

CONSULTANCY SERVICES IN THE MIDDLE EAST CONSTRUCTION
INDUSTRY

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Dedicated to my beloved brother and my parents

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ABSTRACT

Presently, clients seek the services of the consultants to implement the projects. Some of the clients do not have enough technical staff to implement the project therefore they need the services of the consultants. In the Middle East, the consultants worked together as a consortium. However, some of the clients are not satisfied with the services as provided by this consortium of consultants. The aim of this study is to examine the services provided by the consultants in the construction industry. The objectives of the study are to study the services as provided by various consultants, to identify the methods of selection of the consultants by the clients, to identify the problems faced by consultants in project implementation and to determine the level of satisfaction of client regarding the services provided by the consultants. The study is carried out on consultants (consortium) involved in civil and building projects in Iran. The data is collected through questionnaires and interviews. The data is analyzed using statistical analysis and average index. From the study, the services provided by the consultants are in the framework that included architecture, services engineering (Electrical & Mechanical), project management, structural & civil engineering. The ways of selection of the consultants by the clients are based on experience, quality and cost (QCBS) and political influence. The problems faced by the consultants are late payment of fees by the client, currency fluctuation and lack of support from client. The level of satisfaction of the clients regarding the services as provided by the client is “satisfied”.

ABSTRAK

Pada masa kini, pelanggan mendapatkan khidmat perunding untuk melaksanakan projek. Sesetengah pelanggan tidak mempunyai kakitangan teknikal yang mencukupi untuk melaksanakan projek pembinaan. Oleh yang demikian mereka memerlukan perkhidmatan perunding. Di Timur Tengah, perunding bekerja bersama-sama sebagai sebuah konsortium. Walau bagaimanapun, terdapat pelanggan yang tidak berpuas hati dengan perkhidmatan yang dijalankan oleh konsortium perunding ini. Matlamat kajian ini adalah untuk meneliti perkhidmatan yang disediakan oleh perunding dalam industri pembinaan. Objektif kajian adalah untuk mengkaji perkhidmatan yang disediakan oleh pelbagai perunding, mengenalpasti kaedah pemilihan perunding oleh pelanggan, mengenal pasti masalah yang dihadapi oleh perunding dalam pelaksanaan projek dan untuk menentukan tahap kepuasan pelanggan mengenai perkhidmatan yang disediakan oleh perunding. Kajian ini dijalankan ke atas perunding (konsortium) yang terlibat dalam projek-projek awam dan bangunan di Iran. Data dikumpul melalui soal selidik dan temu bual. Data yang diperolehi dianalisis menggunakan analisis statistik dan purata indeks. Dari kajian tersebut, perkhidmatan yang disediakan oleh perunding adalah dalam rangka kerja yang termasuk seni bina, perkhidmatan kejuruteraan (Elektrik & Mekanikal), pengurusan projek, kejuruteraan struktur & sivil. Cara pemilihan perunding oleh pelanggan berdasarkan pengalaman, kualiti dan kos (QCBS) dan pengaruh politik. Masalah-masalah yang dihadapi oleh perunding adalah lewat pembayaran yuran oleh pelanggan, turun naik mata wang dan kekurangan sokongan daripada pelanggan. Tahap kepuasan pelanggan mengenai perkhidmatan yang disediakan oleh pelanggan adalah "berpuas hati".

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CHAPTER 1

INTRODUCTION

1.1 Introduction

In recent years, the companies have increased reliance on the use of consulting services throughout the world. Consultancy services are widely used by management and government in all major industry sectors and they provide professional services also in Malaysia and University Technology Malaysia.

