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# PRESS RELEASE

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## “ADDRESSING SUSTAINABILITY IN MALAYSIA’S ENGINEERING SECTOR: IEM SURVEY HIGHLIGHTS THE NEED FOR STRUCTURAL REFORM”

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**KUALA LUMPUR, 3 June 2026** – A comprehensive industry survey conducted by The Institution of Engineers, Malaysia (IEM) provides significant insights into the current state of the nation’s engineering consultancy sector. The *IEM Engineering Impact Survey – Scale of Fees for Engineering Consultancy Firms*, which was conducted from 15 May 2026 – 24 May 2026 has gathered detailed perspectives from 598 professionals, suggests that the industry is facing a period of transition that requires careful attention. The findings, representing a large majority (82.64%) of high-level consultants, indicate that structural updates are needed to ensure the long-term health of the profession and to prevent a gradual decline in the vibrancy of Malaysian engineering consultancy.

This initiative builds upon earlier research, including the *Report on The Institution of Engineers Malaysia (IEM) 2025 Employment and Salary Survey*, which analyzed quantitative data from 444 practitioners regarding compensation and sentiment, and the *IEM Position Paper October 2025 regarding "Engineers’ Salaries from Consulting Engineers’ Perspectives: Solutions and Proposals"*.

### **Observations on Fee Disparities and Value Perception**

The survey data points toward a noticeable gap between the professional services provided by engineers and the current pricing models prevalent in the market. A primary factor identified is that the Scale of Fees (SOF) has not undergone a comprehensive revision since 1998, leaving it nearly 30 years out of date. This lack of revision contributes to the broader finding in the *Report on The Institution of Engineers Malaysia (IEM) 2025 Employment and Salary Survey* that “Salary and Compensation” remains the primary concern among engineers, with 59.5% identifying it as their main grievance. While other sectors, such as land surveying, have experienced fee adjustments exceeding 100% over

a nine-year period, engineering fees have seen less than 10% growth since 1983. This stagnation is particularly relevant as respondents noted that the workload required to meet modern client demands has increased approximately 10 times over the last 24 years, even as compensation remains largely anchored to 1990s standards. These financial pressures are affecting established firms as well, with 27.96% of responding organizations that have operated for over 30 years reporting challenges in maintaining traditional fee structures.

### **The Gap between Value and Cost**

The survey findings indicate that approximately 88.97% of industry professionals observe that consultants are either "Always" or "Very Often" selected primarily based on the lowest fee. This suggests that cost considerations frequently play a dominant role in consultant selection, potentially reducing the emphasis placed on technical merit, relevant experience, innovation, and specialized professional capabilities. Such practices may pose challenges to maintaining the long-term quality, sustainability, and value of engineering consultancy services.

### **Structural Challenges and Procurement Processes**

The survey identifies several key areas where institutional improvements could foster healthier competition. There is a growing need for fee structures to explicitly recognize the costs associated with modern technologies like BIM (Building Information Modelling), AI, and digital twins, which are currently often provided without additional compensation. A significant 62.71% of respondents believe that stronger enforcement of fee guidelines would contribute to a more consistent and predictable market framework. Meanwhile, 58.86% emphasized the importance of shifting industry perceptions so that engineering services are recognized as critical professional services that safeguard public safety, rather than being treated merely as commodities. In addition, 51.84% highlighted concerns regarding current procurement practices, noting that traditional tendering processes frequently favour the lowest bidder, which may not adequately reflect the complexity of technical requirements and associated risks. The reliance on lowest-bidder models, particularly in the 13% of firms heavily involved in state contracts, remains a point of concern for industry stability.

### **Maintaining Service Quality and Standards**

Maintaining the highest standards of safety and quality is a primary objective for the profession. However, 65.35% of respondents expressed concern that current fee levels could eventually impact service delivery. Approximately 28.3% emphasized the importance of maintaining adequate site supervision to ensure construction safety, while

47.51% noted that increasing pressure to operate within tight fee margins can limit the time and resources available for complex design calculations and technical reviews. In addition, concerns were raised regarding professional liability, which often extends throughout an engineer's lifetime. As such, respondents suggested exploring a more reasonable liability framework that would provide a better balance between professional accountability and the long-term sustainability of engineering practice.

