

VALUATION OF INTERIM PAYMENT: ISSUES ENCOUNTERED BY THE PARTIES INVOLVED IN RELATION TO INTERIM PAYMENT

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ABSTRACT

Improper valuation of interim payment may be a source of dispute. The Quantity Surveyor as a professional person in performing the task is expected to possess a required level of competency and accepted by the construction industry in performing it. Thus, can the valuation of interim payment be considered reliable in avoiding dispute and what are the common problems faced by a Quantity Surveyor in meeting the expectation of the employer or client. The issue at hand is therefore mainly related to credibility or level of competency and professionalism of a Quantity Surveyor in performing this task. The objective of this study is to investigate on the current issues by the relevant parties involved in relation to interim payment, which include the level of satisfaction of the contractor and employer on the task performed by the registered Quantity Surveyors. The scope of this research is confined to the Quantity Surveyors Act 1967 and primarily focusing on contractors and employers involved in the valuation of interim payment. Part of the research process adopted in this research is a preliminary survey conducted that include the process of identifying and short listing the problems encountered by the relevant parties namely employer, contractors and consultants who have actual experiences in the process. This paper therefore will establish the issues and problems faced by these parties in the valuation process.

Keywords: Valuation of interim payment, Dispute, Professional, Competency, Negotiation, Valuation process.

Introduction

Payment operated as an important role and has impact on the completion of a project (Judi & Abdul Rashid, 2010). Saraswathy (2009) identified cost engineer or quantity surveyor as one the professionals attached to the construction industry. They are bound with their own duty of care and are required to perform as professional men like other professionals engaged by the industry. In measuring the professionalism of these professionals i.e. an architect, engineer and quantity surveyor they should have possess or profess to have the special skills or qualifications. Any action of his acts or omissions must be compared to his peers with similar skills and expertise in ensuring that the performances are at par with the rest of the professionals. The consultants or professionals are the major part identified (Deniz, 2012 and Saraswathy, 2009) to be improved as they play vital roles in determining payment issues. The improvement on practice and attitude are necessary as pointed by Che Munaaim, et al. (2007) as means to eliminate dispute in payment. A quantity surveyor is also known as construction economists, cost engineers or construction manager where he controls the cost and ensured good value for money (Hussin & Omran, 2009). The survey conducted by the Construction Industry Development Board (CIDB), and the Master Builders Association Malaysia (MBAM) showed that payment default is a serious problem in this industry (Rajoo, 2012). Kuala Lumpur Regional Centre for Arbitration (KLRCA) as the centre for arbitration reported there is an approximately 60% of reported hearing are related to payment disputes and the body acted as the main 'Dispute Resolution Authority' in Malaysia (KLCRA, 2011). According to Azman et. al. (2014), conflict among parties may still arise caused by disagreement of the valuation of the work, client's lack of trust with the consultant in certification of contractors' progress claim and variation order and lack of understanding on client's requirement for variation work that leads to late or non-payment. Hasmori, et al. (2012) stated that the factor of late and non-payment includes disagreement on valuation of work done that may cause delay in certifying the amount of work executed on site. It is important to emphasis that the accuracy of the valuation on the interim payment is not until to the last decimal or must be perfect. He also mentioned that basically the purpose of interim certificate is to provide sufficient funds to contractor to carry on the construction during its progress but it was not paid accordingly because of overvalued or defective (work was not properly done) as to qualify for interim progress or payment. The interim payment breakdown (Harban, 2007; and Nael, 2005) is value of work executed to cumulative total as agreed date including value of material delivered but unfixed (material on site) and value of certain material prior to delivery (material off site) less retention sum or liquidated ascertain damages and previous payment. Therefore, this research seeks to investigate issues encountered by the parties in the valuation of interim payment. It is intended that with this research, the quantity surveyor responsible will be able to make the correct decision on the valuation of interim payment.

Previous problems arose and studied through this research concerning the valuation of interim payment can also be a reference for other quantity surveyors if they encountered similar situation in the future. This paper starts with a brief description of the research methodology adopted. This followed by the finding of the research.

