

**IMPACTS OF ORGANIZATIONAL CULTURE TOWARDS PROJECT  
SUCCESS IN CONSTRUCTION INDUSTRY**

**ANIS MASYITAH BINTI MUSA**

**UNIVERSITI TEKNIKAL MALAYSIA MELAKA**

## APPROVAL AND DECLARATION SHEET

I hereby declare that I have read this thesis and in my opinion, this thesis is sufficient in terms of scope and quality or the award of a Bachelor of Technology Management (Innovation) with Honours

Signature : .....

Supervisor : DATIN DR. SURAYA BINTI AHMAD

Date : .....

Signature : .....

Panel : ASSOC. PROF DR. NORFARIDATUL AKMALIAH BINTI  
OTHMAN

Date : .....

IMPACT OF ORGANIZATIONAL CULTURE TOWARDS PROJECT SUCCESS  
IN CONSTRUCTION INDUSTRY

ANIS MASYITAH BINTI MUSA

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## DECLARATION

I hereby, declared this report entitled “Impact of Organizational Culture towards Project Success in Construction Industry” is the result of my own work except summarizes and quotes that everything I have explained the sources.

Signature : .....

Name : ANIS MASYITAH BINTI MUSA

Date : .....

## **DEDICATION**

I dedicate this research to my family, especially to my mother, Madam Senah Binti Jusoh to keep support and give motivation for me in completing my tasks and to my siblings. Deepest thanks and appreciation to my supervisor, Datin Dr. Suraya Binti Ahmad for the best guidance, support and help for this research. Thanks to my panel, Assoc. Prof Dr. Norfaridatul Akmaliah Binti Othman for her comments and guidance for my research. A big thanks to other lecturers for their sharing and guidance to me, and to my friends also for their support and help in completing this research.

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## ABSTRACT

Organizational culture is a pattern of sharing information in a group or in an organization. Organizational culture is a topic that still in debating of researcher. It is an important culture that can help employers or employees of any organization to share information among them. The purpose of this research is to identify the four dimension of culture changes in organizational culture, to examine the most important dimension of culture changes towards project success in construction industry and to analyze the relationship between the four dimension of culture changes and the project success in construction industry. A survey was carried out through a set of questionnaires that involved 170 respondents in construction industry. The respondents were from different age, qualification and position had answered the questionnaires. The collected data were analyzed by inferential analysis. Based on data analysis and findings, there are two dimension of culture changes in organizational culture that have significant value towards project success which is communication and teamwork. Between communication and teamwork, majority of respondents choose teamwork as the most important dimension of culture changes towards project success in construction industry.

## ABSTRAK

*Budaya organisasi adalah corak berkongsi maklumat dalam satu kumpulan atau dalam organisasi. Budaya organisasi adalah topik yang masih dalam perdebatan penyelidik. Ia adalah budaya penting yang boleh membantu majikan atau pekerja mana-mana organisasi untuk berkongsi maklumat di kalangan mereka. Tujuan penyelidikan ini adalah untuk mengenal pasti empat dimensi perubahan budaya dalam budaya organisasi, untuk mengkaji dimensi yang paling penting perubahan budaya terhadap kejayaan projek dalam industri pembinaan dan untuk menganalisis hubungan antara empat dimensi perubahan budaya dan kejayaan projek dalam industri Pembinaan. Satu tinjauan telah dijalankan melalui satu set soal selidik yang melibatkan 170 responden dalam industri pembinaan. Responden adalah dari umur yang berbeza, kelayakan dan kedudukan telah menjawab soal selidik. Data yang dikumpul dianalisis dengan analisis inferensi. Berdasarkan analisis dan penemuan data, terdapat dua dimensi perubahan budaya dalam budaya organisasi yang mempunyai nilai signifikan terhadap kejayaan projek yang merupakan komunikasi dan kerja berpasukan. Antara komunikasi dan kerja berpasukan, majoriti responden memilih kerja berpasukan sebagai dimensi perubahan budaya yang paling penting terhadap kejayaan projek dalam industri pembinaan.*



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## CHAPTER 1

### INTRODUCTION

#### 1.1 Background of study

In early of 20<sup>th</sup> century, an organizational culture defined as a concept that has been the subject of multidisciplinary (Sandrk Nukic, Huemmn, 2016). In 1979, the term of organizational culture was introduced in Pettigrew's paper, on studying organizational cultures, "the organizational climate" emerged in 1939 in the work of the social by the psychologist Kurt Lewin while studying patterns of aggressive behavior in experimenting created social climates (Bellot, 2011).

