

**CRITICAL SUCCESS FACTORS
FOR THE CONSTRUCTION ORGANISATION**

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SPECIALLY DEDICATED TO

MY BELOVED PARENTS
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Wan Maziah bt Wan Othman

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ABSTRAK

Dahulunya, syarikat yang menyiapkan projek mengikut tempoh masa dan belanjawan yang telah ditetapkan serta mencapai kualiti yang diperlukan telah dikira sebagai syarikat yang berjaya. Walau bagaimanapun, persekitaran akan datang berikutan kepada perubahan ekonomi dan teknologi yang akan mengubah pembinaan daripada perniagaan tempatan kepada seantero dunia. Oleh itu, peralihan dalam penekanan daripada kejayaan projek kepada kejayaan korporat perlu diselidik bagi membolehkan organisasi pembinaan untuk bersaing dalam keadaan pasaran yang sentiasa berubah-ubah. Objektif kajian ini adalah untuk mengenalpasti faktor-faktor yang mempengaruhi kejayaan sesebuah organisasi pembinaan, mengenalpasti faktor kritikal kejayaan sesebuah organisasi pembinaan serta mengenalpasti strategi yang dilaksanakan oleh sesebuah organisasi pembinaan untuk mencapai kejayaan. Untuk mencari kesemua jawapan bagi objektif di atas, tinjauan soal selidik telah diagihkan kepada syarikat-syarikat kontraktor dan temuramah semi-struktur telah dijalankan. Keputusan telah dianalisis menggunakan kaedah analisis frekuensi dan teknik indeks relatif. Hasilnya, faktor yang paling mempengaruhi kejayaan sesebuah organisasi pembinaan dapat dikenalpasti iaitu sistem pengurusan yang baik dan faktor kritikal kejayaan sesebuah organisasi pembinaan ialah faktor organisasi. Manakala strategi yang paling menyumbangkan kejayaan kepada organisasi pembinaan adalah pelaksanaan sistem pengurusan dan prosedur pengawalan kualiti. Akhir sekali, dapat disimpulkan bahawa terdapat banyak faktor yang mempengaruhi kejayaan sesebuah organisasi pembinaan dan terdapat pelbagai strategi yang boleh dilaksanakan untuk mencapai kejayaan.

ABSTRACT

In the past, companies completing projects in a timely manner within an established budget and meeting required quality considerations have been considered successful companies. However, the future environment due to technological and economic changes that is changing construction from a local and regional business to a global business. Therefore, a shift in emphasis from project success to corporate success must be examined for construction organisations to compete in an ever-changing marketplace. The objectives of the research are; to identify the factors that influence the success of construction organisation; to establish the critical success factor for construction organisation; and to identify the strategies that undertaken by the construction organisation in order to be more successful. To find all the answers to the above objectives, questionnaires have been distributed to contractor's companies, and semi-structured interviews also have been performed. The results have been analysed by using Frequency Analysis and Relative Index technique. As a result, the good management system is the most influence factor that contributes to the success of construction organisation and the critical success factor for the construction organisation is the organisational factor. While, the implementation of quality control procedures and management system become the most contribution strategies in order to be more successful. Lastly, it can be concluded that there are many factors that influence the success of construction organisation and also several strategies that can be adopted by the construction organisation in order to be more successful.

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LIST OF ABBREVIATIONS

CSF	-	Critical Success Factor
RI	-	Relative Index
Q.S	-	Quantity Surveyor
Eng.	-	Engineer
Mgr	-	Manager
Dept	-	Department
CEO	-	Chief Executive Officer
IT	-	Information Technology

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CHAPTER 1

INTRODUCTION

1.1 Introduction

Construction industry involves multi – disciplinary parties and some of them have difference goals and objectives. Those disciplines include Architect, Engineer, Project Consultant, Quantity Surveyor, and so on. Each consultant is a specialist in his own field. They have authority in their respective areas of specialty. In any case, their level of service and competency differ from one to the other. Largely it could be due to their respective experience, knowledge, qualification and even their own commitment, attitude and personal standards. Those multi-disciplinary parties work in organisations.