METHODOLOGY

This research utilises a qualitative method started with data collection process, followed by analysis and interpretation of the research. The qualitative study serves to explore the issues encountered by other parties in the interim valuation of payment. The opinions of the respondents are captured through in-depth interviews to further analyse valuation of interim payment that faced through various situation. Mixed method of qualitative and quantitative also led to the success of this research as the quantitative method provides supportive evidence used during qualitative method. Through careful data preparation, coding, and interpretation, the results of this qualitative content analysis can support the next quantitative research and the development of new theories and models.

QUALITATIVE RESEARCH METHOD

A qualitative study is suited for research in the spectrum where the variables are not known and to be explored. For this qualitative study, data were collected in the form of transcripts of in-depth interviews and supplemented by field notes. They represent the respondents' opinions, ideas and perceptions of the current issues encountered by the parties in relation to valuation of interim payment. Fellow and Liu (2008) suggests that the word 'qualitative' is applied to describe research which appears from observation of participants and identified three categories of approach to the analysis of qualitative data are namely as;

- Language based which are focuses on how language is used and what it means.
- Descriptive or interpretive where an attempts to develop a coherent and comprehensive view of the subject material from perspective of the respondents or participants.
- Theory building which seek to develop theory out of the data collected from the study.

Leedy & Ormrod (2001) had indentified five areas of qualitative research namely: case study, ethnography study, phenomenological study, grounded theory study, and content analysis which these five areas are representative of research that is built upon inductive reasoning and associated methodologies. He also explained the purpose of the phenomenological study is "to understand an experience from the participants' point of view" and content analysis as "a detailed and systematic examination of the contents of a particular body of materials for the purpose of identifying patterns, themes, or biases".

CONTENT ANALYSIS

Content analysis is a research technique used to make replicable and valid inferences by interpreting and coding textual material. Qualitative content analysis is one of numerous research methods used to analyze text data. Central to the value of content analysis as a research methodology is the recognition of the importance of language in human cognition (Sapir, 1944; Whorf, 1956). Research using qualitative content analysis focuses on the characteristics of language as communication with attention to the content or contextual meaning of the text (Budd, Thorp, & Donohew, 1967; Lindkvist, 1981; Tesch, 1990). Text data might be in verbal, print, or electronic form and might have been obtained from narrative responses, open-ended survey questions, interviews, focus groups, observations, or print media such as articles, books, or manuals (Kondracki & Wellman, 2002). Qualitative content analysis goes beyond merely counting words to examining language intensely for the purpose of classifying large amounts of text into an efficient number of categories that represent similar meanings (Weber, 1990). The process of research consists of six steps by firstly identifying a research problem, reviewing the literature, specifying a purpose for research, collecting data, analyzing and interpreting the data and finally reporting and evaluating research (Creswell, 2012).

The content analysis is divided into three distinct approaches: conventional, directed, or summative. All these three approaches are used to interpret meaning from the content of text data and adhere to the naturalistic paradigm. The major differences among the approaches are coding schemes, origins of codes, and threats to trustworthiness (Hsieh and Shannon, 2005).

1. Conventional content analysis where coding categories are derived directly from the text data.
2. Directed approach where analysis starts with a theory or relevant research findings as guidance for initial codes.
3. Summative content analysis where it involves counting and comparisons, usually of keywords or contents, followed by the interpretation of the underlying context.

