

**FACTORS INFLUENCING PROJECT  
PERFORMANCE OF THE CONSTRUCTION  
COMPANY: A CASE STUDY OF RENEUCO  
ENGINEERING SDN. BHD.**

**AHMAD SAYUFEI BIN ZAINUDDIN**

**ASIA e UNIVERSITY  
2025**

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CONSTRUCTION COMPANY: A CASE STUDY OF RENEUCO  
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AHMAD SAYUFEI BIN ZAINUDDIN

A Thesis Submitted to Asia e University in  
Fulfilment of the Requirements for the  
Doctor of Business Administration

September 2025

## ABSTRACT

Construction projects frequently encounter failure due to the combined effects of managerial, financial, and operational shortcomings. This study investigates the factors contributing to project failure at Reneuco Engineering Sdn. Bhd., a Malaysian construction company engaged in housing and development projects. Grounded in the Resource-Based View (RBV) and Contingency Theory, the research highlights how organizational resources, strategic alignment, and contextual responsiveness influence project performance. A qualitative single-case study methodology was employed, involving 12 semi-structured interviews with contractors, consultants, and developers, supported by analysis of company reports, archival records, and site observations. The findings reveal that weak financial management, including poor cash-flow monitoring and insufficient capital, was the most critical determinant of failure. Inadequate planning and cost control, particularly inaccurate estimates, frequent scope changes, and scheduling delays, further aggravated performance risks. Deficiencies in risk management and quality oversight made projects vulnerable to preventable setbacks, while speculative funding models such as Malaysia's "sell-then-build" approach increased exposure to project abandonment during market downturns. Theoretically, the study contributes by demonstrating the combined explanatory power of RBV and Contingency Theory in understanding construction project failures within emerging markets. Practically, it offers actionable insights for contractors and project managers, emphasizing the importance of robust financial controls, proactive risk identification, and collaborative governance frameworks. For instance, practices such as regular budget audits, progress reviews, and clear communication protocols emerged as effective safeguards against overruns and delays. Overall, the case of Reneuco Engineering underscores that improving project governance, strengthening financial discipline, and aligning management practices with contextual contingencies are vital to enhancing resilience and sustainability in the Malaysian construction industry.

**Keywords:** Impact of COVID-19 pandemic, construction industry, housing development, research, study, social-economy, analysis, company and government policy

## **APPROVAL**

This is to certify that this thesis conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, for the fulfilment of the requirements for the Doctor of Business Administration

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(26 September 2025)

## DECLARATION

I hereby declare that the thesis submitted in fulfilment of the requirements for the Degree of Doctor of Philosophy is my own work and that all contributions from any other persons or sources are properly and duly cited. I further declare that the material has not been submitted either in whole or in part, for a degree at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the programme and/or exclusion from the award of the degree.

**Name: Ahmad Sayufie bin Zainuddin**

A handwritten signature in black ink, consisting of a stylized initial 'A' followed by a long horizontal stroke and a small mark below it.

**Signature of Student:**

**Date: 26 September 2025**



## ACKNOWLEDGEMENTS

*Alhamdulillah, Syukran Ya-Allah* for all the uncountable blessings YOU has bestowed on me to accomplish this Thesis and my Doctorate Degree, and for mercies and guidance along the journey of my study and task. It has been a great honour to me. An immense appreciation and thanks to my DBA advisor and supervisor; Dr. Khairul Nizam Mahmud, DBA Coordinator of Asia e University. Dr. Khairul Nizam Mahmud, support and guidance throughout the project from you have been invaluable. You have been a fantastic primary supervisor, and being able to discuss ideas with you really has been very helpful. Thank you to all the academics especially Puan Nor Azlina, from whom I've learned so much and who helped me get to this stage. My sincerest thanks to Prof. Dr. Juhary Ali and Prof. Dr. Noor Raihan, as well as the Apel-Q team for being so supportive. Your inclusivity is very much appreciated. Thanks also to all friends and colleagues who participate in my survey/ research/ interview/ questionnaires. Very Special Thanks of course to my beloved family for their endless and invaluable support and encouragement. To my wife, Wan Azlin Wan Zahary, thanks for your warmest love, patient, and continued spiritual support, without which I would have never followed this path. This Thesis and my Doctorate Degree also dedicated to my very dear mother Hajah Patmah Hashim as well as to the loving memory of my late father Haji Zainuddin Tahir; for the determination to educate me from my first breath. This piece of victory and success is especially dedicated to both of you. *~Aamiin.*