1.2 Background of study

The construction organisation plays an important role in the construction industry. It establishes buildings and infrastructure works required for social economic development which contribute to the overall economic growth. The success of economic development will further lead to an increase in disposal incomes, generating demand for additional construction activity. A country's economic development and its future prospects have implications for the growth and development of the construction organisation.

As a country moves from a developing country status towards a developed and industrialised nation, most of the theories on the role of construction in social economic development would be supported by the experience of the country. According to Fadhlin Abdullah (2004), the construction organisation would face a number of common problems in responding to the changes in construction demand. However, the economic, social, historical and political factors which underlie the construction organisation would differ from one organisation to the other.

Nowadays, in the construction industry, emphasis on project success often leaves little time for construction organisations to look to their future. According to Brochner et. al. (2001), minimizing an emphasis on management practices and organisational stability, organisations with a track record of successful project completion have been considered as the successful construction organisation. However, the future environment of the construction industry will be significantly different from today's project-oriented environment due to technological and economic changes. Therefore, a shift in emphasis from project success to corporate success must be examined for construction organisations to compete in ever-changing marketplace.

According to Fergusen and Dickinson (1982), success factor is a situation where it needs a special attention in term of management because of the importance that it brings to the organisation. It gives a positive and negative effect and influenced the internal and external. It conveys the important characteristics such as the need to special attention or observation to prevent from a great shock which is not desirable or missed the opportunity or objectives. This success factor is identified by assessing the strategy, environment, sources and corporate operation.

Every construction organisation has room to improve. The difference between the organisation that is destined to succeed and the one that is destined to fluctuate with the market is the desire to improve the organisation. At the same time, the organisation needs to be realistic about its efforts to change current practices. Since each of these improvements will require an investment of time, planning and monetary resources, the organisation must determine where the resources will be allocated. To accomplish this, difficult choices have to be made by management teams as to which critical success factor area needs to be addressed first and how the organisation will benefit from this decision. However, by making these complicated choices, the organisation is responding to the changing marketplace and industry and setting its sights on the future (Abraham, G.L & Chinowsky, P., 2002).

According to Azlina Abd Hamid (2001), construction organisations have their own unique ways of presenting their own prestige, which made them differ from other construction organisations. One organisation would always yearn to expand in order to attain its company objectives. These organisations would find ways and means to attain this objective, thus, adopt various strategies in order to gain reputable names.

Therefore, any attempt to formulate a strategy for improving the performance of the construction organisation would require a reliable understanding of the past, present and probable situation of the industry.

1.3 Problem Statement

In the construction industry, emphasis on project success often leaves little time for construction organisations to look to their future. Constantly changing needs at the project sites require immediate attention from all components of the construction organisation. Due to project demands such as budgets, schedules and quality issues, long-term objectives and corporate issues receive far less attention. Concurrently, extensive academic and industry study in identifying project critical success factors has resulted in less attention being given to corporate management practices.

However, according to industry literature outside of the construction industry, critical success factors need to include issues vital to an organisation's current operating activities and its future success (Boynton and Zmund, 1984).

1.4 Objectives of Study

According to the problem statement which mentioned before, so that a study must be undertaken to address the issues. This has led to the formulation of the objectives of study as follows:

- 1) To identify the factors that influence the success of construction organisation.
- 2) To establish the critical success factors for construction organisation.
- 3) To identify the strategies that are undertaken by the construction organisation in order to be more successful.

1.5 Scope of Study

The scope of this study is narrowed down to simplify the process of information gathering, so it can be analysed within an appropriate time suit. The aspects being considered are:

- a) This study is focusing on contractor's companies.
- b) The respondents are the Grade 7 Contractors.
- c) The area of this study is around Johor Bharu and Kuala Lumpur.

1.6 Methodology

The methodology is set to gather the data for achieving the outlined objectives. The first step is to rationalise the issue to help set up the topic of study. Then the aims and objectives are set. This study employed several methods of data collection for the purpose of objective's achievement. For the knowledge acquisition phase, the literature in connection with the study to be carried out is reviewed through journals, books, newspapers, conference papers and websites. From that information, a set of questionnaire form has been developed. The respondents are the Grade 7 Contractor which located in Johor Bahru and Kuala Lumpur. For the data analysis phase, the data were analysed by using Frequency Analysis and Relative Index technique. The final phase will be the conclusion creation with reference to the objectives, subsequent to the analysis from the interview. Please refer Figure 1.1 : Methodology Flow Chart.