CONVENTIONAL CONTENT ANALYSIS

The conventional approach to content analysis is limited in both theory development and description of the lived experience, because both sampling and analysis procedures make the theoretical relationship between concepts difficult to infer from findings. At most, the result of a conventional content analysis is concept development or model building (Lindkvist, 1981). Researchers avoid using preconceived categories (Kondracki & Wellman, 2002), instead allowing the categories and names for categories to flow from the data. Researchers immerse themselves in the data to allow new insights to emerge (Kondracki & Wellman, 2002), also described as inductive category development (Mayring, 2000). Data analysis starts with reading all data repeatedly to achieve immersion and obtain a sense of the whole (Tesch, 1990) as one would read a novel. Then, data are read word by word to derive codes (Miles & Huberman, 1994; Morse & Field, 1995) by first highlighting the exact words from the text that appear to capture key thoughts or concepts. Next, the researcher approaches the text by making notes of his or her first impressions, thoughts, and initial analysis. As this process continues, label for codes emerge that are reflective of more than one key thought. These often come directly from the text and are then become the initial coding scheme. Codes then are sorted into categories based on how different codes are related and linked. These emergent categories are used to organize and group codes into meaningful clusters (Coffey & Atkinson, 1996; Patton, 2002). Ideally, the numbers of clusters are between 10 and 15 to keep clusters broad enough to sort a large number of codes (Morse & Field, 1995). The advantage of the conventional approach

to content analysis is gaining direct information from study participants without imposing preconceived categories or theoretical perspectives.

DATA COLLECTION

Qualitative method of data collection includes method of interviews, focus groups and observations. It is also dependent on the research philosophy, the research approach and the research strategy (Hussey and Hussey, 1997; Easterby-Smith et al., 2008). Collis and Hussey (2009) agreed that the multi-methods' approach helps a researcher to overcome the possibility of bias associated with a single method. Primary data refers to the data that is gathered directly and is first-hand data which is collected with the help of interviews, observations, focus-group discussions and questionnaires (Collis and Hussey, 2009). Secondary data is data that involves information that is already available in the form of documents, archives or any other form including reports, publications, books etc. There are several data collection methods, each with its' own advantages and disadvantages the use of appropriate methods greatly enhance the value of the research, Sekaran (2003). Sekaran & Bougie (2010) classified the data collection into four methods namely;

1. Interviews which can be in the form of face-to-face interviews, telephone interviews, computer-assisted interviews and interviews through the electronic media.
2. Questionnaire in the form of personally administered, sent through the email, or electronically administered.
3. Observation is a individuals and events with or without videotaping or video recording and;
4. Unobtrusive or motivational techniques is data collection by extracting from reliable source for example extracting from the company record by the researcher that acquired training in administering and interpreting the results.

This study chose qualitative method using preliminary interviews for data collection in order to gain information such as thoughts, intentions and feelings that otherwise might not be directly observable. The sample managers of practicing valuation of interim payment from the industry were approached directly and invited by the researcher to participate in depth through face-to-face interview. The respondents within the Klang Valley were identified and proposed for approval. The demographic was the combination of employer, consultant and contractor.

For this qualitative study, the data were collected in form of transcripts of interviews and supplemented by field notes which represent the respondent's opinion, ideas and perception on valuation of interim payment. The aim of the interview is to discover the interviewee's opinions and values. Verbatim transcription of each interview was made by this researcher immediately after the interview ended, normally within 72 hours. The interviews were conducted in the Malay language and translated into English transcripts. Code names were established for each respondent.

IN-DEPTH INTERVIEW

Interview has been chosen as the mode for data collection. This is because it can be used to gain detail and specific information from the respondents on issues related to valuation of the interim payment which contribute to the formation of problems in the construction industry and required mechanism to resolve it. The interviews probed, explored and identified the perceptions or views of the respondents in their valuation of interim payment which are being performed by the respective respondents. It is a semi-structured interview method and the process were guided by a set of open-ended questions which focused on the organisational firm or company which the respondent is being employed for, experiences, position, nature of work, issues on the valuation of interim payment. In addition to that, the interview questions were designed in an open-ended manner in order to encourage the respondents to share their experiences and insights which can be linked to current issues encountered by the parties involved in the relation to interim payment. The interviews were conducted face-to face manner in order to reveals the reasons, obstacles or barriers so that an understanding on the real situation of the valuation of interim payment issues can be achieved. In total, eight semi-structured in-depth interviews were successfully conducted.

