

BACKGROUND ...

FUTURE TRENDS

The demand for consultancy services will continue to grow over the next 5 years. The growth areas for management and engineering consultancy services are as follows :

- accounting/financial services
- human resource development/training
- computerization/IT (including automation and robotics)
- environmental consultancy
- recreation/tourism

There is a potential for growth of government projects because of the thrust towards making each government department responsible for its own budget. The government's thrust towards skills and training, and its emphasis on productivity improvement will continue to drive demand for consultancy services in specialized areas.

General growth areas which will demand future consulting services will include :

- The construction sector where demand for engineering consultancy services will increase. (However, demand levels are unlikely to reach 1980 peak levels as Singapore's infrastructure is already well developed.)
- The specialized high technology service sector including environmental engineering, social engineering (eg : tourism) as well as recreational services.
- The healthcare sector where with the privatization of the Singapore General Hospital (SGH) and eventually other government hospitals, both management and engineering consultants will be required in various areas (eg : marketing and positioning, staffing, training, cost control, construction). Furthermore, consultants specializing in healthcare (eg : Hospital Consultants of America), will be required to coordinate and supervise restructuring. The private healthcare sector will likewise be demanding consultancy services in order for it to remain competitive.

The use of consultants by SMEs will grow as SMEs move away from the traditional family-style management. Demand for feasibility studies in manufacturing will grow. Other factors that will contribute to the increase in the use of consultants are the granting of government subsidies and programs geared towards helping consultancy firms entice SMEs to engage their services. These programs include several projects such as the consultancy award which aims to highlight the benefits of consultancy services to SMEs. Other projects include the granting of special incentives to consultancy firms that specialize in helping SMEs, and the provision of training of local consultants on the marketing of their services to SMEs.

Overall, however, Singapore's market size is insufficient to sustain the operation of the large international consultancy firms. Thus, the consultancy business is seen as a regional business with Singapore as a base. The growing economies of the ASEAN countries - Malaysia, Indonesia, Thailand and the Philippines - represent a large market potential for consultancy services. It is projected that growth in consultancy work will outstrip economic growth in the region.