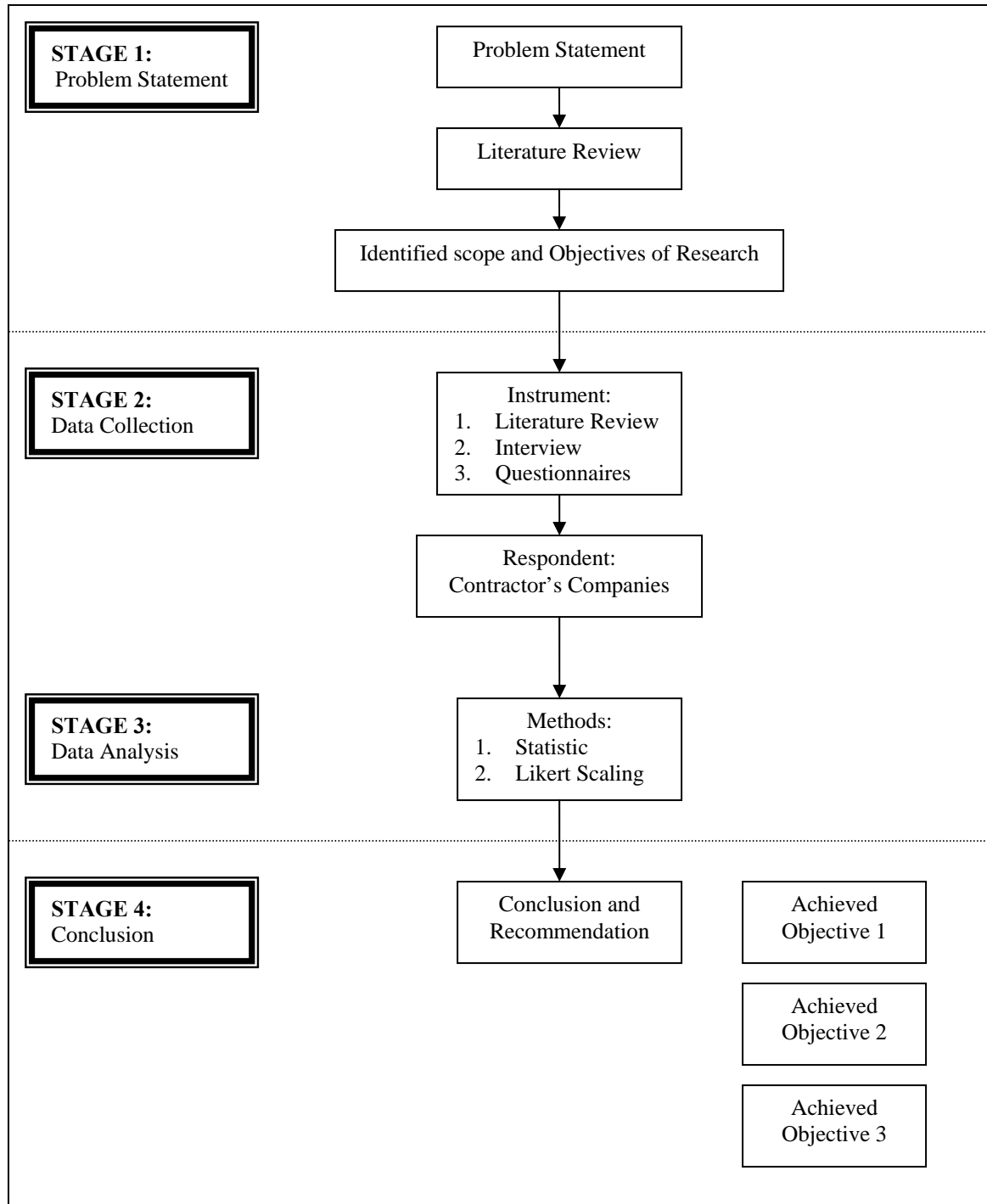


Figure 1.1: Methodology Flow Chart

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