The interview questions were developed based on the research questions established in order for the objectives to be achieved. The objective laid down for the research is to investigate on the current issues encountered by the parties involved in relation to interim payment. All interviews were conducted in an informal manner and lasted between thirty minutes to one hour, with majority of the sessions lasted about thirty-five minutes. The interviews explored and captured the perceptions or views of the parties in their valuation of interim payment currently performed by the respective respondents. Permissions were sought from the respondents for the audio recordings in the course of the interviews. The key strategies built into the interview questions are as follow:

- The questions were guided to cover the three focus areas: the procedure or guideline for the valuation of interim payment, the common problems arise in the valuation of interim payment and the level of satisfactory on the valuation of interim payment done. This is not to constrict the respondents from independently expressing their views on satisfactory on the valuation of interim payment.
- Experience and organization demographic data of the respondents.

Finally, towards the end of each interview sessions, the respondents were given the opportunity to provide suggestions for the improvement of valuation of interim payment process. The selection and identification of the respondents came from three different entities namely employers, contractors and consultants. These provide the opportunity for broad perspectives from various point of views in the issues related to valuation of interim payment. To assist respondents in describing the availability of procedure and guideline process and the problems rise from the valuation of interim payment interview guide was prepared. Some of these typical questions listed in it are as follows:

- How long have you been working as a Quantity Surveyor?
- Briefly describe your working experience as a Quantity Surveyor.

- How would you describe your experience in handling valuation work?
- How do you ensure that they follow the procedures accordingly?
- Do you agree to the statement that most of the construction problems are caused by the valuation of interim work done?
- In practice, do the quantity surveyors have a working guideline in performing valuation of interim payment?
- Do you have any experience in handling valuation of interim payment which is not to the satisfactory by the contractor or employer?
- Are there any rooms for improvement?

The flow and direction of the interviews together with the respondents' perspectives, views and enthusiasm was determined by the interview guide. Nonetheless, the researcher welcome any new information stated by the respondents during the sessions. In addition to that, the interviews were conducted in light conversation manner in order to acquire as much as can data and information from the respondents related to this research. During the interviews, short notes were taken mostly were ideas or points to review or for inquiry later. These are to ease the problems in the preparing of the transcripts.

VOICE RECORDS AND TRANSCRIPTS

Permissions were sought from the respondents for the audio recordings made in the course of the interviews. All interviews were audio recorded and transcript generated from them. Processing and analysing interviews normally takes time because the researcher needs to listen carefully to the tape recorder, transcribe, read and re-read the data repeatedly. Audio recording was used to ensure that the data were accurately captured. There were eight interviewed carried out for this research.

TRANSLATION

The interviews were conducted in Bahasa Malaysia and therefore required to be translated in English verbatim. To ensure the translated content is accurate, a professional translator has been appointed and is currently served as a lecturer at Academy of Language Study, Jabatan Bahasa Inggeris, Universiti Teknologi Mara (UiTM), Shah Alam.

VALIDITY AND TRUSTWORTHINESS OF THE STUDY

In this qualitative study, several procedures were utilized to ensure that the information provided by respondents were true and accurate and that the analysis of data was systematic, intensive and valid. Firstly, member checking was used to validate interview transcriptions. Member checking is a popular strategy in the validating process to get the respondents to review the transcriptions and comment on their accuracy (Creswell & Miller, 2000). It is the most crucial technique for establishing credibility in a qualitative study (Lincoln & Guba, 1985). For this qualitative study, the drafted transcripts were personally sent by the researcher to the respondents for review. Both revised transcripts and the original drafts were retained. Creswell and Miller (2000) defined validity as how accurately the account represents the realities of the social phenomena to the respondents and how credible is it to them.