Study or research in organizational culture in construction industry is in the stage that the researchers still debating on it (Oney-Yazici et al., 2007). There are several recent studies on the organizational culture in construction companies, they are studying on the use of Cameron and Quinn's Competing Value Framework (CVF) and the use of their Organizational Culture Assessment Instrument (OCAI) as the conceptual paradigm for the analyses (Thomas et al., 2002; Nummelin, 2006; Oney-Yazici et al., 2007; Koh and Low, 2008).

There are ten critical factor for the success of a project which is clearly defined projects objectives ,good planning and control methods, good management support, enough time and resources, commitment by all, high user involvement, good communications, appropriate project organization structure



and culture, and being able to stop a project (Elbeik & Thomas, 1998). Most of organization have different corporate culture that they practices. The manager, project manager must be able to understand, read and speak on the culture that they are practicing to develop their strategies, plans and responses (Jumba, 2013).

## **1.2 Content**

### **1.2.1 Construction industry in Malaysia**

Construction industry is one of the important role in Malaysian economy as Malaysia is an developing country, the average value that construction industry contribute to overall gross domestic product over the last five years is 3% from 2008 to 2012 (BNM, 2013). Construction industry also contributed RM34.9 billion to the overall gross domestic product of RM 937.5 billion in 2012 (Yap, 2013). There are some construction project in Malaysia have been awarded in 2012, the total amount is RM 112.5 billion (CIDB Malaysia 2013) and there are a lot of job opportunity in this industry to boost the economy of Malaysia. There are 1.134 million people that have been employed in construction industry in Malaysia in 2011, and it is constitutes 9.2% of the total 12.284 million employed persons (Department of Statistics, 2011).

According to Bernama (2018), Hong Leong Investment Bank (HLIB) have been expect that the construction sector will continue the boom in 2018 with 9% real growth on the back of Malaysia's overall Gross Domestic Product (GDP) growth of 5.3%. The trend for this year is expected to be widespread, but the developing expenditure provided is RM 46 billion for 2018.

### 1.3 Problem statement

Construction industry is one of the important role in Malaysian economy as Malaysia is a developing country. Construction industry also contributed RM34.9 billion to the overall gross domestic product of RM 937.5 billion in 2012 (Yap, 2013). Successful project is a project that can be finished on time, within the required budget and the project outcomes should fully address the business requirements (Jatarona, Yusof, Ismail, Chai, 2016). Project failed can be defined as a project that have been cancelled before completion or never implemented (Nawi, Rahman, Ibrahim).

There are 31% of Information System (IS) project failed to deliver on time and another 31%, within budget (PPIC, 2005). A survey have been conducted and shows that around one-third of IT projects were classified as successful in its studies in 2004, 2006 and 2009, while the failure rate of IT projects has actually increased further since 2004. According to Yeo, (2002), the failure factor have grouped into three organizational categories which is context-driven, content-driven and process driven. In context-driven, the factors dealing is with culture, leadership, and organizational issues, in content-driven, the factors is related to technology and business process, and process driven, the factors is related to strategic formulation and change management or under the influence of the project manager.

Deputy Minister of Urban Wellbeing, Housing and Local Government, Datuk Halimah Mohamed Sadique mention that there are 134 abandoned private housing projects recorded in Peninsular Malaysia between 2013 and November, 2016 (Chang, 2016). There are many public projects are reported as not being completed on time, overrunning cost and not meeting specification (CIDB, 2000 and CIDB 2009). Lack of communication between parties is one of the listed problem in achieving project success (Jatarona, Yusof, Ismail, Chai, 2016).

Those problem that have been facing by the developers and organizations can be relate to the four dimension culture changes that can affect the project success which is communication, teamwork, reward and recognition, and training and development.

#### **1.4 Research questions**

These are the following research question:

- I. What are the four dimension of culture changes in organizational culture?
- II. Which are the most important dimension towards project success in construction industry?
- III. What are the relationship between the four dimension culture changes and the project success in construction industry?

#### **1.5 Research objectives**

These are the following research objectives:

- I. To identify four dimension culture changes in organizational culture.
- II. To examine the most important dimension culture changes towards project success in construction industry.
- III. To analyze the relationship between the four dimension culture changes and the project success in construction industry.

## **1.6 Significance of the study**

The purpose of this study is to determine the effect of organizational culture on the project success. The result may be beneficial to the employees and employers that they may apply into their organization in improving their efficiency or solving problems. This study may form a new area of research in organizational culture and project management. A good management of project may lead to project success that can reflect in a positive way. It will help in reducing any major failure in the project.

