

Challenges to Effective Strategy Implementation and the Effect of Organisational Culture on Strategy Implementation for Medium-Sized Malaysian Construction Contractors.

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ABSTRACT

Business organisations operate within a perpetually dynamic environment amid the complexities of globalisation and technological advancements. This study investigates the prevailing organisational cultures: clan, market, hierarchy, and adhocracy—among medium-sized construction contractors in Malaysia and examines their influence on strategic implementation challenges. Organisational culture is crucial for sustaining a competitive advantage; however, misalignment with strategic execution can lead to organisational failure. The findings indicate that the sampled organisations exhibit characteristics of all four cultural types. Nevertheless, market culture is notably recognised for enhancing competitiveness within the Malaysian construction industry. This study, however, is limited by its focus on medium-sized contractors, which may not represent the broader industry dynamics. Future research could explore how these findings apply across different sizes and types of organisations within the sector.

Keywords: construction, market culture, Malaysia, organisational culture, strategy.

INTRODUCTION

Organisational culture uniquely positions businesses in a dynamic global market by influencing their strategic competitiveness and adaptability. This study delves into the cultural frameworks within medium-sized Malaysian construction companies and assesses their direct impacts on strategic implementation. This area needs to be explored more critically to understand broader business dynamics.

Research suggests that organisational culture plays a crucial role in shaping competitive advantage as a critical determinant of long-term success (Ramadan, 2010; Cameron, 2004; Cameron & Quinn, 2005). Empirical studies have established a clear link between the nuances of organisational culture and overall organisational performance (Denison & Mishra, 1995; Ireferin & Mechanic, 2014; Ahmed & Shafiq, 2014; Kotter & Heskett, 2011). Scholars such as Deal and Kennedy (1982) have explored organisational culture as a pivotal internal variable significantly affecting organisational outcomes. Moreover, Peters and Waterman (1982) highlight the diversity of organisational cultures and their strong correlation with company performance. Ahmadi et al. (2012) identified meaningful relationships between an organisation's strategic implementation practices and its cultural framework, underlining the profound impact of culture on operational effectiveness.

LITERATURE REVIEW

Continuous changes in laws, shifts in stakeholder behaviours, and rapid technological innovations shape today's dynamic and uncertain business environment. These changes necessitate strategic adaptations for organisations to maintain or gain competitive advantages (Phelps et al., 2001; Hanafizadeh et al., 2009).

Organisational culture and structure play a crucial role in organisational success, even though strategy formulation is crucial. Cameron and Quinn (1999) argue that organisational culture is a pivotal element differentiating successful businesses from their competitors, offering a substantial competitive edge. Echoing this, Schein (1985) observed that the strength and type of an organisation's culture profoundly influence its operational effectiveness. Maloney and Federle (1993), who noted that leaders must deeply understand their organisational culture to enhance performance and sustain competitiveness, support this perspective.

Moreover, the norms, values, and underlying assumptions constituting an organisation's culture significantly shape strategy execution (Hoppe & Eckert, 2015). Daulatrum (2003) further emphasises the importance of management's recognition of these cultural elements, as they critically affect various operational aspects, including strategy implementation.

This study builds upon existing models by examining the nuanced roles of organisational culture in strategy execution within the Malaysian construction sector. It thus extends the theoretical framework of strategic management to regional contexts.

RESEARCH METHODOLOGY

Quinn and Cameron (1999) developed the Organizational Culture Assessment Instrument (OCAI), which this study used in a mixed-methods approach, emphasising a quantitative analysis. The OCAI's robust and validated framework allowed for detailed cultural profiling and its interaction with strategic implementation within medium-sized Malaysian construction firms. This methodology reiterates the model's applicability and extends its use to a novel industry context, offering methodological advancement in cultural studies.