RESULT OF CONTENT ANALYSIS

This qualitative study was carried out according to survey method and data were collected in the form of transcripts of in-depth interviews and supplemented by field notes. The transcribed data from the interviews were divided into eight separate documents according to the number of respondents. There are four type of parties involved in this interview namely Employer from government and private, consultant and contractor. Each interview is documented separately and coded from R1 to R8. The interview questions were then asked to the parties identified mainly two employers in the government agencies, two employers in the public sector, two contractors and two consultants.

Experience and organization demographic

All the respondents have acquired reasonable experiences in the construction industry including performing valuation of payment. All of the respondents came from four major sectors with different experiences in dealing the valuation of payment. They are all at the management and supervisory level.

Procedure or guideline, common problem arise and satisfactory level

These data are eventually collated and accrue to form categories of similar phenomena. The process of open coding examines the data without any limitations in its scope and without the application of any filters. As core categories become apparent, the researcher moves to the second level of coding, known as selective coding or theme. Selective coding allows the researcher to filter and code data which are determined to be more relevant to the emerging concepts. Therefore, only the most relevant parts of a transcript are used and themes are given. The final stage of coding is known as theoretical coding or category. Theoretical coding occurs when core categories have become saturated or after a period of data collection, a point is reached when no new data are forthcoming. There was no attempt to combine or eliminate the themes that emerged from the interview transcripts. In this content analysis result, all the results were analyses and table out individually representing the group of market study.

Themes and Codes

When the full list of themes had emerged, the process of integration and screening began. During this stage, any doubtful code was left to stand alone rather than being eliminated or integrated. However, in this study no theme is being eliminated or taken away. Selective coding allows the researcher to filter and code data, which are determined to be more relevant to the emerging concepts to form categories. They represent the respondents' opinion or ideas and perception of the current situation on the issue

arise from the valuation of interim payment from various perspective i.e. employers, contractors and consultants. The face-to-face interview will provide wider range of ideas and opinions to respondent to share their responses. Drawing from the in-depth interviews with eight interviews from four types of organizations, 62 themes related to the current issues encountered by the parties involved in relation to interim payment. All these 62 themes are segregated into ten codes as shown in Table 1.

Table 1: Themes and Codes

Themes	Codes
Accuracy and timely, Non Conformance Report (NCR), Avoid Lump Sum BoQ, Monitoring NCR, Element not fit for payment, Coordinate with other discipline, Design management (7 themes)	Accuracy
Estimate and ultimately is Final Account, Incomplete submission/Team member to support, Reasonable amount, LAD approval, Supporting documents, Managing VO (6 themes)	Interim payment
Advice client accordingly (1 theme)	Impartial
Client's procedure, Follow JKR process, Accommodate client guideline, Agreed on procedure and guideline, Contractual obligation, Right person to perform valuation, No procedure in retention money and performance bond, Record and monitored by management (8 themes)	Guideline
Detail breakdown in Design and Build (D & B), Actual progress, Reflect work done at site, Sufficient experience in construction (4 themes)	Justification
Synchronization of document, Impact work progress, System or programme, Improvement through technologies, No IT savvy, More efficient with IT support, More efficient, Not necessary senior management to sign VoIP, Rectify next certificate, Done by consultant and revised by JKR, More faster and easier (11 themes)	Process
Date of claim and valuation, Overlook, Lack of experience (3 themes)	Competency
Acceptable practice, Acceptable practice and accommodative, Acceptable practice by JKR, Leave to Consultant/ Professional, Reasonable amount and timely payment, According to guideline, Junior Staff (7 themes)	Professionalism
Joint measurement, Valuation breakdown, Discussion, Breakdown price/ Documentation/ Valuation, More than one valuation in a month, Sit down and reconciliation, Festival (7 themes)	Negotiation
Underpayment, Conflict valuation, Interest for delay, Not up to the par in documentation, Acceptable with plus minus 10%, Employer to decide, More toward logical and fast, Percentage payment (8 themes)	Valuation

Themes

Theme names were established for each respondent as shown Table 1. Reacting to open ended questions on this matter, the Respondents gave many and diverse answers as to what constituted accuracy, interim payment, impartial, guideline, justification, process, competency, professionalism, negotiation and valuation from their respective viewpoints.