### **Supporting Talent and Workforce Development**

Addressing the current pricing landscape is essential for retaining a skilled workforce. Salaries for entry-level engineers have seen little change in nearly 20 years, making it difficult to keep pace with the rising cost of living. Based on the *Report on The Institution of Engineers Malaysia (IEM) 2025 Employment and Salary Survey*, the broader employment surveys reinforce this, noting that starting salaries of less than RM3,000 per month remain the standard for the newest entrants, with entry-level pay failing to keep pace with inflation for over two decades. To maintain the industry's appeal, professionals suggest a salary benchmark of RM10,000 for engineers with over 10 years of experience. Currently, 81.3% of firms report that salary adjustments are often the first area impacted by low fees, which has a "Severe Impact" on retention for 51.64% of organizations. Additionally, 52.5% of firms have had to reduce their investment in upskilling, highlighting a need for more resources to help the workforce adapt to increasingly complex infrastructure. The October 2025 Position Paper warns that these low salary schemes and career positions not commensurate with efforts are causing students to lose interest in the STEM field.

### **Recommendations for a Sustainable Future**

A significant majority of the industry (96.71%) agrees that constructive changes are necessary for the sector's long-term viability. This finding reflects a strong mandate for change, with 89% of engineers surveyed in the *Report on The Institution of Engineers, Malaysia (IEM) 2025 Employment and Salary Survey* expressing the view that the Government should take a more active role in establishing and periodically reviewing salary benchmarks for the engineering profession.

The IEM suggests several measures to support the safety and development of Malaysia's infrastructure. To support the safety, resilience, and long-term development of Malaysia's infrastructure, IEM has proposed several measures for consideration. These include gazetting the BEM Scale of Fees into law to provide a clearer and more consistent framework for both public and private sector clients. Industry professionals also suggest increasing consultancy fees by 40% to 50% to better reflect current compliance requirements, operational costs, and professional liabilities. To strengthen financial sustainability within the sector, recommendations include implementing a mandatory

30-day payment policy and establishing a centralized fee depository system to ensure secure and timely payments. In addition, respondents proposed restructuring fee payment milestones so that 80% of consultancy fees are settled by the tender stage, while reducing retention sums during construction to 15%, thereby improving cash flow for consultancy firms. Furthermore, there is strong support for adopting Quality-Based Selection (QBS) procurement approaches that prioritize professional expertise, technical capability, and public safety considerations over lowest-price criteria, helping to ensure better project outcomes and long-term value creation.

These proposed solutions are aligned with the recommendations outlined in the October 2025 Position Paper, which advocates for the implementation of a revised Scale of Fees (New SOF) to support fair and sustainable remuneration within the engineering profession, including improved compensation for engineering graduates. More broadly, the recommendations aim to strengthen the long-term sustainability, competitiveness, and professional standards of engineering consultancy services in Malaysia.

The findings of this survey should be viewed as a constructive call for further dialogue among industry stakeholders, policymakers, regulators, and professional bodies. By fostering a procurement and professional ecosystem that appropriately balances cost considerations with technical competence, quality, and value creation, the industry can continue to safeguard public safety, enhance infrastructure reliability, and support Malaysia's technological and economic development.

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*For further information on this Press Release or  
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## **About the IEM**

*The Institution of Engineers of Malaysia (IEM) is a civil society organisation established to promote the science and profession of engineering in any of its disciplines and to facilitate the exchange of information and ideas related to engineering. Founded in 1959 and with a membership of over 40,000 today, IEM constitutes one of the largest professional organisations in the country. Amongst its many roles, the Institution plays an active part in supporting various sustainable socio-economic development of the country and in nation building. It represents the aspirations of its members, acts in the best interests of the public of whom its members serve whilst upholding the standing and image of the profession.*