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## LIST OF ABBREVIATION

BOD	Board of Directors
CEO	Chief Executive Officer
CIDB	Construction Industrial Development Board
COVID-19	Corona Virus Disease 2019
EMCO	Extended Movement Control Order
JKR	Jabatan Kerja Raya (Department of Works)
KKR	Kementerian Kerja Raya Malaysia (Ministry of Works)
KPKT	Kementerian Perumahan dan Kerajaan Tempatan
LFH	Learn from Home - remote education
MCO	Movement Control Order
PKMM	Persatuan Kontraktor Melayu Malaysia
PR1MA	Perumahan Rakyat 1 Malaysia
REHDA	Real Estate and Housing Developers' Association Malaysia
RENEUCO	RENEUCO Engineering Sdn. Bhd.
SLR	Systematic Literature Review
SMEs	Small Medium Enterprises
SOP	Standard Operation Procedure
SPNB	Syarikat Perumahan Negara Berhad
WFH	Work from Home - Remote Working

# CHAPTER 1

## INTRODUCTION

### 1.0 Overview of Chapter 1

The global construction sector plays a pivotal role in economic growth and societal development, contributing significantly to infrastructure, employment, and urbanization. However, despite its importance, the industry is consistently plagued by challenges such as project delays, cost overruns, resource mismanagement, and inadequate risk planning. Studies across Europe, North America, and Asia have demonstrated that up to 70% of construction projects fail to meet their original cost, quality, or schedule targets, underscoring systemic weaknesses in project management practices (Flyvbjerg, 2021). These persistent failures have raised concerns about governance, sustainability, and long-term resilience within the global construction landscape.

Within the ASEAN region, construction industries are expanding rapidly to meet urbanization and housing demands, particularly in countries such as Indonesia, Vietnam, Thailand, and Malaysia. Yet, similar patterns of project mismanagement persist. Issues such as poor planning, weak financial monitoring, limited technological integration, and workforce shortages remain widespread (Pheng & Hou, 2019). Moreover, ASEAN economies face added complexity due to varying regulatory frameworks, reliance on foreign labor, and exposure to global supply chain disruptions. These factors highlight the urgent need for stronger project management frameworks and adaptive strategies to enhance resilience in the region's construction sector.

In Malaysia, the construction industry is both an economic driver and a sector vulnerable to recurring performance failures. Despite contributing substantially to the

nation's GDP and job creation, the industry is often associated with abandoned projects, budget overruns, and disputes among contractors and stakeholders (Olanrewaju et al., 2021). The outbreak of COVID-19 further amplified these vulnerabilities, as project suspensions, labor shortages, and supply chain disruptions caused widespread financial and operational strain (Tan et al., 2022). For Malaysian firms such as Reneuco Engineering Sdn. Bhd., these issues are not abstract challenges but lived realities, as the company continues to struggle with project delivery across housing and infrastructure developments. Recurring performance problems including financial mismanagement, inadequate planning, weak risk management, and regulatory compliance issues raise critical concerns about the sustainability and resilience of construction projects in the country.

Against this backdrop, the present study provides a focused case analysis of Reneuco Engineering Sdn. Bhd. to uncover the underlying factors that contribute to project performance and failure. By linking global, regional, and national perspectives, this research establishes the broader relevance of project management challenges while situating them within Malaysia's unique construction environment. The findings aim to generate meaningful insights that inform not only academic discourse but also practical recommendations for contractors, developers, policymakers, and other stakeholders to strengthen project governance and mitigate risks in the future.

