

THE IMPACT OF VALUE MANAGEMENT ON PROJECT SUCCESS IN FELDA
PROJECTS

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To my parents, dearest husband, Kharul Zaimy bin Asa'ad, my son Muhammad
Irfan Ilmi Thank you for your support and precious love.

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ABSTRACT

Implementation of value management practices can lead to improvement and innovation towards the initial target in term of cost, quality and performance of the project itself that actually set by the client and team of the project. The practices of value management also can help client understand the project's objective, defining the needs and scope, improved team working together without any conflicts and the important things is to focus the main issues in order to ensure the quality of the project. Value management is defined as a brainstorming session that usually involved at the initial stages of a project to meet client's needs and provide best value for money. The objective of this research is to identify the level of perception and practice of value management in the FELDA projects which can impact on project success. The person that involved in FELDA projects has been chosen as respondents. Quantitative method has been used in order to collect the data. The findings from this research can be a benchmark or systematic strategy to manage the project properly due to cost, time, specification and quality of the project

ABSTRAK

Pelaksanaan amalan pengurusan nilai boleh membawa kepada peningkatan dan inovasi ke arah sasaran awal dari segi kos, kualiti dan prestasi projek itu sendiri yang benar-benar yang ditetapkan oleh pelanggan dan pasukan projek. Amalan pengurusan nilai juga boleh membantu pelanggan memahami objektif projek, menentukan keperluan dan skop, pasukan yang lebih baik bekerja bersama-sama tanpa sebarang konflik dan perkara-perkara yang penting ialah memberi tumpuan isu-isu utama untuk memastikan kualiti projek. Pengurusan nilai ditakrifkan sebagai sesi sumbang saran yang biasanya terlibat di peringkat awal projek untuk memenuhi keperluan pelanggan dan menyediakan nilai terbaik untuk wang. Objektif kajian ini adalah untuk mengenal pasti tahap persepsi dan amalan pengurusan nilai dalam projek-projek FELDA yang boleh memberi kesan kepada kejayaan projek. Orang yang terlibat dalam projek-projek FELDA telah dipilih sebagai responden. Kaedah kuantitatif telah digunakan untuk mengumpul data. Penemuan daripada kajian ini boleh menjadi strategi penanda aras atau sistematik untuk menguruskan projek dengan betul kerana kos, masa, spesifikasi dan kualiti projek

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CHAPTER 1

INTRODUCTION

1.1 Background of the study

Value management at present is currently widely used in Malaysian construction industry either in public sector or private sector. Value management is defined as a brainstorming session that usually involved at the initial stages of a project to meet client's needs and provide best value for money. However, not all the party involved in Malaysia Construction industry implement and aware the value management process even though it was introduced in year 1986.

The value management terms it seems likely not widespread in most construction project especially in private sector due to lack of knowledge on its practice. It is proved by previous research (N.S. Lop, 2014) which is indicated that the Malaysian constructions industry still aware of the existence of value management but still face some barriers to implement it. Other previous research by Zainuddin, M (2002) identify that just only less than 10% of construction firm in Malaysia had practices value management in order to reduce cost due to lack of knowledge. It is showed that the implementation of value management is still in its infancy (Ghani A et al, 2004)

Unnecessary cost, project cannot deliver on time, and low of quality in projects will exist in both private and public construction firm because of many factors such as lack of communication and coordination, bad habits and attitudes, wrong codes and specifications, and unsuitable standards. These all factors tend to project failed and client not satisfied because they cannot achieve their business goals. In order to reduce the number of projects failed, the implementation of value management is the best way to overcome this local scenario in construction industry. Implementation of value management practices can lead to improvement and innovation towards the initial target in term of cost, quality and performance of the project itself that actually set by the client and team of the project.

The effectiveness of value management has led to the higher cost savings in construction planning through the reduction on unnecessary cost. Other than that, the implementation of value management also can help client understand the project's objective, defining the needs and scope, improved team working together without any conflicts and the important things is to focus the main issues in order to ensure the quality of the project. The other interesting about the value management is its concept which is can become benefits to management in organization especially in construction industry.

