

UNIVERSITI TEKNOLOGI MARA

**ORGANISATIONAL EFFICACY AND
THE ROLE OF MANAGEMENT
CONTROL SYSTEMS ON
CORPORATE SUSTAINABILITY OF
THE CONSTRUCTION INDUSTRY**

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ABSTRACT

This dissertation aims at providing a better understanding of corporate sustainability by firstly examining the relationship between Organisational Efficacy and Corporate Sustainability, secondly by examining the relationship between Organisational Efficacy and Management Control Systems, and lastly by examining the extent to which Management Control System dimensions mediate the relationship between Organisational Efficacy and Corporate Sustainability in the housing development construction industry context. The research model was grounded in the corporate sustainability model. In addition, two theoretical lenses were adapted for this study. Firstly, collective efficacy theory was adapted to explain the direct relationship of organisational efficacy with corporate sustainability, and levers of control theory was adapted to explain the mediating effects of management control system. The study was conducted among housing development contractors listed in the Real Estate and Housing Developer Association (REHDA) and Bursa Malaysia with 84 respondents from the Central and Southern region of Peninsular Malaysia. The empirical approaches that applied PLS-SEM were identified through a literature search. The results were evaluated by standard reliability and validity measures for PLS-SEM, and the structural equation model estimation produced reasonable results. The presence study showed that all hypotheses were supported. The empirical results of this study led to several significant findings, which show that organisational efficacy positively influences corporate sustainability. Further, management control system has positive significant mediation effect on corporate sustainability within the housing development construction industry. Theoretically, this study provides a theoretical model that explains the importance of corporate sustainability within a housing development construction industry context. The theoretical contribution of this work is that it extends the corporate sustainability framework. The construct (i.e., management control system) was demonstrated to mediate significantly the relationship between organisational efficacy and corporate sustainability. Further extension includes the demonstration of how collective efficacy and levers of control theory were used to predict the relationships in the model.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

This opening chapter seeks to cast light on the subject and the purpose of this study. It aims to introduce, justify and position the research effort. It starts off by providing an overview of the research topic, followed by the research problem, objectives of the study, research questions, scope of the study, as well as potential contributions of the research to the existing body of knowledge and to practitioners.

1.2 Research Background

Sustainability is an extensive, logical concept that equalises the need for economic growth with environmental protection and social equity. Sustainability is defined as “the development that meets the need for the present generation without compromising the ability for future generations to meet their needs” (Dwikojuliardi, 2016). This leads to the introduction of the term sustainable development, because development involves meeting the needs of current generations without evading the ability of future generations to accommodate their needs. Sustainable development is also known as a process of change in which the manipulation of resources, investment routes, technological development orientation, and institutional change are all in unison and work to enhance both current and future potentials to meet individual needs and goals.

In addition, sustainable development is said to be a collective method to relieve poverty, improve the standards of living, satisfy the basic needs of peoples while taking steps to avoid irreversible damage to the natural environment in the long term (Dwikojuliardi, 2016). Through the Brundtland Report, the United Nations stated that the World Commission also recommends the use of ‘sustainable development’ for environmental protection and economic development.

From here, sustainable development combines economic perspectives, social justice, environmental issues, business management, politics and law. To be in a position of sustainable development, an organisation needs to address important