1. Accuracy

Since the fundamental research question deals with the issues involves in the valuation of interim payment, it is only to be expected that a lot of discussions during the in-depth interviews would revolve around the definition of accuracy. Reacting to open ended questions on this matter, the Respondent gave many and diverse answers as to what constituted accuracy from their respective viewpoints. Respondent 4 (21 November 2014), for example, believed that interim payment should be able to be measured and valued according if the NCR is done accordingly. According to him, *"...On our part, we will make sure that they are paid according to the work that they have done. Should there be work that has not closed NCR, we would have informed earlier. NCR will not put in the payment and the contractor cannot contest and discuss with architects and engineers because for the payment to be made, there must be approval from them, otherwise penalty will be issued if contractors do not follow the given specs. They will not support the payment."*

2. Interim payment

Interim payment is the most important subject in the construction industry and the research topic are issues on the valuation of interim payment. Seven out of eight respondents stated their agreement that most of the construction industry contractual problem is caused by the payment issues. In many cases, the respondents pointed out that the interim payment problem mainly arise because of the management of the VO, late approval on the LAD, incomplete submission and it is mere interim and subject to final account. Respondent 6 (1 November 2014), believed that the approve variation work should be included in the valuation of interim payment as soon as possible. He stated that, *"..Yes, especially the claims made and approved for VO but the payment is still delayed due to the fact that it has not been approved by the clients..."*

3. Impartial

Among the scope of the professional Quantity Surveyor is to provide service and advice to his client without being bias. As such, when he serves the contractor's side, he needs to give professional advice regardless whether he is employer or contractor in performing the valuation of interim payment. Respondent 3 (28 May 2014), if the contractor is reluctant to take advice from the professional quantity surveyor with the justification, they will write a letter to ensure that contractor adhere to the advice otherwise they will take responsibilities of that particular issue. He stated that, *"..To me, it depends on the QS himself. All QS should be on the contractors' side, as client, so your opinion with him should be quite similar. But there is also a time when they refuse listen to our feedback and remarks and that is actually beyond our control. If they refuse to agree with us, we normally issue a letter by saying that if they refuse it is their responsibility if anything."*

4. Guideline

In performing the valuation of interim payment, normally there is a procedure to be followed. Certain procedures and guideline were produced and used as a guide. Respondent 2 (15 May 2014), as client mentioned that he does not have an issue in doing the valuation of payment as the department has already provide the procedures and guideline to be followed. He stated that, *"For the government projects, the procedures and guidelines are there, we just need to follow."* Similarly apply for the design and build package as he also stated that, *"For design and build projects, we have to have a contract. After the contractor agrees with the guidelines that will be used during the valuation."*

5. Justification

Supporting documents and evidences formed part of the submission process in the valuation of interim payment. In order to reach amicable decisions these related documents must be produced to prove and justify the claim made. Respondent 6 (1 November 2014), as client mentioned that the interim payment will assist them in managing the cash flow and that the reason they need the valuation to be released accordingly in order for them to manage it. He stated that, *"Yes. Interim payment can really help with the contractors' cash flow. Especially the estimation of the items must reflect the exact work done. For example, if the work is estimated to worth 100k, then the interim payment should be close to the amount, then only this would really help the contractors with the cash flow."* Respondent 7 (3 November 2014), she also mentioned that *"Yes, but we do not endorse it. We would only endorse based on site but with regards to the timing, we could adjust accordingly."* This study shows that contractors are looking forward towards the valuation of payment that will assist them in carrying out their business cash flow.

