PERCEPTION OF THE CONTRACTORS ON COLLABORATIVE RELATIONSHIP IN PAN BORNEO PROJECT

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ABSTRACT

The purpose of this study is to determine the perception of the contractors on collaborative relationship in Pan Borneo Project. Construction industry has achieve a lot of improvement especially in construction development delivery. The construction of the Pan borneo highway is under the Private Finance Initiative (PFI) where the private companies will obtain the federal government funds to complete the public facilities. Collaborative partnerships play an important role in building industry growth. The partnership power listed the clear benefits of a balanced partnership relationship: partnership provides the ability to maximize internal investment; focuses on core competencies; leveraging other organizations, core competencies; minimizing capital requirements, increasing product offerings; gaining access or quicker access to new markets; sharing scarce resources; spreading risk and opportunity; improving quality and productivity; leveraging alternative technologies; supplying in-house developers with competition; using a broader pool of talent and satisfying customers. The success and failure of the building collaborative partnership depends on the management's ability to implement and execute the best collaborative strategy. The study is based on the methodology of a mixed process. The questionnaires and interview were conducted on behalf of the contractor involved in Pan Borneo Highway Sarawak's growth. Because of geographical and cultural variation, these results should not be universal.

ABSTRAK

Tujuan kajian ini adalah untuk menentukan persepsi pihak kontraktor mengenai hubungan kerjasama dalam Projek Pan Borneo. Industri pembinaan mempunyai mencapai banyak peningkatan terutama dalam penyampaian pembangunan pembinaan. Pembinaan Lebuhraya Pan Borneo adalah di bawah Inisiatif Pembiayaan Swasta (PFI) di mana syarikat-syarikat swasta akan mendapatkan dana kerajaan persekutuan untuk melengkapkan kemudahan awam. Perkongsian kerjasama memainkan peranan penting dalam membina pertumbuhan industri. Kuasa perkongsian yang disenaraikan jelas memberi manfaat terhadap hubungan kerjasama yang seimbang: perkongsian menyediakan keupayaan untuk memaksimumkan pelaburan dalaman; memberi tumpuan kepada kecekapan teras; Memanfaatkan kecekapan teras organisasi lain; mengurangkan keperluan modal, meningkatkan penawaran produk; mendapatkan akses atau akses yang lebih cepat ke pasaran baru; perkongsian sumber yang terhad; menyebarkan risiko dan peluang; meningkatkan kualiti dan produktiviti; memanfaatkan teknologi alternatif; membekalkan pemaju dalam bilik dengan persaingan; menggunakan kolam yang lebih luas bakat dan memuaskan pelanggan. kejayaan dan kegagalan kerjasama rakan kongsi bangunan bergantung kepada keupayaan pihak pengurusan untuk melaksanakan dan melaksanakan strategi kerjasama terbaik. Kajian ini adalah berdasarkan metodologi proses campuran. Soal selidik dan temu bual telah dijalankan bagi pihak kontraktor yang terlibat dalam pertumbuhan Pan Borneo Highway Sarawak. Oleh kerana variasi geografi dan budaya, keputusan ini tidak seharusnya menjadi universal.

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LIST OF ABBREVIATIONS

CE   -   Coefficient Equialent

EC   -   Effective Communication

FL   -   Facilitative Leadership

I   -   Inclusivity and Participation

SD   -   Sound Decision Making

LIST OF SYMBOLS

δ	-	Minimal error
β	-	Beta
p	-	Significant value
x	-	Independent variable
B	-	Unstandardized Beta
SE B	-	Standard Error for Beta

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CHAPTER 1

INTRODUCTION

1.1   Introduction

Building industry needs participation from different parties such as government, consumer, contractors, suppliers and end users. Building industry is unique in its own way as each project varies from the study of feasibility to the project's end. Blaming culture and average performance in construction industry is a norm. It is a practice to blame society and average performance in the building industry. There are currently collaborative partnerships in many sectors, including construction, manufacturing and retail (Latham, 1994).

A strong personal relationship versus organizational boundaries as a guide to inter-organizational and interpersonal trust and trust is the key component of collaborative relationship success. Inter-organizational trust between groups of individuals exists, according to Vanniste (2015), while inter-personal trust occurs between individuals. Recently, the building technology delivery landscape has changed rapidly with an emphasis on strategic alliances, joint ventures, collaborations and public or private partnerships (Akintoye & Main, 2007). According to Ark (2018), collaboration is more linked to soft skills where collaboration is informed by the deliberate nature of resources and structure, community, and the development of individual skills and mindsets as well as high performance organization. Business collaboration technology uses offer the benefit of being able to safely, efficiently and quickly exchange information. Nonetheless, it may be insufficient stand-in face-to-face interpersonal contact as it will find confidence-building and relationship growth difficult. To achieve collaborative efficiency among the various disciplines available in the organization, a standard procedure and methods and a basic data environment with clearly defined

responsibilities are important. In addition, cooperation is very subjective because in the industry it can have different definitions and implementations. Any partnership, however, will include the process of cooperation as the project's needs.

