

ARBITRATION IN CONSTRUCTION INDUSTRY IN MALAYSIA



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**CADANGAN PROJEK PENYELIDIKAN FKA : ARBITRATION IN CONSTRUCTION  
INDUSTRY IN MALAYSIAN**

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- ix. Tuan/Puan perlu membelanjakan 50% daripada geran penyelidikan yang telah diluluskan bagi projek tuan/puan dalam tempoh 6 bulan pertama projek berjalan.
- x. Pihak tuan/puan dikehendaki mengemukakan Laporan Kemajuan kepada IRDC 3 kali setiap tahun iaitu pada bulan April, Ogos dan Disember sepanjang penyelidikan tuan/puan berjalan. Laporan Akhir perlu dihantar sebaik sahaja projek penyelidikan disiapkan. Format menulis laporan akhir boleh diperolehi di IRDC.

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## ABSTRACT

Disputes in construction industry are normal and sometimes cannot be avoided. Disputes arise from the interpretation and/or application of any part of building or engineering contract documents that are ambiguous, unplanned and conflicting at any time during the execution of the contract. There are many methods/techniques have been introduced in order to resolve the disputes and arbitration is one of the popular recommended method. This study examines the concept of arbitration and its acceptance by the Malaysia construction industry. This study is divided into two parts. Part one concentrate on theory and literature reviews on the concept of disputes and arbitration by using texts, journals, books, conference proceedings and past dissertations. Part two is a field study that examines the acceptance of arbitration amongst the Malaysian contractors. One hundred and twenty questionnaires have been sent to the selected contractors to collect information, data and views regarding to arbitration process, procedures and award. The survey reveals that arbitration still fails to impress Malaysian contractors. Lengthy time and high expenses are the common reasons given. Improvement must be made in order to improve the efficiency and the effectiveness of arbitration. New techniques of dispute resolution can be introduced by taking into account the problems existing in the recent techniques available and come out with better techniques than can guaranty satisfaction to the users.

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Introduction**

Traditionally the words "construction" and "development" often, denote, in a narrow sense, the physical activities of construction and development and relate only parties as builders, contractors, architects, engineers and developers. This is a shallow interpretation and inadequate reflection of the two words and it has, in fact, created a misconception of construction and development.

The activities of construction spread well beyond the functions of merely building and contracting and the processes of development stretch far in excess of the scope of simply designing and developing (Bonny, 1973).

Construction and development involve numerous parties, various processes, different phases and stages of work, and many inputs from both the public and private sectors. The level of success in carrying out such construction and development activities will depend heavily on the quality of the managerial, financial and organizational performance of the respective parties and above all the effective co-ordination of such activities and performances through teamwork approach (Clough, 1991).