Research Procedures

Measurement Instrument

This study utilised the Organizational Culture Assessment Instrument (OCAI), developed by Quinn and Cameron (1999), to examine the prevalent cultural types among medium-sized Malaysian construction contractors. The OCAI, based on the Competing Values Framework, evaluates organisational culture across six dimensions: organisational leaders, management of employees, organisational glue, strategic emphases, and success criteria. Previous research, such as Maloney and Federle (1993) and Lamond (2003), has validated this instrument, ensuring its reliability for measuring the core attributes of organisational culture. The profiles generated help categorise organisations into one of four cultural types: hierarchy, adhocracy, market, or clan.

Unit of Analysis

The analysis focused on medium-sized Malaysian construction business organisations. These independent firms are not controlled by larger economic groups, giving them the autonomy to make strategic decisions.

Key Informants

We collected data from owners, chief executive officers, and senior executives, who played a crucial role in shaping the strategic direction of their organisations. The Malaysian Construction Industry Development Board provided a list of potential respondents.

Sampling Techniques

Due to time and budget constraints, we implemented a simple random sampling strategy to minimise bias. This strategy gave each organisation in the target population an equal chance of selection. Following the recommendation of Taylor and Bowers (1972), we sampled approximately 15% of the target population, which equates to 110 organisations.

Pilot Testing

We conducted a pilot test of the research instrument with two industry participants chosen for their comprehensive construction sector knowledge. This phase was crucial for identifying and rectifying any ambiguities or deficiencies in the questionnaire (Baker, 1994).

Data Analysis

Demographic Data

An initial examination of the demographic data helped identify key informant characteristics and notable demographic trends within the sample.

Age of Informants

Most informants (60.5%) were over 50 years old, providing a mature perspective on the industry dynamics.

Management Level

Analysis Table 1 of management levels shows that 42.1% of respondents were from executive management and 28.9% from senior management, indicating that the data came from highly experienced professionals within the organisations.

Table 1 Management Level of Key Informants

(N=38)	
Management Level	Percentage
Junior Management	15.8
Middle Management	13.2
Senior Management	28.9
Executive Management	42.1

Involvement in Strategy Execution

A significant majority (81.6%) of the key informants actively participated in strategy execution, highlighting the importance of the collected data in understanding strategic processes. Only 18.4% were not directly involved in these activities.

DATA PRESENTATION ON ORGANISATIONAL CULTURE

This study identifies the dominant organisational culture types—clan, adhocracy, market, and hierarchy—and examines their correlation with strategic barriers. It provides unique insight into the sector by using statistical methods (Microsoft Excel and SPSS) to link cultural attributes directly to obstacles to strategy implementation.

Mean Rating on Organisational Culture

Figure 1 displays the distribution of organisational culture types, revealing a predominance of market culture, followed by clan, adhocracy, and hierarchy. Table 2 details these findings, showing that market culture was the most prevalent, with a mean rating of 411.84, followed by clan culture at 195.86. Adhocracy and hierarchy cultures showed significantly lower mean ratings of 41.26 and 50.63, respectively.

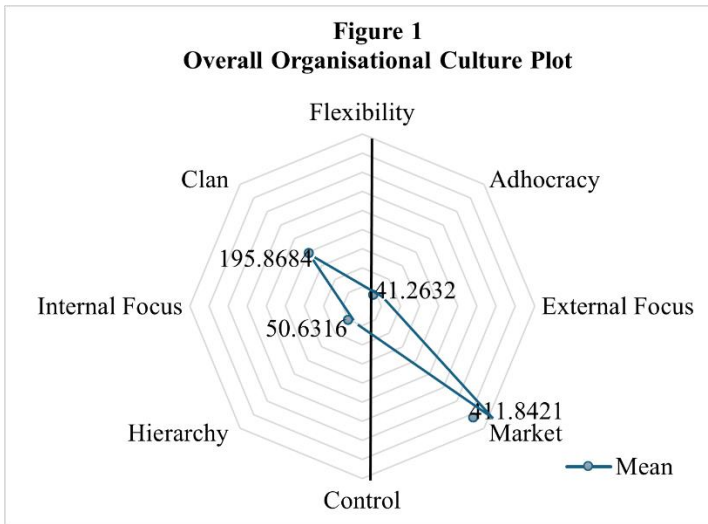


Table 2 Overall Distribution of Organizational Culture Type

Organizational Culture Type	Mean Rating	Std Deviation
(N=38)		
Clan	195.86	120.32
Adhocracy	41.26	27.89
Hierarchy	50.63	18.23
Market	411.84	124.26

