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Coercive pressure as a moderator of organizational structure and risk management: Empirical evidence from Malaysian construction industry

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ABSTRACT

Introduction: The construction industry in Malaysia has been bedevilled by myriads of risk issues that have hampered its smooth operations in recent times. This paper is an empirical assessment that aims to examine the effect of coercive pressure on the relationship between organizational structure and construction risk management among construction industry in Malaysia. *Method:* Based on the proposed model, a quantitative method was employed to obtain data from G7 construction industry operating within the peninsular Malaysia. Out of the 180 copies of questionnaire, 165 copies were properly filled, returned, and used for the analysis. PLS-SEM was used to analyze the obtained data. *Results:* The findings of the study affirmed that specialization, centralization, and management of risk by the construction industry had positive correlation. *Conclusions*: As anticipated, coercive pressure had positive moderating correlation with both formalization and the management of risk by the construction industry. Similarly, it was also found that in the course of carrying out construction activities, coercive pressure made significant interactive influence on formalization, specialization, and centralization. *Practical Applications*: Coercive pressure reduced the frequency of accidents among workers in the process of carrying out construction works.

1. Introduction

The construction industry is a fast-growing sector with significant contributions to the economic growth of any country (Farooq et al., 2018). It also helps in improving the quality of life of citizens by providing the necessary socio-economic infrastructure such as roads, hospitals, schools, and other basic facilities. Despite the global economic downfall, the construction industry contributes significantly to the Gross Domestic Product (GDP) of Malaysia's economy. As reported by CIDB (2020), the construction sector has been consistently contributing an average of 3.8% over the last 30 years. Furthermore, the Malaysian construction industry is rapidly growing and improving significantly (Bamgbade et al., 2018). This sector has registered a strong growth of 4.7% in 2019 and 5.9% for the first quarter of 2020, as against the overall GDP growth of 6.7% during the first quarter of the year. Hence, a lot of money is invested to sustain the growth of the construction industry (World Bank, 2020).

According to Muhammad (2017), 28 major construction risks factors that lead to delay due to improper effective construction risk management with their effects on the construction projects in Malaysia are identified. The leading factors are inadequate finance and payments for completed project; lack of materials; labor supply; failure in the availability of equipment; poor communication between parties; and misapprehension during construction works. Risk management is one of the most important procedures in project management (Artto & Wikstro, 2005; Adeleke et al., 2019).

Risk management is the term designated to the formalized process involved in the control of risk occurrences with a view to quickly make proper decisions and take actions that will produce effective results (Omer and Adeleke 2019). The way this process is frequently carried out is by individual's level of experience and intuition (Hassan et al., 2012). Because each construction project is dynamic and unique, construction operations comprise several uncertainties, various techniques, multiple intricacies, and divergent environments. Thus, identifying and managing the possible risk factors that are different from one project to another is contingent on playing a vital role in improving the performance, so as to attain the successful delivery of the project (Haupt, 2018).

Risk in construction projects is the occurrence of uncertain situations that have the possibility of having either negative or positive consequences on scope, cost, time, and quality of a project as specified (Project Management Institute, 2008). As far as this study is

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