6. Process

The process in making the valuation of payment is vital and it is the room to eliminate on the dissatisfactory among the group or player in the construction industry. With the process flow and supported by the information technology (IT) it will shorten the period and eliminate or reduce the errors in making the valuation of interim payment. Respondent 5 (21 October 2014), mentioned that *"Perhaps what can be done for improvement is to synchronise the documentation between departments. What I mean here is the documentation in the technical department and the contract department of JKR or any other government agencies. Other than that, we are very pleased with the valuation of interim payment by JKR."* Respondent 4 (21 November 2014), stated that *"In terms of the way of working it is different because back then we do not have or use computers and softwares. A quantity surveyor would do their work in the office. Some are similar and some are different. What is similar is that we still go do site visit. The visual experience has to be there. I still think it is the same."*

7. Competency

The registered quantity surveyors are professional person and govern by its' own Quantity Surveyors Act. In view of this, the service and performance provided by them should be acceptable by all parties. Respondent 1 (14 May 2014), for example she has the experience that the person involve in the valuation of work may overlook on what he should do and should be avoided. She stated that, *".. Sometimes, the consultant, it is not that he or she does not know, but he or she must have over looked it. So usually we will just observe that. But we normally don't interfere with progress of work and site visit. So we don't really have much say because we are not the ones who goes for site visit. He or she should know better as he or she visited the site."*

8. Professionalism

The next important issue in performing valuation is experienced personnel whereby it is highlighted that a junior officer or staff may commonly cause dispute of payment valuation. He also required input from other parties in performing the valuation. In order to avoid any unnecessary contention later on, whether by the contractor or client, it is performed by the professional quantity surveyor. Respondent 8 (5 December 2014), he has the experience that the person involve in the valuation is a junior staff. He stated that, *"Those may be currently happening. Especially if the consultant is hiring a junior QS to do project valuation and also if they don't have support from the site staff to evaluate the progress. This is because if you just fully depend on QS to valuate, it would not be that accurate. QS would also need input from site staff like clerk of work structure even for architectural work. This is because*

sometimes to QS it doesn't look like it is acceptable, but actually it is already acceptable by respective consultant architect and engineer. Another issue would be the M&E. Sometimes the input from M&E is put as lump sum and not detailed out."

9. Negotiation

In order to get the consensus from all parties is a difficult task in performing valuation of interim payment. However, there is a mode to solve the matter whereby valuation of interim payment may be done through joint measurement or site measurement. The required skill by all the parties during this stage is to perform the negotiation skill in order to maximize or to agree on the valuation of payment in that particular month. Respondent 7 (3 November 2014), she mentioned that the QS have to visit and perform joint measurement with the contractor to agree on the work done and so on. She stated that, *"...representative or QS will do site visit and have joint measurement with the contractor and the project manager or representative of the project manager just to verify his claims. So the certification will be done according to the inspection like valuation."*

10. Valuation

There should be an impact if the valuation made is not according to the progress i.e. slow progress or the other party will sue for under payment. In other word, valuation should be made accordingly so that all the parties agreed on the amount released or recommended. Respondent 8 (5 December 2014), had the experienced when the professional quantity surveyors' recommended that the amount not according to the work progress and the contractor later lodged a complaint to the respondents' office to relook on the valuation made. He stated that, *"I just received this complain recently. At the moment I am going through a claim where the contractor has complained of underpayment where the payment has been certified by consultant. So when I looked in detail, it is a case of an under payment to the contractor. So this is an exposure to us actually. We are liable to pay them interest for the delay in payment supposedly"*

