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Value Management in Malaysia: Past, Present and Future

Zuhaili MOHAMAD RAMLY1  Geoffrey Qiping SHEN2

Abstract: Value management (VM) encapsulate the other related terms such as value planning, value engineering, value analysis, and value review where it was used interchangeably. The introduction of VM can play vital roles as a specific management tool in putting together the problems encountered in the construction industry from the technical, managerial, and also human aspects. VM has been brought into the construction industry since 1960s to attain the best value for money. However, the level of acceptance, development and to what extent the applications are varies throughout the world. Particularly in Malaysia, VM was introduced since 1986 but the take up is relatively low by various stakeholders due to several reasons. Since it was introduced, not so much development in term of applications until recently, VM seems to be a new phenomenon within the Malaysia construction industry (MCI) when the government instructed mandatory applications for the public projects. With limited explicit, tacit and embedded knowledge, expertise, and experience, the VM applications seen to be received various feedback, which is yet to be discovered.

This paper reviews relevant works on the development and applications of VM within the MCI. To achieve this, a thorough literature review and document analysis has been conducted on journal articles, conference papers, government circulars and guidelines, supported by an informal discussion with stakeholders in Malaysia. It reviews and synthesises the relevant and critical information and highlights major milestones to provide clear and better understanding of VM development in the past, current, and future applications. The future of its applications focuses more on the initiatives to promote the applications of VM. Several issues such as the awareness, knowledge, training, certification, procurement and focus toward to place VM ahead in the future are also discussed. The work described in this paper provides a sound foundation for the author to understand and explore further. This is part of the ongoing doctoral research which focuses on performance management of the VM studies based on the international practices.

Keywords: Value Management, Applications, Development

1. INTRODUCTION

Malaysia economic records have been one of Asia’s best grew since independence in 1957 to date with multispectral economy based on services and manufacturing. Malaysian construction industry (MCI) is among the sectors which received a lot of demand due to the primary concern to fulfil the needs and inadequacy of infrastructures. It considered being a prime productive sector among the top three, other than manufacturing and agriculture (Abdul Razak et al., 2010). Despite small contribution to GDP, the MCI is crucial due to its role as a leading indicator and determinant of domestic performance by providing the physical infrastructure for industrial production and reproduction.

Moving into the globalisation era, recognition and promotion of new a method and approaches are required to improve the image of the industry. Aspects of construction practices, management, and technology must be enhanced and upgraded to meet the exacting standard. At this juncture, it is clear that fundamental changes are now needed in order for the MCI to achieve greater efficiency and address the overarching challenges and demands. Moreover, clients nowadays concern on value matters to achieve the best from their investments.

This paper aims to reviews the development and applications of value management (VM) in Malaysia. Critical information and major milestones are discuss to provide clear and better understanding of VM in the past, current and future direction.

2. VALUE MANAGEMENT: HISTORY AND DEVELOPMENT

VM become a blanket term and encapsulate the other associated terms such as value planning, value engineering, value analysis, and value review, where it was used interchangeably. For the sake of simplicity, the term VM will be used in this paper.

Lawrence D. Miles was first introduced VM then as value analysis (VA) in 1942, when he was assigned to look into the problem of materials shortage during the Second World War. Miles analysed the primary function of a product by examined several alternatives to perform the same function without compromising the quality aspect. After 1970s, it is getting more famous and adopted in various countries from different continent such as in Europe, Australia, Japan, and India as the term value engineering (VE). However, it is not well embraced in the Southeast Asian (SEA) even though it was in Australia (1970) and Hong Kong (1988) (Yu, 2006).

VM was applied in construction industry by Dell’Isola in 1960s. This is relevant to in response to several issues and constraint faced by the construction industry, and also the world economic in general. This has pushed the client to ensure that their project can be completed within the agreed budget and duration, at the acceptable quality in term of the specifications and workmanship (Fong and Shen, 2000). Hence, VM provides the basis for improving value for money in construction to satisfy clients’ needs and requirements (Jaapar & Torrence, 2009).

Although many definitions used to describe the nature of this subject matter, the basic premise of it which mainly serves to improve value without sacrificing intended purpose still underpins as it was introduced. After so many years adopted in various industry, it is good to see how VM developed and remain competitive. With the continuous supports and applications from the industry and also research activities conducted, it can be seen that VM will remain relevant and bring benefits in various areas. For instance, the development of Group Decision Support System (GDSS) (Fan et al., 2010) to support the VM workshop is timely to

1 PhD Student, Department of Building and Real Estate, The Hong Kong Polytechnic University, Hung Hom, Kowloon, HKSAR PH (+852) 2766 5876 : Email: 11901329r@connect.polyu.hk
2 Chair Professor, Department of Building and Real Estate, The Hong Kong Polytechnic University, Hung Hom, Kowloon, HKSAR. Email: bsqpshen@inet.polyu.edu.hk

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