Mean Rating by Individual Dimensions of Cultural Elements

Figure 2 illustrates the twenty-eight dimensions of cultural elements defining the four organisational culture types. Table 3 further distributes these ratings, highlighting the strongest characteristics within the sample: a production-oriented focus with a mean rating of 53.55, a competitive and aggressive organisational climate at 57.5, and a high valuation of competitive pricing and market leadership, with the latter scoring 70.92. This suggests a robust, competition-driven management style prevalent across the surveyed firms.

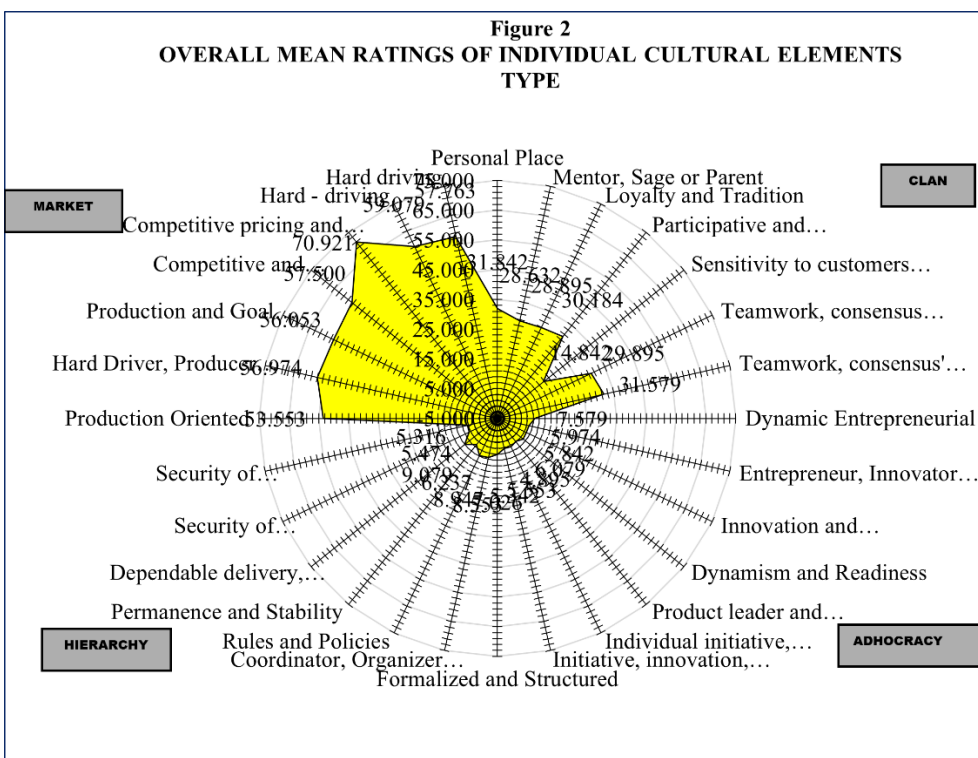


Table 3 Overall Mean Ratings of Individual Dimensions of Cultural Elements

Dimensions of Individual Cultural Elements		Mean	Std Deviation
(N=38)			
A	Dominant Characteristics		
1	Personal Place	31.842	18.796
2	Dynamic Entrepreneurial	7.579	4.935
3	Formalized and Structured	7.026	2.615
4	Production Oriented	53.553	18.956
B	Organizational Leader		
1	Mentor, Sage or Parent	28.632	20.522
2	Entrepreneur, Innovator or Risk Taker	5.974	3.575
3	Coordinator, Organizer or Efficiency Expert	8.553	4.780
4	Hard Driver, Producer or a Competitor	56.974	19.366
C	Organizational Glue		
1	Loyalty and Tradition	28.895	20.505
2	Innovation and Development	5.842	4.214
3	Rules and Policies	8.947	5.088
4	Production and Goal Accomplishment	56.053	20.768
D	Organizational Climate		
1	Participative and Comfortable	30.184	19.658
2	Dynamism and Readiness	6.079	5.786
3	Permanence and Stability	6.237	2.852
4	Competitive and Confrontational	57.500	20.852
E	Criteria of Success		
1	Sensitivity to customers and Concern for people	14.842	10.731
2	Product leader and Innovator	4.895	1.181
3	Dependable delivery, Smooth Scheduling and Low cost production	9.079	6.352
4	Competitive pricing and Market leadership	70.921	13.449
F	Management Style		
1	Teamwork, consensus and participation	29.895	21.070
2	Individual initiative, innovation, freedom and uniqueness	5.553	5.820
3	Security of employment, longevity in position and predictability	5.474	2.709
4	Hard - driving competitiveness, production and achievement	59.079	22.805
G	Management of Employees		
1	Teamwork, consensus' and participative	31.579	21.344
2	Initiative, innovation, freedom and uniqueness	5.342	4.212
3	Security of employment, longevity in position, and predictability	5.316	2.094
4	Hard driving competitiveness, production, and achievement	57.763	21.924