Segregation Code, Theme and Category

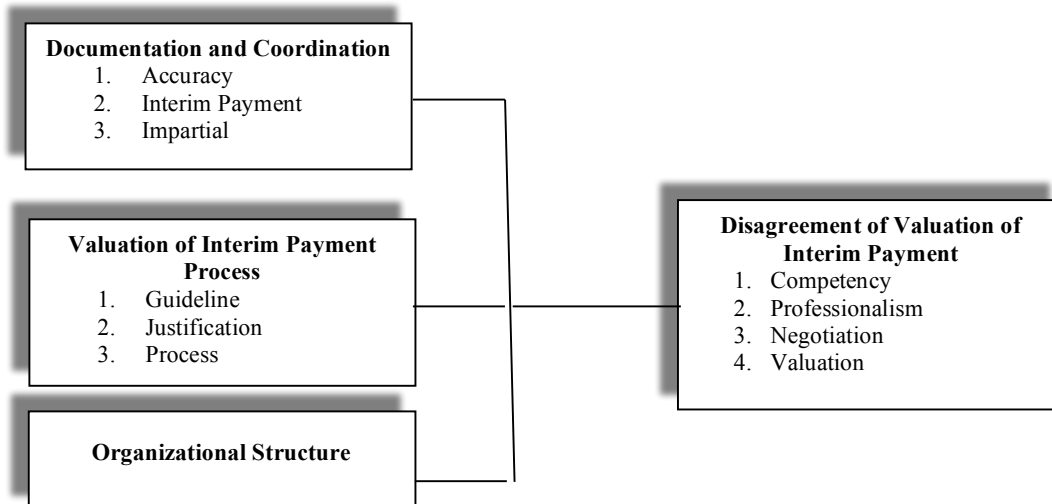
There are 62 themes were identified in this process which later segregated into codes. During this process there are ten codes identified namely accuracy, interim payment, impartial, guideline, justification, process, competency, professionalism, negotiation and valuation. On completion of the coding process, later it was divided into four sections of categories are namely; documentation and coordination, valuation of interim payment (VoIP) process, disagreement of the VoIP and organizational structure. In the organization structure category, all the respondents were found had acquired a reasonable experience in the valuation process and currently all of them are in senior position or at the management level. Currently most of them are no longer doing the fieldwork but are carried out by their subordinates and they are monitoring or supervising it. However, those respondents who are working at the consultants' office are still doing the valuation of payment if and when there are necessary. The nature of the business is also the determining factor that the respondents are hands on the valuation of interim payments i.e. quantity surveying consultant.

There are 14 themes that have been identified under the codes of accuracy, interim payment and impartial which was later form as documentation and coordination category. Secondly, there are 23 themes that have been identified under the codes of guideline, justification and process which was later form as valuation of interim payment process category. Finally, there are 25 themes which have been further classified under the codes of competency, professionalism, negotiation and valuation which was later form as disagreement in the valuation of interim payment (VOIP) category.

These codes were further analysed, classified and further divided into four section categories as illustrated in Diagram 1. These four sections of categories are as follows;

- Documentation and Coordination
- Valuation of Interim Payment (VoIP) Process
- Disagreement of the VoIP
- Organizational structure

Diagram 1



CONCLUSION

The research objective is to investigate on the current issues encountered by the parties involved in relation to interim payment. The qualitative method was adopted in order ensure the thoughts, intentions and feelings are recorded according. The data then were collected through eight in-depth interviews with the various parties related to the construction industry. The conceptual framework from the qualitative content analysis found that there are issues in the valuation of payment process in the Malaysian construction industry and amount to disagreement on the valuation of interim made namely competency, professionalism, negotiation and valuation. The issues have been further categorised into three different categories, which explain the whole spectrum of issues encountered by the parties involved in valuation of payment process. They fall into documentation and coordination, the valuation of interim payment process and organizational structure. The findings established issues which need to be addressed and managed effectively in terms of valuation of interim payments claims so as to avoid the escalation of issues which later become detrimental disputes which in turn affect the relationship of the parties and performance of a particular project. Currently, the Board of Quantity Surveyor is a body that control the registered quantity surveyor in Malaysia but there is no guidelines and procedures as compared to such as United Kingdom which uphold Royal Institution of Chartered Surveyors (RICS) as guidance for valuation of interim payment. Although, there might be some limitations regarding this research such as respondents might be bias, thereby putting the blame on others regarding the issue of valuation of interim payment when it was actually caused by themselves. Strict policy must be upheld in order to overcome all the issues arose caused by the valuation of interim payment. It is also verily significant to educate quantity surveyors concerning this issue so that competent quantity surveyor is appointed. This will overall lift the standard of quantity surveyor as professional body in Malaysia.

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