1.2   Background of the project

For Pan borneo highway, Trans Borneo Highway is another name. It is the site of a deliberate trunk road linked back to the 1960s by Sarawak, Sabah and Brunei Darussalam. The goal in the 1970s to develop the communication route across Sarawak and Sabah leading to a proposal by the Malaysian, Kalimantan Indonesian and Brunei Governments. The project's aim is to further develop the idea of building a highway along Borneo's coastline.

The government is committed to improving Sarawak and Sabah's socio-economic growth. One of the government's main commitment is to have this initiative aimed at improving and upgrading the Pan Borneo Highway. It was revealed by the Prime Minister of Malaysia in April 2013 as part of the promises made to the country by the government's ' Aku Janji. 'The pledge was followed up in the 2015 Budget.

Pan borneo highway consists of 11 work packages with 11 separate contractors working packages. Due to the lack of local skills on highway construction, the pan-borneo highway development has allowed Sarawak contractors to have joint ventures with Peninsular entities with the Sarawak entity's 70 percent majority equity portion.

Figure 1.1   Pan Borneo Highway Sarawak Route

Pan Borneo Highway

- Four-lane, dual carriageway of JKR R5 standard
- Safer road travel for 3.4 million people
- Estimated to cost RM29bil
- Create 400,000 jobs
- Completion in 2023
- Toll-free

Sulu Sea

Kota Kinabalu

Sandakan

Sabah

BRUNEI

Sindumin

Merapok

Lahad Datu

Miri

Tawau

South China Sea

Bintulu

Celebes Sea

Sibu

Telok Melano

Sarikei

Sarawak

Sematan

Kuching

Kalimantan

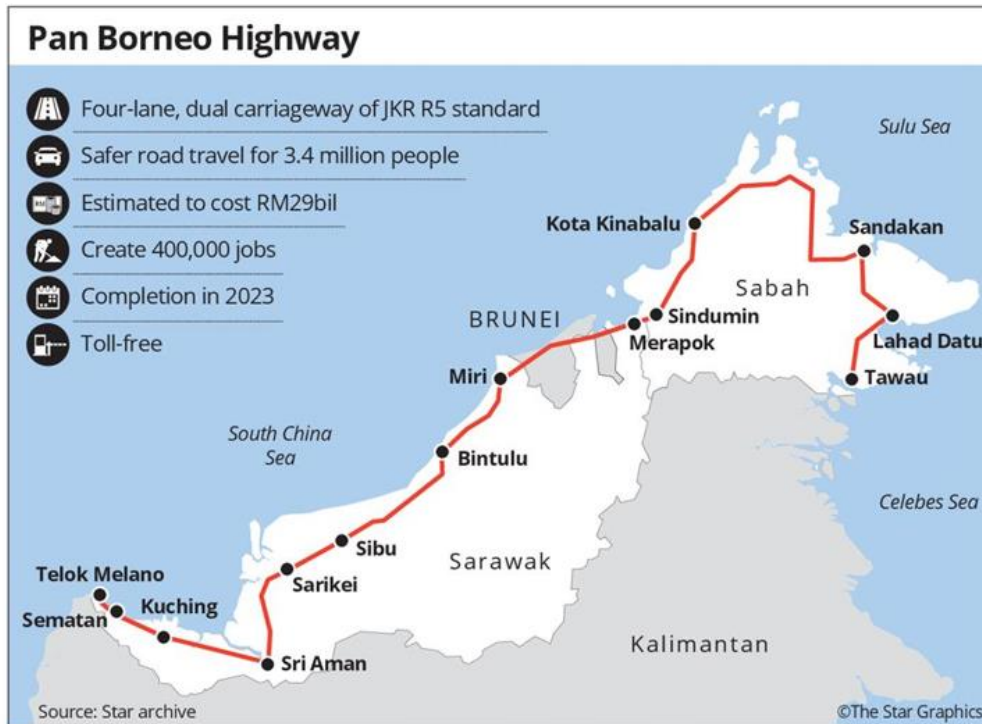Sri Aman

Source: Star archive

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Figure 1.2   Overall route for Pan Borneo

1.3   The implementation of Pan Borneo Project

Borneo Utara as their Project Delivery Partner, the launch of the Pan Borneo project went into top gear. The kick-off took place at Bintulu. This project is a construction in phase 1 with 11 work parks with an average length of 60-90 km each.

