submitted to any academic institution for any degree or qualification.

In the event that my dissertation be found to violate the conditions mentioned above, I voluntarily waive the right of conferment of my degree and agree be subjected to the disciplinary rules and regulation of Universiti Teknologi MARA.


Name of Student : Dg Nur Amalina binti Ag Buhtamam

Student I.D No. : 2018265098

Programme : Bachelor of Quantity Surveying (Honours)

Faculty : Faculty of Architecture, Planning and Surveying

Dissertation Title : Implementation of Performance – Related- Pay among Freshly Graduated Quantity Surveyors in Sabah

Signature of Student : 

Date : 31/08/2020

## **ABSTRACT**

The purpose of this research is to study the Implementation of Performance-Related-Pay (PRP) among Freshly Graduated Quantity Surveyors in Sabah. It is about the positive effects a PRP scheme can bring into organisations, the disability of firms to counter - balance the negativity of implementation, incorrect implementation, as well as methods to be done in improving the implementation of PRP scheme.

This research takes place in Sabah. It is a quantitative research where it used questionnaires to analyse the data collection. There are 3 main objectives of this research which are the effects, challenges and methods on improving the PRP scheme implementation. Based on the literature review, there are many positive effects that a PRP scheme is able to bring into organisation. However, it also portrayed that there are various challenges in implementing it. As a result, there is a need to assess the methods and ways to improve the implementation of PRP scheme in construction industry, specifically in Sabah.

From the findings, it turned out that the number of freshly graduated quantity surveyors who were unaware of this scheme was higher. This portrayed the low awareness level among them. Besides, the results proved that more of them who work in private sectors have better awareness than those working in public sectors. A total of 81 questionnaires have been distributed with 47 numbers returned, resulting in a 58% of response. The most agreed effect was the importance of firms to identify its goals & objectives before implementing. The least was punishment and value of financial incentives. As for challenges, the highest vote was free - riding of workers and the lowest would be expensive implementation. Education and knowledge were the most voted improvement methods while compulsion being the least.

Keywords : Freshly Graduated Quantity Surveyors, Performance – Related – Pay, Sabah

# TABLE OF CONTENTS

<b>ABSTRACT</b> .....	i
<b>ACKNOWLEDGEMENT</b> .....	ii
List of Figures .....	vi
List of Tables .....	vii
<b>CHAPTER 1</b> .....	1
1.1 Background of Studies .....	1
1.2 Problem Statements.....	3
1.3 Research Objective, Question, Aim.....	5
1.3.1 Research Aim .....	5
1.3.2 Research Objectives .....	5
1.3.3 Research Questions.....	5
1.4 Scope & Limitations .....	6
1.5 Significance of Study.....	7
1.6 Research Methodology .....	8
1.6.1 Study Of Population .....	8
1.6.2 Sampling Method .....	9
1.7 Summary of Problem Statement, Aim, Research Question, Research Objectives.....	11
1.8 Structure of Thesis .....	13
1.9 Summary of Chapter .....	14
<b>CHAPTER 2</b> .....	15
2.1 Introduction .....	15
2.2 Introduction To Performance – Related – Pay.....	16
2.3 Performance – Related – Pay as A Form of Motivation .....	20
2.4 Definition Of Performance – Related – Pay.....	23
2.5 Concept Of Performance – Related – Pay.....	27
2.6 Evolution Of Performance – Related – Pay .....	31
2.7 The Use of Performance – Related – Pay .....	34
2.8 Types of Performance – Related – Pay.....	38
2.9 Performance – Related – Pay Effects.....	43
2.10 Implementation Method Of Performance – Related – Pay.....	48
2.11 Challenges in Performance – Related – Pay Implementation .....	53
2.12 Summary of Chapter .....	57
<b>CHAPTER 3</b> .....	58
3.1 Introduction .....	58
3.2 Research Methodology .....	59

# CHAPTER 1

## INTRODUCTION

### 1.1 Background of Studies

Performance-related-pay (PRP) is one of the most famous incentives that have been implemented in many industries inclusive of construction industry. However, it has not been widely used and its implementation also have some issues that cause it to fail sometimes. It is a good thing actually, if it is implemented in a correct way. As we all know also, PRP is one of the many tools to enhance the development of a company / firm.

PRP is a system where the performance of workers will decide on the amount of pay he is qualified for. This also means that workers are not only paid based on their qualification, but also on how good they are in doing the tasks given. Take for instance, a civil engineer with a bachelor's degree could be paid RM2,500 per month, but due to his productivity he can be paid more than his fixed pay. On the other hand, one without a proper education background may only be paid RM1,500 or below, but due to his performance, he can be paid more than his actual fixed pay. Reward top performers with higher pay (Peter, 2018). In addition, the continuous improvement of workers can also get them promoted, where promotion is one of the terms in PRP.

There are some criterias will be lined by their managers or directors for them to achieve, known as Key Performance Index (KPI). Study has also been done that PRP scheme has been effective and is also able to improve not only one's productivity but the whole industry. However, as explained before that it has not been widely used in construction industry. Some construction firms may not know the positive effects and benefits that a PRP scheme can actually bring. The implementation of PRP has not also been widely used in construction industry.