Consultancy services – a substantial part of the business services sector - covers such a broad spectrum as advertising agencies, lawyers, accountants, architects, building and construction engineers, computer consultants and management consultants (Roodhooft and Van den Abbeele, 2006). As the industry has grown, consulting firms have faced such several problems as the greater sophistication of consultant in the client organization and the greater insistence by clients on the successful completion of a consulting project. Selection of professional engineering consultant services has often been a misunderstood process. Consultants often wonder why they fail to be selected and wonder what mysterious process is used by the client to make their selection. The evaluation of consultant's performance is crucial to the success of a consulting assignment especially when today's construction projects are becoming more sophisticated, large scale, and risky. Too many times, the client makes his selection on price rather than qualifications. "low bid" based selection is a common and frequently used procedure in the public sector (Palaneeswaran et al., 2003). The profession can be

upgraded by assisting potential clients in establishing a policy and procedure for procurement of professional engineering services. Several researchers (such as Tiong and Alum, 1997; Palaneeswaran et al., 2003; Christodoulou et al., 2004; Ling, 2004) have proposed alternative selection procedures in the award of construction related projects, procedures that include the assessment of both price and non-price criteria. The obvious logic behind this is that low bid selection, although suggesting monetary savings may not provide best value, best quality or economical end results or the highest satisfaction among clients.

These days many clients have complained about the service of consulting firms. Clients often assert that consultants lack expertise, specialized knowledge or objectivity, and fail to produce client's overall expectations. Similarly, consultants claim that top managers lack sufficient support in the management consulting process.

This situation points out the lack of knowledge by both the client and the consultant about what it takes to implement successfully their work in a complex environment. Practitioners and academicians alike have questioned: to success factors in consultancy services, not projects in general. The purpose of this study is to identify those factors that are critical for the successful completion of consulting projects. Success is viewed widely in terms of delivery on time, completion to budget, and satisfaction of client's overall expectations. Consulting firms and client organizations that have a good understanding of those factors should be better able to understand the consulting process, and hence be more successful in consulting projects implementation.

1.2 Problem of the Statement

Most individual companies and organizations, which require the consultancy services, do not have enough resources and expertise to carry the role of the consultant and the quality standard that they must provide. Therefore, it is important for consultants to define the services that they provide, so that their scope of work is clear in order to

prevent any prejudice and misunderstanding of their services they need to carry out in such circumstances due to consulting services, as intellectual services in general, can be very complex which makes the evaluation process, especially the assessment of non-price criteria, difficult. There is empirical evidence showing that some purchasers have difficulties making purchase decisions related to consulting services (Smeltzer and Ogden, 2002).

Companies hire consultants for many reasons. Sometimes there is a knowledge gap with a product or technology that can be quickly filled with a consultant. The choice of the right consultant or consulting company can mean the difference between “success” and “failure” of the project. A good consultant can add a significant amount of value to a project and is well worth their fee. Conversely, selecting the wrong consultants can cost a lot of money, may lead you in the wrong direction, could alienate team members, and may not help achieve overall goals. A low rate for an inexperienced consultant can be much more costly in the long run, There are also studies indicating that once price is introduced, consultant selection tends to become biased in favour of the lowest fee rather than the quality of service (Drew et al., 2004) then having a more experienced consultant completes the project in less time (and probably with better quality). Choosing a consultant based on lowest daily/hourly rate is generally not the best way to go.

Many consultants and contractors look at an engagement as “their next job”, and not “a set of tasks that needs to be completed.” The difference in mindset will make a big difference in their performance and approach. Increase the education and training to continuously improve the quality of supervision versus lack of knowledge decrease quality inspection companies and tend to fail renovation or maintenance of the projects. Documentation, training, and knowledge transfer are all areas that help position a company to handle things on their own once the consultant leaves. For example, M47 is the building of Faculty of Civil engineering in university technology Malaysia which is under supervised a consultant company. We can see some poor inspection in renovation or maintenance in Figure 1.1 below. A good consultant realizes that companies will

recognize this, and there will likely be additional work for this person or company at a later time.



Figure 1.1: M47 Building for Faculty Civil Engineering

When things go right everyone is happy at the investment that was made. When things go wrong people question the value of consultant altogether. By setting expectations early and then monitoring the progress and results of the consultant, chances for success are higher. That's why in this study to identify a comprehensive answer on the level of satisfaction for the services provided by Consultants, the parties involved were expected to rank their satisfaction on the listed services provided by the author in the questionnaires.

1.3 Aim

The aim of this study is to examine the services provided by the consultants in which level of satisfaction and method of selection of consultant in the construction industry. The objective of the study is as follows:

1.4 Objectives

- i. To determine the services provided by the consultants in the construction industries.
- ii. To identify the methods of selection of the consultants by the clients.
- iii. To identify the problems faced by Consultants in project implementation.
- iv. To determine the level of satisfaction of clients regarding the services provided by the consultants.