Table 1.1   List of Contractors involve in Pan Borneo Highway

Work Packages	Work Packages Contractor	Road Section	Length (KM)
1	Samling Resources Sdn Bhd	Telok Melano Sematan	32.770
2	Samling resources Sdn Bhd	Sematan –Sg Moyan Bridge (SSM) Kuching Serian Road (KSR) Interchange	95.403
3	Zecon Kimlun Sdn Bhd	Serian-Pantu Section	75.015
4	Naim Gamuda (NAGA) JV Sdn Bhd	Sri Aman- Bukit Bangunan Section	84.439
5	Endaya-TRC-PK JV Sdn Bhd	Batang Skrang-Sg Awik Section	67.941
6	PPES BPSB JV Sdn Bhd	Sg Awik-Bintangor Junction	64.846
7	HSL DMIA JV Sdn Bhd	Bintangor-Julau Junctions,Sibu Airport Roundabout- Sg Kua	75.973
8	Musyati Mudajaya JV Sdn Bhd	Sg Kua Bridge-Sg Arip	63.678
9	KKB Engineering Berhad-WCT Holdings Berhad	Sg Arip- Bintulu Airport Junction	64.531
10	Pekerjaan Piasau Konkerit Sdn Bhd	Bintulu Airport Junction- Sg Tangap	77.190
11	Konsortium KPE Sdn Bhd	Sg Tangap-Pujut Link Road	79.983

At all 11 works kit spans from Telok Melano to Miri, the implementation would be carried out simultaneously. The tenders were called only among eligible contractors from Sarawak. Joint ventures were developed for those contractors needing expert help with Peninsular Malaysia entities. Between September 2015 and December 2016, all 11 phase 1 work packages from Telok Melano to Miri will be launched with a total of 786 km. Soon thereafter, site ownership occurred, enabling contractors to move into the site and quickly get to work. Therefore, in the context of contractors, this work should concentrate on the collaborative relationship. Therefore, this research will be focusing on the collaborative relationship in the perspective of the contractors.

1.4   Problem Statement

Pan Borneo Highway requires a lot of interest in the project's progress. The project consists of a total of 11 works kit contractors. According to Akintoye and Main (2007), different operators or parties in the construction industry are engaged in the practice of collaborating to deliver construction growth. This could include cooperation between a contractor and another contractor or with a subcontractor, consultants, customers or suppliers including alliances, joint ventures and long-term strategic alliance or project (Akintoye and Main, 2007). Lebuhraya Borneo Utara has been appointed by the government as Project Delivery Partner for this specific project. The project is part of the Private Finance Initiative (PFI) comprising a consortium such as the key contractors, subcontractors, vendors and financial institutions. Therefore, the research is to recognize various collaborative factors that are required in the project to ensure that the work can be done smoothly.

Blaming culture that may lead to construction dispute is very common to occur due to the working environment and behavioral factors. However, in a collaborative arrangement, the problems litigations or claims and disputes are greatly reduced through open communication and improved working relationship (Cook and Hancher, 1990). This research will therefore concentrate on the value of mutual partnerships to minimize negative expectations in the construction industry. It is important to have a great teamwork at all levels because of different backgrounds of people in construction. The study will address the factors that influenced the collaborative relationship process and the factors that contribute to the success of the collaborative relationship.

1.5   Research Question

1.   What is the critical factors that contribute towards the success of collaborative relationship?
2.   What is the level of collaborative relationship involve in Pan Borneo Highway Sarawak?
3.   What is the action that can be taken for the improvement of collaborative relationship in Pan Borneo Highway Sarawak?

1.6   Objective

The aim of this project is to study the collaborative relationship in construction in the perspective of the contractors working for Pan Borneo Sarawak and the objectives of this study are as follows:

i.   To determine the critical factors that contribute towards the success of collaborative relationship
ii.   To analyse the level of implementation of collaborative relationship from 5 selected factors in collaboration process between the contractors.

iii.   To determine the action that can be taken for the improvement of collaboration relationship in Pan Borneo Sarawak

1.7   Scope of Study

The scopes of data collection in this study will focus on the aspects as follows:

i.   The contractors that involved in the project of Pan Borneo Highway Sarawak

ii.   The selected construction company must be in the range of Class A till Class F for those register under Pusat ;|Khidmat Kontractor (PKK) or Grade G1 till G7 for those register under Construction Industry Development Board (CIDB).

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