

CHAPTER 7

CONCLUSION

Engineering consulting firms play an important role in the economic growth and development of countries. Therefore, the management practices and problems need to be dealt with carefully to ensure the smooth sailing of the firms' operations.

Currently, the property industry is steeped in deep depression with no imminent signs of immediate recovery. The extensive overbuilding during those years of prosperity has left the industry saddled with heaps of excess capacity, low occupancies and depressed prices and rents. However, the industry as a whole is still very attractive because of the tremendous growth potential in the Asia-Pacific region.

The engineering consulting industry in Malaysia is very competitive because there are currently 664 engineering consulting firms. Nevertheless, this competition is healthy as it would boost the quality of the services rendered to ensure above-average and innovative services. The entry barriers to this industry are relatively low, hence the potential of new entrants will be great as the capital requirements to set up a firm and the switching costs are relatively low.

Also, clients have high bargaining power as they would be able to dictate the rules of competition. On the other hand, the bargaining power of employees would depend on the economic conditions, whereby a booming economy would ensure high bargaining power for employees. Furthermore, there are various substitutes for engineering consulting firms, such as turnkey contractors, developers and freelance consultants.

There are various issues that could hinder the growth and profitability of an engineering consulting firm. These issues are mainly regarding the economic conditions and human resource-related problems.

To overcome the impact of the economic crisis, various solutions have been suggested, such as bidding for government-funded infrastructure and highway projects. Besides that, the firms could also try to venture internationally to countries such as India and China, where there are large and profitable markets. During the economic crisis, companies could respond to the situation by rightsizing their employees or outsourcing employees to remain in the business. Some strong firms could utilise the downturn period to implement the quality management system. During this time, the employees' workload would have reduced, hence enabling them to fully committing their time to ensuring a successful implementation of the quality management system.

Another important issue that could hinder the productivity and efficiency of an organisation could be linked to the management style, organisational culture and the employees. Whichever the cause is, steps should be taken to eliminate the various problems in order to enhance the capabilities and productivity of the management and employees. Attention should be given to the type of management style adopted and ways to improve it to produce managers who will be able to encourage and maximise the employees' performance. The organisational culture that promotes internal conflict and competition should be changed to promote teamwork and co-operation among the employees.

Employees should be viewed as assets and not liabilities. Hence, steps should be taken to enhance the employees capabilities and skills. Besides that, the employees should be motivated by providing a proper compensation plan, besides promoting a good organisational atmosphere and management style. This will result in employees performing their responsibilities diligently and earnestly to produce effective and efficient output.

There are a variety of techniques available for engineering consulting firms to grow and expand their service to achieve competitive advantages and earn above-average returns. The choice of strategy would depend on the firm's size, capabilities, financial resources, goals and external environment.

The business-level strategy recommended for engineering consulting firms to achieve competitive advantage is the focused differentiation strategy, which is providing differentiated services to a particular competitive segment. The advantage of this strategy is that the firms can utilise their core competencies and specialisation to provide competitive services to a market segment.

For the corporate level strategy, engineering consulting firms should consider the moderate to high levels of diversification. Diversification can be achieved through a variety of methods and has many advantages. Besides diversification, the firms could also consider mergers and acquisitions to achieve growth. Using these methods, firms can quickly add successful new offices and business territories without much additional capital or new staff.

Joint ventures manage to integrate the three types of business growth – business level strategy, corporate level strategy and mergers and acquisitions – successfully. Joint ventures not only provide a lot of advantages to the consulting firms involved, but also to the clients. Therefore, it could be considered as a very successful way of achieving competitive advantage and growth for engineering consulting firms.