Figure 1.1 shows the phase in value management plan which include from information phase to recommendation phase. Each party such as consultant, client and local authorities need to clear understanding the objective or mission of the project and generate as many ideas as possible that relate the project life cycle in term of cost, time, quality and scope of the project. They need to identify the ideas that have been discussed whether it is relevant or irrelevant in order to use as a guideline and reference when project started.

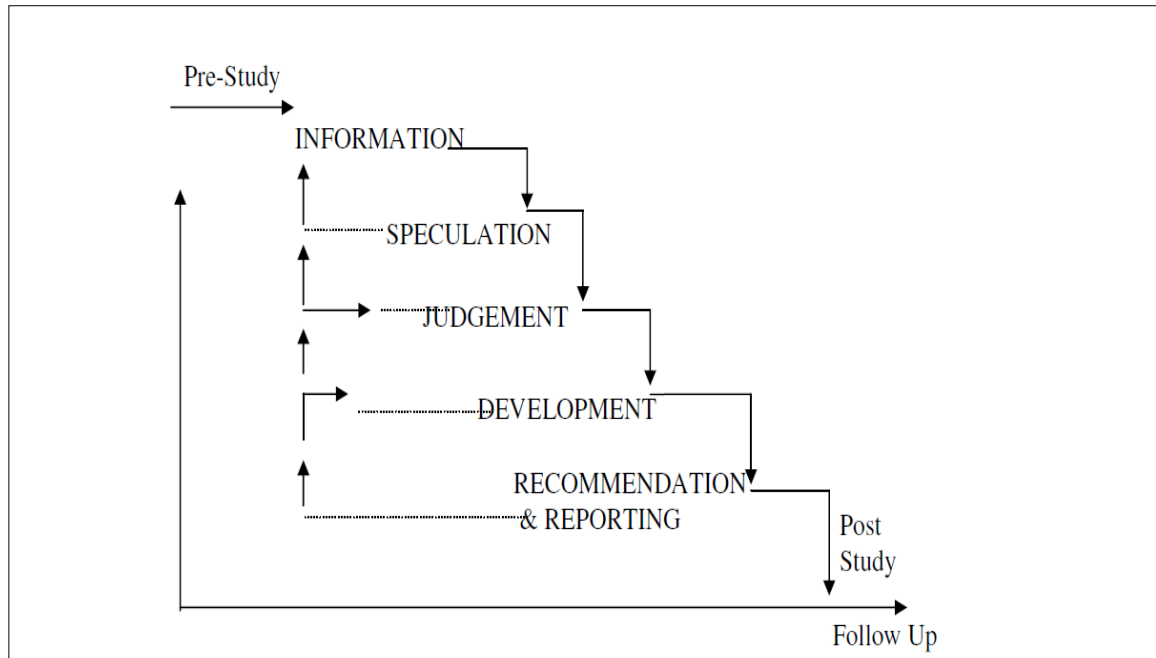


Figure 1.1: The phase in value management plan(Source: Che Mat, 2008)

1.2 Problem Statement

At present, FELDA involved many large scale project such as second generation housing, adding the staff quarters, water supply project and also manufacturing projects. From the yearly report due to project performance, all these projects are experiencing with project delay, cost overrun and face some problem while in construction stage.

All these problems happened because of many factors such as changing project requirement, lack of communication and coordination, unclear codes and specification, and also unclear client's requirement. As we know, the client's satisfaction has been identified as one of the important thing in construction industry and usually they relied with their consultant team to get advice in term of technical characteristics, achieve their quality standard and complete the project within a specified time and the most cost effective way.

In order to minimize the problems in term of cost, specification, and time completion on the project, the problem solving methodology should be implement to achieve optimum value by providing the necessary planning at the least cost without effect to specified quality and performance. The methodology that suitable in this problem is value management. The value management methodology is most useful during planning and preliminary design stage which is involved client and all stakeholders in a project.

However, the awareness of value management among the party involved in FELDA's project is quite low when only one of the projects was implement value management. Therefore, it is necessary to conduct this study in orderto identify the level of awareness and level of success in the FELDA construction projects. This study will involve for all construction that involved in FELDA on client and consultant perspective.

1.3 Objective

The objectives of this study are as follows:

- 1.3.1 To identify the level of staff involvement in value management session in FELDA projects.
- 1.3.2 The level of perception toward value management among the person that involved in FELDA projects.
- 1.3.3 To identify the level of success in the FELDA construction projects when implements the value management.
- 1.3.4 To examine the impact of value management on project success.

