

R.

PERPUSTAKAAN UNIVERSITI MALAYA

ACI-0611  
INV 9/2/01

# CORPORATE STRATEGIES FOR A LOCAL CONSTRUCTION FIRM

Tang Weng Yin

Bachelor of Civil Engineering

University of Technology

Malaysia

1992

Submitted to the Faculty of Business and Accountancy,  
University of Malaya, in partial fulfillment  
of the requirements for the Degree of  
Master of Business Administration

March 1999

Perpustakaan Universiti Malaya



A510143954

Dimikrofiskan pada 22.02.2002  
No. Mikrofis 1523C  
Jumlah Mikrofis 1

HAMSIH BT. MOHAMMAD ZAHARI  
UNIT REPROGRAFI  
PERPUSTAKAAN UTAMA  
UNIVERSITI MALAYA

UPR

THIS DISSERTATION CONTAINS INFORMATION VITAL TO ABRIC CLADDING SDN. BHD. AS SUCH, THE CONTENTS OF THIS DOCUMENT SHOULD BE TREATED AS CONFIDENTIAL AND NO DISCLOSURE OF ITS CONTENTS IN PART OF FULL SHALL BE MADE WITHOUT THE AUTHOR'S WRITTEN AND PRIOR APPROVAL.

## **ACKNOWLEDGEMENTS**

I wish to thank my Project Supervisor, Dr. Abdul Latiff Salleh for his encouragement, valuable advice and contribution towards my writing of this dissertation.

I also wish to take this opportunity to express my heart-felt appreciation to my UM's MBA 1996 intake coursemates for their support in completing this dissertation on time.

Lastly, but not least, I also wish to acknowledge the support of my parents for me through the years.

## **EXECUTIVE SUMMARY**

### *THE COMPANY*

The main aim of this study is to evaluate the current situation of Abric Cladding Sdn. Bhd. (ACSB), a fully owned subsidiary of Abric Berhad and to analyze the causes of declining market share and poor profit. Founded in 1984, ACSB was one of the pioneer local companies in the field of curtain walls, cladding, glazing and various other aluminium and glass architectural works for building projects.

### *THE PROBLEMS*

Due to current economic turmoil in Malaysia and, in fact, the whole Asian countries, the construction industry in Malaysia is expected to contract by - 19.2% in 1998 (Economic Report 1998/99). The economic turmoil rendered a lot of abandoned or deferred projects. Companies which are not financially sound face severe difficulties caused by the financial crunch and many are saddled with considerable of bad debts. By categorizing construction industry as a non-productive sector in July 1997 (later re-affirmed as productive sector in June 1998), the government aggravated the already dampening construction industry. As a company involved in construction related companies, Abric Cladding Sdn. Bhd. (ACSB) also face the brunt of the recession.

The study purports to examine and recommend steps to be taken by ACSB to ensure its survival.

## *METHOD*

With a detail situation audit on ACSB's internal and external environment derived through secondary data and personal interviews, appropriate strategic plans are recommended for implementation.

The methodology used involve the Strategic Management process modelled by Johnson and Scholes, Porter's Generic Competitive Strategies and Structural Analysis to examine the forces facing ACSB's task and general environment. This internal analysis examines the present situation and performance of ACSB. A review on its financial appraisal, market segmentation and challenges will also be conducted. This is followed by an external analysis which entails an insight into the curtain walls and cladding industry as well as the macro political and economic situations.

## *FINDINGS*

This analysis indicates that the diminishing ACSB's market share and profit is due to the current economic turmoil and without competitive strategies to sustain its competitive advantages.

## *RECOMMENDATIONS*

Two levels of strategy actions are recommended. Firstly, to capture and increase ACSB's market share domestically and globally. Secondly, to revitalize the activities by creating and strengthening the core competencies to sustain its competitive advantages.

Finally, recommended strategic action plans for ACSB are structured for immediate implementation. In this current economic turmoil, although short term planning is much more favourable, ACSB should emphasize on long term planning in order to survive and remain competitive in the construction industry.

# TABLE OF CONTENTS

	<b><u>DESCRIPTION</u></b>	<b><u>PAGE</u></b>
	Title Page	i
	Statement of Declaration	ii
	Acknowledgement	iii
	Executive Summary	iv
	Contents	vi
	List of Tables	viii
	List of Appendices	ix
<b>Chapter 1</b>	<b>INTRODUCTION</b>	<b>1</b>
	1.1 Background of Study	1
	1.2 Objectives of the Study	2
	1.3 Scope of Study	2
	1.4 Sources of Information	2
	1.5 A Brief Literature Review	3
<b>Chapter 2</b>	<b>COMPANY PROFILE</b>	<b>4</b>
	2.1 Background Review of Abric Bhd. and ACSB	4
	2.1.1 Abric Berhad	4
	2.1.2 Abric Cladding Sdn. Bhd.	5
	2.1.2.1 Services Offered	6
	2.1.2.2. History of Curtain Wall and Cladding	7
	2.1.2.3 Major Players	8
<b>Chapter 3</b>	<b>ENVIRONMENTAL ANALYSIS</b>	<b>9</b>
	3.1 Internal Environmental	9
	3.1.1 Financial Audit for ACSB	9
	3.1.2 SWOT Analysis	10
	3.1.3 Current Management Style and Corporate Culture	15

	<b><u>DESCRIPTION</u></b>	<b><u>PAGE</u></b>
	3.2 External Environment	16
	3.2.1 Structural Analysis of the curtain walls and cladding industry	16
	3.2.2 Market Trends	21
<b>Chapter 4</b>	<b>STRATEGIC CHOICE AND IMPLEMENTATION</b>	<b>29</b>
	4.1 Strategic Choice	29
	4.1.1 Overall Strategic Direction	29
	- Capture and Increase Market Share	
	4.1.2 Specific Strategy	31
	- Revitalize and Strengthening Core Competencies	
	4.2 Strategic Implementation	36
	4.2.1 Build Contract Team As A Core Capability	37
	4.2.2 Maximise New Projects By Adding Value To Marketing Activity	39
	4.2.3 Ensure That Appropriate Support Functions Have The Necessary Capabilities To Serve The Targets Markets	40
	4.3 Role of Top Management	41
<b>Chapter 5</b>	<b>CRITIQUE ON METHOD EMPLOYED</b>	<b>43</b>
<b>Chapter 6</b>	<b>CONCLUSION</b>	<b>46</b>
	<b>REFERENCES</b>	<b>48</b>

## LIST OF APPENDICES

Appendix A : Group Structure of ABRIC BERHAD

Appendix B : Organization Chart of ACSB

Appendix C : Solving Problem Solving - Exploring and Making Decisions



## LIST OF TABLES

<b><u>Table No.</u></b>	<b><u>Description</u></b>	<b><u>Page</u></b>
2.1	Turnover and Profit for Abric Berhad	5
3.1	Turnover and Profit for Abric Cladding Sdn. Bhd.	10
3.2	Competencies Analysis	18
4.1	Characteristics of the Most Successful Organizations	33
4.2	Major Root Causes	34
4.3	Build Competent Team to Identify Target Market	37
4.4	Build Competent Team to Prepare Effective Business/Marketing Plan	38
4.5	Maximise New Projects by Adding Value to Marketing Activity	39
4.6	Ensuring Support Functions Have the Necessary Capabilities	40