1.5 Scope of Study

From the preliminary information, agreed that the consultant services would provide value adding services, increasing the value of the construction consulting company as a whole, and enhancing its performance and operations in the construction industry. This research was carried out based on data collected from the questionnaires. The research focuses on the private and government projects. It looked into the types of services provided by Consultants in the project based on capturing and translating client's needs occur.

1.6 Brief Methodology

The data of this research was collected from different sources. Literature and theoretical reviews have been taken from books, articles and papers as well as printed materials to describe main concepts about consultancy services in construction project.

The main methods are descriptive, explanatory and quantitative. The description started by providing information about the current situation on the field of the construction industry and the consultancy services in construction project industry. This study involved the design-bid- built procurement method and involves the building and civil engineering consultants only. The quantitative have done by collecting data by standardized questionnaires from the case study (consultancy services in construction project in Iran) which will distribute to the client, contractor and supplier, then all outcome data of the survey will be analyzed using the Microsoft Excel (Spreadsheet).

1.7 Research Strategy Chart

The following is the research strategy chart used for this research:

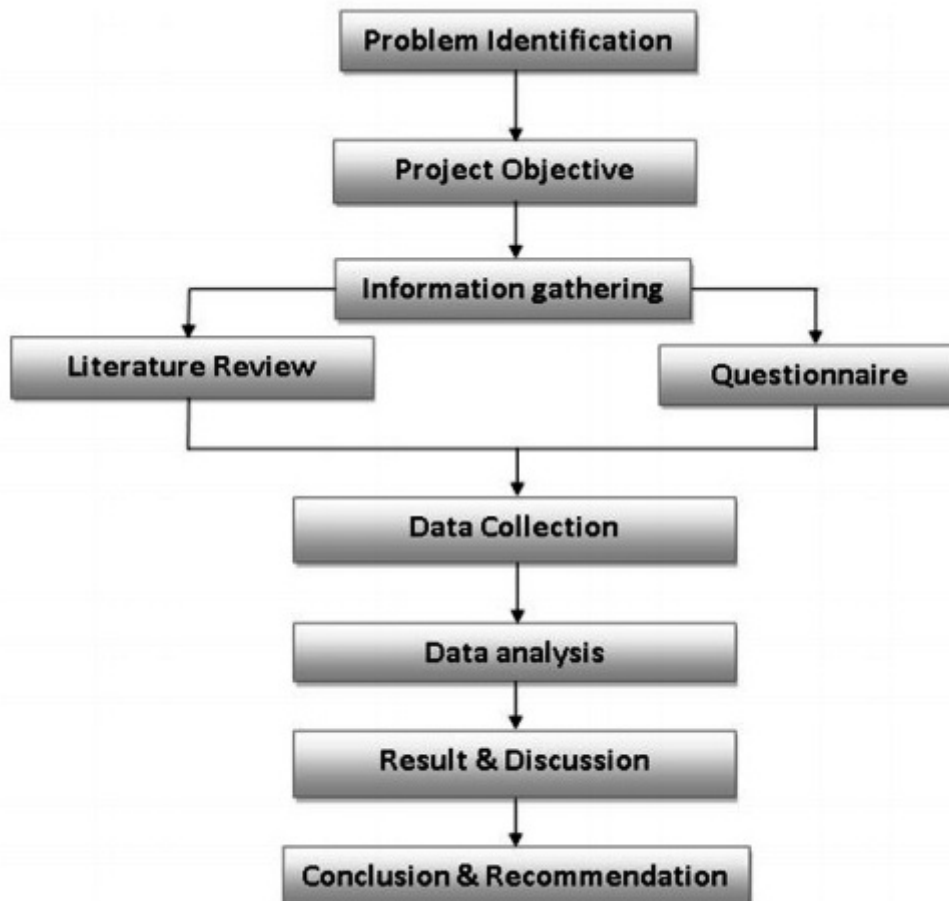


Figure 1.2: Research Strategy Chart

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