Cross-tabulation Analysis of Dominating Organisational Culture

Table 4 provides a cross-tabulation analysis, indicating that 76% of the companies predominantly exhibit market culture. Although less prevalent, Clan culture dominates 21% of the companies. Notably, neither

adhocracy nor hierarchy cultures dominate the surveyed sample, with one firm showing an equal representation of clan and market cultures.

Table 4 Overall Distribution of Dominating Organizational Culture Type

Organizational Culture Type	Frequency	Percent
(N=38)		
Clan	8	21.00%
Adhocracy	0	0.00%
Hierarchy	0	0.00%
Market	29	76.00%
Clan/Market	1	3.00%
Total	38	100.00%

Overall Mean Rating on Obstacles Hindering Strategy Execution

The As Table 5 shows, respondents recognised all 12 identified obstacles as barriers to effective strategy implementation. The most significant obstacles, with mean ratings of 6.891, included poor information sharing and a lack of upper management support. On the other hand, a rating of 2.3611 indicated that generating "buy-in" for the execution steps was the least significant barrier.

Table 5 Obstacles Hindering Strategy Execution

Obstacles	Mean	Std Deviation
(N=38)		
1 Poor or Vague strategy	6.8421	0.9733
2 Not having guidelines or a model to guide strategy execution efforts	3.2368	1.9373
3 Insufficient financial resources to execute the strategy	3.2973	1.8388
4 Trying to execute a strategy that conflicts with the existing power structure	2.6389	1.6239
5 Inability to generate "buy in" or agreement on critical execution steps or actions	2.3611	1.4765
6 Lack of upper management support of strategy execution	6.891	0.6576
7 Lack of feeling of "ownership" of a strategy or execution plans among key employees	4.3684	2.2711
8 Lack of incentives or inappropriate incentives to support execution objectives	4.2105	2.3728
9 Poor or inadequate information sharing between individuals or business units responsible for strategy execution	6.8919	0.6576
10 Unclear communication of responsibility and/or accountability for execution decisions or actions	6.8378	0.98639
11 Lack of understanding of the role of organizational structure and design in the execution process	3.000	1.62698
12 Inability to manage change effectively or to overcome internal resistance to change	5.4722	1.78063

Data Linking Organisational Culture to Obstacles Hindering Strategy Implementation

Table 6 presents the results of the correlation analysis with a 2-tailed significance level of $p < 0.05$.