## **1.7 Research scope**

This research focused on the organizational culture and project success in the construction industry. It also focused on communication, teamwork, reward and recognition, and training development that can affect the project success. Communication, team work, reward and recognition, and training and development are independent variables whereby project success is the dependent variable. This research will be conducted over one year period which is from September of 2018 to June of 2019. Besides that, the geographic research will be carried out in Malacca and Klang Valley. The method that will be used in this research is through survey. The targeted respondents are among the developers, the employees from technician and above. This research involved both sectors which are the private sector and government sector. The total number of respondents are 205 based on Krejcie and Morgan table.

### **1.8 Limitation of the study**

Throughout to this research, there has encountered the several limitations. Firstly, this research is due to time and resources constraints, this research covered one year period of time only. The researcher has a limitation in getting permission from the company authorities to obtain and distribute the survey was seen as one of the challenges in conducting this research. Besides that, the researcher also may face the challenges in getting the cooperation from the employees and organizations involved. They may do not give cooperation and unwilling to participate to answering the questionnaire as they are overloaded with tasks and works. Some of the respondents also may do not return the questionnaire after completion the survey.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter is about literature. The following literature review provides a foundation for the study on organizational culture and project success. This study emphasize in detail on the dimensional of organizational culture and the determinants of success or failure of a project followed by te empirical review. An insight of previous studies on the project success and organizational culture will be in the empirical review. Finally, a summary of the research gaps and framework of the dependent and independent variables will closes this literature review.

#### **2.2 Organizational Culture**

Organizational culture driving an effective QMS-ISO 9001 implementation, affecting the companies' effectiveness (Debby, Coffey, 2016). There are four elements in organizational culture which is Clan Culture, Adhocracy Culture, Market Culture and Hierarchy Culture. Clan Culture is a friendly working environment and similar to a large family. They are emphasizes a loyalty and tradition in their organization. They more prefer for work in teamwork, participation and consensus. Adhocracy Culture, the leader is an innovator, entrepreneur, visionary and they are a risk takers person. They prefer to innovate outputs, do some transformation and

agility in doing works. Market Culture, the organization style is based on competition, types of leader in this organization are hard drivers, producers and a competitors, and they also have a high expectation on something they have done. Hierarchy Culture, a culture that is formalized and structured work environment. The value drivers are efficiency, timeliness, consistency and uniformity.

Organizational culture have been discussed by many researchers and professionals since 1980s and have led to many studies on it over the years. Organizational culture is a pattern of shared information that have been learned by a group and it help them in solving the problem of external adaption and internal integration, it has worked well enough to be considered valid and to be taught to the new members as the correct or new ways to perceived, think and feel in relation to the problems (Schein, 2004). Organizational culture is one of the major distinguishing feature of successful companies such as Toyota and General Electric (Cameron and Quinn, 2011).

Developing a corporate culture supersedes these factors such as corporate strategy, market presence and technological advantage even though organizational culture is not the factor that affect the company success (Arditi, Nayak, Damci, 2016). Organizational culture plays a major role that can guide and shape behavior (Rashid, Sambasivan et al. 2004), it can influence or give a positive effect on the individual within the organizational (Cheung, Wong et al. 2011).

Organizational culture is a set of values that can help employees to understand the company stand for, how they do their tasks and what is important for company, these values are given benefit for both employees and employers (Trigunarsyah, 2017). According to Huemann, (2016), organizational culture defined as a traditional concept that attract researchers to emphasize on its industry specific characteristics, culture is one of the most important reasons for a specific difficulties that related to the construction process. Organizational culture is a complete concept with many definitions. Culture are influencing the values in the workplace, human

mind collective programme that make the members of group different from the other group (Hofstede et al., 2010). Organizational culture can affect the organization and on individual in positive ways (Cheung, Wong et al. 2011), as it plays a major role that can guide and shape the behavior (Rashid, Sambasivan et al., 2004).

Communication, team work, reward and recognition, and training and development are four dimension of culture changes. These four dimension of organizational culture change is selected because it was identified that those four have given the big impact on employee behavior and attitudes (Recardo, Jolly, 1997).

### **2.3 Communication**

There are different types of communication during project, such as oral, written and non-verbal (Jumba, 2013). The important of communication in project success is more obvious now as many of communication forums used by the project manager in spreading the important information. Organizational communication is a process of interaction between individuals and groups with different field in many ways which is lead to their intention to achieve the organization goals (Smidts et al, 2001).

There's some opinion that communication is an important element to improve employees' productivity to get a positive outcomes (Goris et al, 2000). According to Jumba, (2013) it is important to have a good communication planning and set the right expectation with the project stakeholders. There are variety types of communication during project, oral, written and non-verbal.