CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Process compare process a business of a person and performance metric for best industry and / or best practice from other industrial. The common measure to be measured is quality of product and works, time performance and cost performance. Better, faster, and cheaper is an improvement from learning. Benefits of using this approach to gain an independent perspective about how well they perform compare to other companies. Benchmarking also can clearly identify specific areas of opportunity to improve organization performance. Besides that, benchmarking approach will make organization arrange or do prioritization on improvement opportunities. By implemented this method, organization can set the performance expectations which far can achieve the target and lastly, benchmarking approach make users easy to monitor the performance and make change to improve it.

Generally, no single benchmarking process that has been fully implemented in industries. Usually, benchmarking are used or being applied in hotel industry (Hospitality Benchmark, 2004). The fact is almost every construction project has its value and unique because it have its own criteria, but unfortunately benchmarking practice is not widely used in construction industries due to some lack of information. So, in this research, is study about factor of benchmarking and its impact towards performance improvement in construction industry. Benchmarking approach is one easily tools for achievable the performance measure that relate to process efficiency and effectiveness of benchmarking process.
1.2 BACKGROUND OF STUDY

Performance improvement is important for every construction industry. Implementation of benchmarking approach in construction industry can bring better performance that fulfil customer needs and requirements. Besides that, construction industry become more competitive to be the best among the best and can establishing effective organization goals and target.

In fact according to Lynch and Cross (1995) organization’ measure and control a wide range of project variables, but only a few have performance measurement processes, which should provide key support for decision-making processes. This is because of some organization have too many factors need to be measures compare to key process that need to be control. It will cause difficult to organization to make a comparison with other organization because they do not know what key indicators to be measure and priorities.

According to Camp (1995), benchmarking must be an integral part of the planning and ongoing process of improvement to ensure a focus on the external environment as well as to strengthen the use of factual information in developing plans. It can be used as a tools to improve performance by helping the parties involved understand the methods and practices required to achieve targeted performance level as organization’s goals.

In this research, the objectives for this research are identify the benchmarking factor that commonly used in construction industry as a measurement for improvement. Each construction industry need to know the common factor before do a comparison with other construction industry that they benchmark, from here data is collected. Second objectives for this research is identify the impact for each benchmarking factor that give effect in
construction industry. Each factor must have a reason why it be a measurement factor to be benchmark.

A few numbers of construction industries have been selected to help completing this research. Construction industries located in Kuantan is the area where result is collected. Anyone that worked in the construction industry is applicable to be a respondent for this research. Common method for benchmarking management practices to be done is by using secondary source which is qualitative benchmarking system; questionnaire.

1.3 PROBLEM STATEMENT

Failure in any construction project especially related to problem and failure in performance. Apart from that, there is many reasons and factors associated with the problem. Ogunlana et al, (1996) states that construction industry performance problem in developing countries may be classified in three coats: Supply shortage problem or lack in industry infrastructure (especially source supply), problem that due to customer and consultant and problem that due to inefficiency contractor / lack. Okuwoga (1998) identifies that performance problem related to poor budgetary control and time. Long et al (2004) says that performance problem arise in construction projects that is large because various reasons like: inefficient designer / contractor, estimate and management change that are weak, social issues and technology, issues relating site and technique that are incorrect and tool.

Samson and Lema (2002) finds that traditional performance measurement system have problems because big number and complex information with approach absence to help the decision maker understand on how to arrange and use that information to conduct organizational performance. Navon (2005) says that old time project performance control usually generic (for example, cost control technique). It depends on manual data collection, which means that it done at low frequency (usually one month once) and that rather old after