Table 6 Correlation Analysis Between Organizational Culture Type and Obstacles Hindering Strategy Implementation

(N=38)					
Variables		Clan	Adhocracy	Hierarchy	Market
1	Poor or Vague strategy		0.978*	-0.497*	
2	Not having guidelines or a model to guide strategy execution efforts				
3	Insufficient financial resources to execute the strategy				
4	Trying to execute a strategy that conflicts with the existing power structure				
5	Inability to generate "buy in" or agreement on critical execution steps or actions				
6	Lack of upper management support of strategy execution		0.979*	-0.496*	
7	Lack of feeling of "ownership" of a strategy or execution plans among key employees	0.638*			-0.558*
8	Lack of incentives or inappropriate incentives to support execution objectives	0.616*			
9	Poor or inadequate information sharing between individuals or business units responsible for strategy execution		-.979*	-0.496*	
10	Unclear communication of responsibility and/or accountability for execution decisions or actions		-.979*		
11	Lack of understanding of the role of organizational structure and design in the execution process				
12	Inability to manage change effectively or to overcome internal resistance to change	0.454*		-0.496*	-0.486*
	2tailed Significance				
	* p<0.05				

Table 6 reveals that the four organisational culture types identified are only significantly related to some of the obstacles perceived by respondents as hindering strategy implementation. Only seven (7) out of twelve (12) obstacles, which account for about 58.33% of the total perceived obstacles, have a significant relationship with organisational culture type.

DATA ANALYSIS AND RESULTS

The analysis underscores the dominance of market culture, aligning with competitive pricing and market leadership, as pivotal to success in the Malaysian construction sector. This preference supports the sector's competitive necessity, as Izati et al. (2018) identified. Even though there are different cultural elements, the overall data point to a strategic convergence towards a market culture. This aligns with Maloney and Federle's (1993) findings, which show that organisations can have multiple cultural frameworks that work together. Furthermore, the lack of a strong correlation between any of the problems and cultural types implies a complex interplay that influences strategy implementation, mirroring the findings of Hrebiniak (2013).

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This study demonstrated the coexistence of multiple organisational culture types—adhocracy, hierarchy, clan, and market—within medium-sized Malaysian construction companies. These findings align with

hypothesis (H1) that these companies adopt a blend of all four cultural types, corroborating Maloney and Federle's (1993) research, which also observed such diversity in organisational cultures. Particularly, market culture was predominant, influencing 76% of the sample, followed by clan culture at 21%, indicating a strategic orientation towards competitiveness.

Despite its prevalence, the least representative adhocracy culture suggests variations in its implementation and influence on its strategic execution. These results challenge the notion of a single, dominant organisational culture within businesses and support Quinn's (1988) perspective on the simultaneous use of multiple cultural frameworks.

The research also highlighted specific barriers to strategy implementation, notably the need for more effective communication and information sharing. This echoes Bob and Meyer's (2004) findings regarding the necessity of clear strategic communication. It underscores the need for robust communication plans to bridge gaps that hinder strategic initiatives, as Norton and Kaplan (2005) recommended.

Furthermore, the study found significant correlations between specific organisational cultures and strategic obstacles but did not link any single culture type to all identified barriers. Hrebiniak (2013) and Ahmadi et al. (2012), who noted the variable influence of cultural dimensions on strategic outcomes, support the hypothesis (H2) that different cultures impact strategy execution in unique ways.

Recommendations

Leveraging the insights gained from this study, we recommend several strategic initiatives to enhance the efficacy of strategy implementation in alignment with organisational culture.

1. Strategic communication enhancement

Develop comprehensive communication strategies to improve clarity and understanding across all organisational levels. This will facilitate better alignment and execution of strategic initiatives.

2. Cultural alignment assessments

Regular assessments should evaluate how well the organisational culture supports or hinders strategic objectives. Then, we should adjust it as necessary to align more closely with desired outcomes.

3. Leadership and training programmes

Implement training programs for leaders and managers to help them understand how to leverage their organisation's cultural strengths in implementing strategies.

4. Research and Development

Continued research into the specific impacts of cultural elements on strategic barriers will help refine strategies and operational models that align with organisational cultural strength.

This study conclusively reveals that understanding and aligning organisational culture with strategic goals can either propel or hinder strategic implementation. For companies operating in the dynamic construction field, recognising and skillfully managing cultural influences is an advantage and a necessity for strategic success. This research provides a foundational model for other industries to explore and adapt to these insights, potentially leading to broader applications in understanding the role of culture in strategic execution.

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