ENHANCING VALUE IN PUBLIC CONSTRUCTION PROJECTS: 
THE MALAYSIAN JOURNEY

Zuhaili MOHAMAD RAMLY1
1Tutor
Department of Quantity Surveying, Universiti Teknologi Malaysia, Malaysia

Geoffrey Qiping SHEN2, Ann Tit Wan YU3
2Chair Professor, 3Associate Professor
Department of Building and Real Estate, Hong Kong Polytechnic University, Hong Kong

Rosmawati ZAHARI4, Johari EMBY5
4Assistant Director, 5Deputy Director
Value Management Section, Economic Planning Unit
Prime Minister’s Department, Malaysia

ABSTRACT

There is a strong demand to improve the capacity and effectiveness of the construction industry. The evidence suggests that VM has become a powerful management tool to identify the best options for achieving a greater value for money. The issuance of EPU Circular No.3 in 2009 imposed mandatory VM as a management tool to achieve value for money for public projects amounting MYR 50 million and above. The purpose of this paper is to unveil the journey in institutionalizing VM in planning and implementation of public construction projects in Malaysia, with emphasis on exploring the achievements of VM workshops. Content analysis was conducted to investigate the level of applications, supported by case studies into five workshops. The case studies involved observations and semi-structured interviews with various stakeholders. To date, a total of 268 VA workshops were conducted, with the total estimated cost of MYR 70 billion for various projects such as healthcare, educational, industrial, and recreational. Next, the paper discusses three major aspects of the workshop’s outputs; the gross floor area model, the cost model, and the efficiency model. The outputs represent the optimization and value added achieved by the VA workshops to increase the likelihood of delivering values into public construction projects. The findings presented in this paper not only shed light on the current development of the VM applications but also provide the benchmarking data to improve future VM workshops.

INTRODUCTION

The construction industry development is complex and multidimensional where it’s involved various interrelated and multifaceted components (Ofori, 2000). Ofori further argued that the impact of globalization may affect the development of the industry to meet the economic demand for infrastructures and facilities. Hence, there is a strong demand to improve the capacity and effectiveness of the industry with unrelenting challenges on issues such on productivity, quality, and efficiency in dealing with limited resources and labor forces (Ibrahim et al. 2010).

The evidence suggests that Value Management (VM) has become a powerful management tool that is proactive, creative, problem-solving or problem-seeking service that maximizes the functional value of a project by using structured, team-oriented exercises with reference to the client’s value system (Male et al. 1998). Another essential point, Fong (2003) claimed that VM may improve accountability, feasibility and thoroughness of a project and achieve greater value for money in project implementation.

The purpose of this paper is to unveil the journey in institutionalizing VM in planning and the implementation of public construction projects in Malaysia. The purpose is achieved by emphasizing and exploring the achievements of VM workshops. Content analysis was conducted to investigate the level of applications, supported by case studies into five workshops. The case studies involved