CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

The construction industry is notorious for high levels of conflicts and disputes. It is a project-based industry with each project being unique. Within a project life cycle, a large number of separate firm are involved. Failures by one party can affect all those engaged in a project and, as work often takes substantial periods during which national economic circumstances can alter, it is inevitable that dispute will arise.

From the above-mentioned scenario, it should not be surprised that the techniques of conflict management and dispute resolution in construction industry are more developed, compared to other industry. According to Fenn et al (1997), conflict can be managed, possibly to point of preventing it from leading to dispute whereas, disputes require resolution and, therefore, are associated with distinct justifiable issue.

1.2 PROBLEM STATEMENT

In resolving the conflicts in construction industry, Fenn (1991) commented that although various methods of conflict management and dispute resolution such as Litigation, Arbitration and Alternative Dispute Resolutions have been and continue to be explored and developed, the industry does not yet seems to be satisfied with the findings in views of tremendous increases of initiation of litigation cases.
This has raised a question about the efficacy of the development of conflict management and dispute resolution, which is tending to solve the problems rather than preventing them. As mentioned by Baden-Hellard (1992), any attempt to resolve conflict expeditiously, economically and effectively should start as early as possible in the chain of events causing the situation. Therefore, as suggested by Newey (1992), we better concentrate on the possibilities of prevention rather than cure.

Procurement method for construction industry is defined as "the organizational structure adopted by the client for the management of the design and construction of a building project" (Masterman, 1992), it is functioning as the core of construction project. The construction project should be reciprocal interdependency, where inputs from various project participants are needed along each stage of construction process. However, traditional procurement method that had been widely implemented in Malaysia is categorized as sequential interdependency, which characteristic is the separation of the responsibilities for the design and construction of the project (Masterman, 1992).

Procurement methods, which set out the relationship and the communication channel of the participants within the construction project, it should be treated as potentially the most convincing preventive measure.

1.3 NEED OF THE STUDY

As mentioned earlier, prevention is better than cure in resolving conflicts. Therefore, the procurement process, which falls at the early stage of the project life cycle, should be one of the best preventive methods in managing conflicts for construction industry.

This study will firstly identify the causes of the conflicts and disputes for Malaysia construction industry, and also the dispute resolution methods to be used. The implementation of innovative procurement methods, as conflict management technique in the taxonomy of conflict management and dispute resolution and preventive measure
(Smith, 1996), should be reviewed and investigated.

This study will examine the possibilities for the occurrence of dispute in traditional procurement method as compared to innovative procurement methods such as design and built, construction management and partnering.

The study also will examine the extent of innovative procurement methods as conflict management for Malaysia construction industry as compared with traditional procurement method. Only with the positive conclusion from the study, showing that innovative procurement methods are able to reduce the occurrence of disputes, the application of innovative procurement methods shall be encourage for all the construction projects in Malaysia.

1.4 AIM AND OBJECTIVES

This study aims to examine the extent of innovative procurement methods as conflict management and resolution mechanisms for construction industry as compared with traditional procurement method. The objectives are:

a) To study the nature of conflict and its management.
b) To study the conflict management and dispute resolution methods in construction industry.
c) To examine the importance of innovative procurement method as a conflict reduction mechanism between the parties involved in construction industry.
d) To provide critical overviews of the traditional approach to a procuring construction project with regard to potential conflicts which may occurs.
e) To examine the extent of innovative procurement methods, as compared to Traditional procurement method in minimizing conflicts in construction projects.

1.5 SCOPE OF THE STUDY