## **1.1 Research Background**

The construction industry in Malaysia has long been recognized as a critical driver of national development, contributing significantly to infrastructure, employment, and economic growth. However, it has also been plagued with persistent issues such as project delays, cost overruns, labour shortages, regulatory challenges, and, in some instances, complete project performances. These challenges were further amplified by

the onset of the COVID-19 pandemic, which brought unprecedented disruption to the global and local economy, including the construction sector. This case study on Reneuco Engineering Sdn. Bhd. aims to explore and identify the underlying factors that have contributed to project performances within the company, with a broader reflection on the implications for the Malaysian construction industry. The global outbreak of COVID-19, caused by the SARS-CoV-2 virus, led to widespread health crises, economic shutdowns, and significant operational disruptions across all sectors. In Malaysia, the pandemic escalated quickly from the first confirmed cases among travellers from China in January 2020 (Sipalan & Holmes, 2020), to a nationwide crisis fuelled by local clusters, including the notable religious gathering in Sri Petaling, Kuala Lumpur (Ng, 2020). By the end of March 2020, active cases surged past 2,000, prompting the government to impose a nationwide Movement Control Order (MCO) beginning 18 March 2020 (From the Desk of the Director-General of Health Malaysia, 2021). The construction industry, deemed non-essential during the initial phases of the lockdown, was severely affected as project sites were forced to shut down, supply chains were interrupted, and labor movement was heavily restricted.

As the MCO extended into multiple phases, transitioning from CMCO to RMCO (Tee, 2020; Yusof, 2020), construction companies like Reneuco Engineering Sdn Bhd faced mounting challenges, including project suspension, workforce management, delayed approvals, and escalating costs. The situation worsened during the third wave of infections in late 2020 following the Sabah state elections and outbreaks in industrial facilities such as Top Glove (Rampal & Liew, 2021). The government reintroduced stricter MCO restrictions in January 2021 and eventually declared a nationwide state of emergency on 12 January 2021, suspending

parliamentary activities and intensifying control measures (Free Malaysia Today, 2021).

The cumulative effect of these disruptions led to widespread project delays, contractual disputes, and financial strain for construction firms. Companies like Reneuco Engineering Sdn. Bhd., engaged in both housing and broader infrastructure projects, found themselves grappling with unpredictable site closures, fluctuating material costs, and difficulties in meeting contractual obligations. Even though the government attempted to ease restrictions by March 2021, the situation regressed with the spread of the Delta variant, leading to a total lockdown from 1 June 2021 (Babulal, 2021). Despite efforts to transition COVID-19 into an endemic phase by the end of 2021, subsequent waves, including the highly transmissible Omicron variant, continued to challenge recovery efforts (The Star, 2021; Ying, 2022).

As of early 2023, Malaysia had recorded over 5 million confirmed cases and nearly 40,000 deaths, ranking third in Southeast Asia behind Vietnam and Indonesia (Center for Strategic and International Studies, 2021; Ministry of Health Malaysia, 2022). Although over 80% of the population has been fully vaccinated (Ministry of Health Malaysia, 2022), the lingering effects of the pandemic combined with structural industry weaknesses continue to impact project viability and performance. The study thus seeks to investigate how Reneuco Engineering Sdn. Bhd. was specifically affected by these dynamics and to examine the broader systemic, managerial, and operational factors contributing to project performance. By understanding these issues within the context of a real-life case, the research intends to offer insights that can inform more resilient project planning, risk management, and policy development for the Malaysian construction sector moving forward. The COVID-19 pandemic has profoundly disrupted Malaysia's socio-economic landscape, with far-reaching consequences for

industries across the nation, particularly within the construction sector. One of the most significant outcomes was the sharp contraction of the national economy, which in turn destabilized the financial foundation of many businesses, including construction firms like Reneuco Engineering Sdn. Bhd.

As containment measures such as the Movement Control Order (MCO) were implemented, the Malaysian economy experienced its steepest decline in over two decades. Real GDP growth, which had previously been forecasted at 4.0% for the year 2020, was drastically revised to a negative growth of -2.9%, reflecting the scale of the economic disruption caused by the pandemic (Central Bank of Malaysia, 2020).

The shock to the economy reverberated across all sectors, with small and medium enterprises (SMEs) the backbone of Malaysia's business environment facing unprecedented challenges that threatened their very survival. Job losses reached alarming levels, with estimates suggesting that approximately 2.4 million individuals were rendered unemployed due to the economic slowdown, a staggering 67% of whom were unskilled workers (Central Bank of Malaysia, 2020).