1.4 Scope Of Study

This study has been conducted in FELDA construction projects in order to study the level of awareness and the level of success when implement the value management. The study has been carry out to all the projects involved in FELDA such as staff quarters housing, second generation housing, water supply, infrastructure works, and palm oil mill in order to identify the level of perception and the level of staff involvement in value management.

In this paper, four variables of cost, time, quality and specification of the project has been used in term of relation of the variables that finally impact the successful of the project itself. Other than that, the target respondent of the survey is toward to all parties that involved in FELDA construction project such as client, project management consultants (PMC) that consist of various positions include project manager, civil and structural engineers, and quantity surveyors.

1.5 Significant Of Study

This study can contribute toward the enhancement of awareness and implementation of value management in Felda Construction Projects by understanding the needs of client requirement and allocation of cost at every project. The most important thing in this study is it can assist to all parties involved that by implement and practicing the value management, they can focuses on the mission of the project in term of cost, time, quality and specification then finally influence on its degree of project success. It is hope that the outcome and findings in this study will be a guideline or

benchmark in order to decrease the problems that happened especially in term of cost overrun, completion of the project and unclear specification.

Body of knowledge-may give contribution to further study on the construction project especially in private sector and be the additional existing knowledge on the implementation value management on project success.

1.6 Definition Of Term

1.6.1 Value Management

Kirsty, K et al (2004) defined the value management is an innovative services, well recognized in the manufacturing and construction sector. However, it is usually used by the public sector in order to add value to meet stakeholder requirement. The research has been conducted at all Scottish local authorities on how they define and conduct project by apply the value management to achieve the requirement the best value.

Kelly, J et al (2003) stated that the value management is the name given to a process in which the functional benefits of a project are made explicit and appraised consistent with a value system determined by the client and it can applies to all types of projects irrespective of which sector they come from. The proposed of this research is to examine the different value management study styles and solve the problem in various activities at every stage of projects.

According to Jaapar, A (2006) in the research paper the value management study to the Malaysian construction industry, stated that, the value management is a multi-

disciplinary, team oriented, structured, analytical process and systematic analysis of function seeks best value via the design and construction process to meet the clients perceived needs. The research aims to discover and develop the application that has been implemented in Malaysian construction industry.

Another definition from previous research is from Che Mat, (2002) where the value management is defined as a rigorous, systematic effort to improve the value and optimized the cost project, facilities, and system. It also generates these cost improvement without scarifying the needed performance levels and creative way or working together in achieving client and stakeholder's requirements. In this research paper, it discussed that the important of the value management as a group solving methodology and as a benchmark level of success in both public and private sector.

All the above, the definition by Che Mat, (2002) is have similarities with this research. Working together with all parties involved is needed to find out the overall cost project and other facilities needed that finally can fulfill the client and stakeholder's requirement. It also can be a benchmark of the level success on the project itself.

1.6.2 Project Success

Cooke,D (2002) define that the identification of projects success is based on success criteria which need considered when evaluate the project. He shows that the successful of project will give impact to the construction industry and he that one of the criteria that become a success factor is human factor. The reason is that people involved in project manage and deliver the project not processes and system.

Chua et al (1999) stated the project life cycle cost, quality and time as major goals in construction projects and these variables become a factor that finally tend to project success. In this study, the hierarchical model have been produced for construction project in order to be a guideline to success which clarify the inter positions of performance indicator toward the factor of success. The cost, time and quality at the level of top of hierarchy which is indicate the main goal of construction project that have to finish successfully.

Besides the human factor and project life cycle that become a factor to project success, the other researcher Martin (1976) define the project success by emphasizing such factor such as resources allocation, project team selection, organizing authority, and project organizational objectives in order to achieve the successful of the project itself. He also stresses that the need of plan, control and review techniques equally with general management support.

In this study, the variables such as cost, time, quality and specification will be discussed whether the value management implementation will impact on project success or not. The important thing is need to clear the definition of project success and what factor that finally tends to project success. From the previous study, the definition from Chua et al (1999) can be a reference and pilot study in term of project success in construction industry.

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