The labour-intensive nature of the construction industry meant that it was particularly vulnerable to such workforce reductions. This shortage of labour, combined with operational halts, supply chain disruptions, and restricted site access, severely impacted ongoing construction projects and contributed to multiple instances of project delays and performances. Companies such as Reneuco Engineering Sdn. Bhd., which rely heavily on both skilled and unskilled workers for timely project execution, faced escalating costs and diminishing cash flow, putting immense pressure on their operational viability.

The overall contraction of Malaysia's economy by 5.6% in 2020 marked the steepest downturn since the Asian Financial Crisis in 1998, during which the economy

shrank by 7.4%. Even the 2009 Global Financial Crisis saw a comparatively smaller contraction of 1.5% (Department of Statistics Malaysia, 2021). This economic downturn not only affected private sector investments and consumer demand but also strained public infrastructure spending, further impacting the construction industry.

The ripple effects of these economic challenges were acutely felt by companies engaged in both housing development and infrastructure projects, as project financing became more difficult, government approvals slowed, and investor confidence diminished. For Reneuco Engineering Sdn. Bhd., the intersection of economic contraction, workforce limitations, material shortages, and regulatory constraints created a perfect storm that contributed to the performance of several construction projects. Many contractors faced difficulties in mobilizing teams, sourcing materials at stable prices, and maintaining compliance with frequently updated standard operating procedures (SOPs). These pressures, compounded by uncertain cash inflows and increased overhead costs, led to project cost overruns, missed deadlines, and in some cases, complete project cessation. In light of these challenges, this study aims to examine the root causes that led to project performances within Reneuco Engineering Sdn. Bhd. during and following the pandemic period.

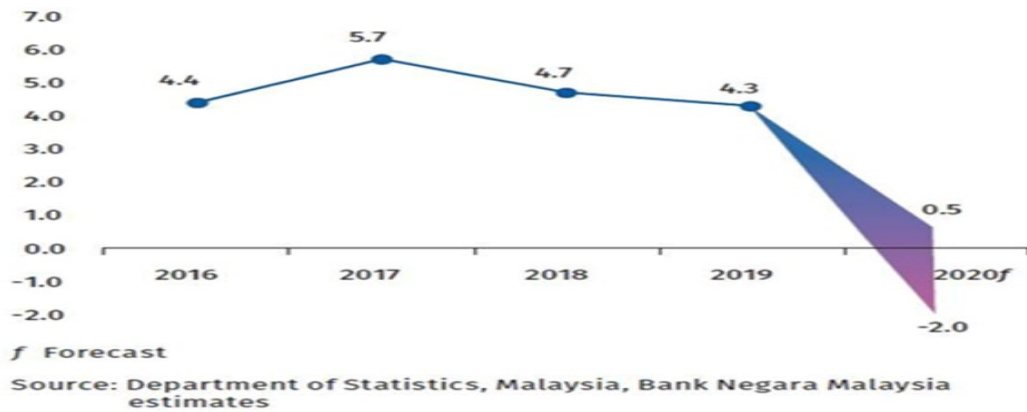
By analyzing the relationship between macroeconomic conditions and project performance in a real-world case study, this research seeks to provide deeper insights into how economic volatility exacerbated by health crises can derail construction project success. These findings are not only critical for Reneuco and similar firms but also for policymakers, financiers, and industry stakeholders seeking to build more resilient project management frameworks in the face of future crises. The economic downturn triggered by the COVID-19 pandemic significantly weakened Malaysia's

macroeconomic indicators, leading to a cascading impact on various sectors, particularly construction.

In 2020, Malaysia's Gross Domestic Product (GDP) at current prices was recorded at RM1.42 trillion, while the GDP at constant 2015 prices stood at RM1.34 trillion, indicating a marked decline in overall economic performance. This contraction in national output was a direct consequence of suppressed domestic economic activities and disruptions in the external trade sector, both of which severely affected the financial health of construction companies (Department of Statistics Malaysia, 2021).

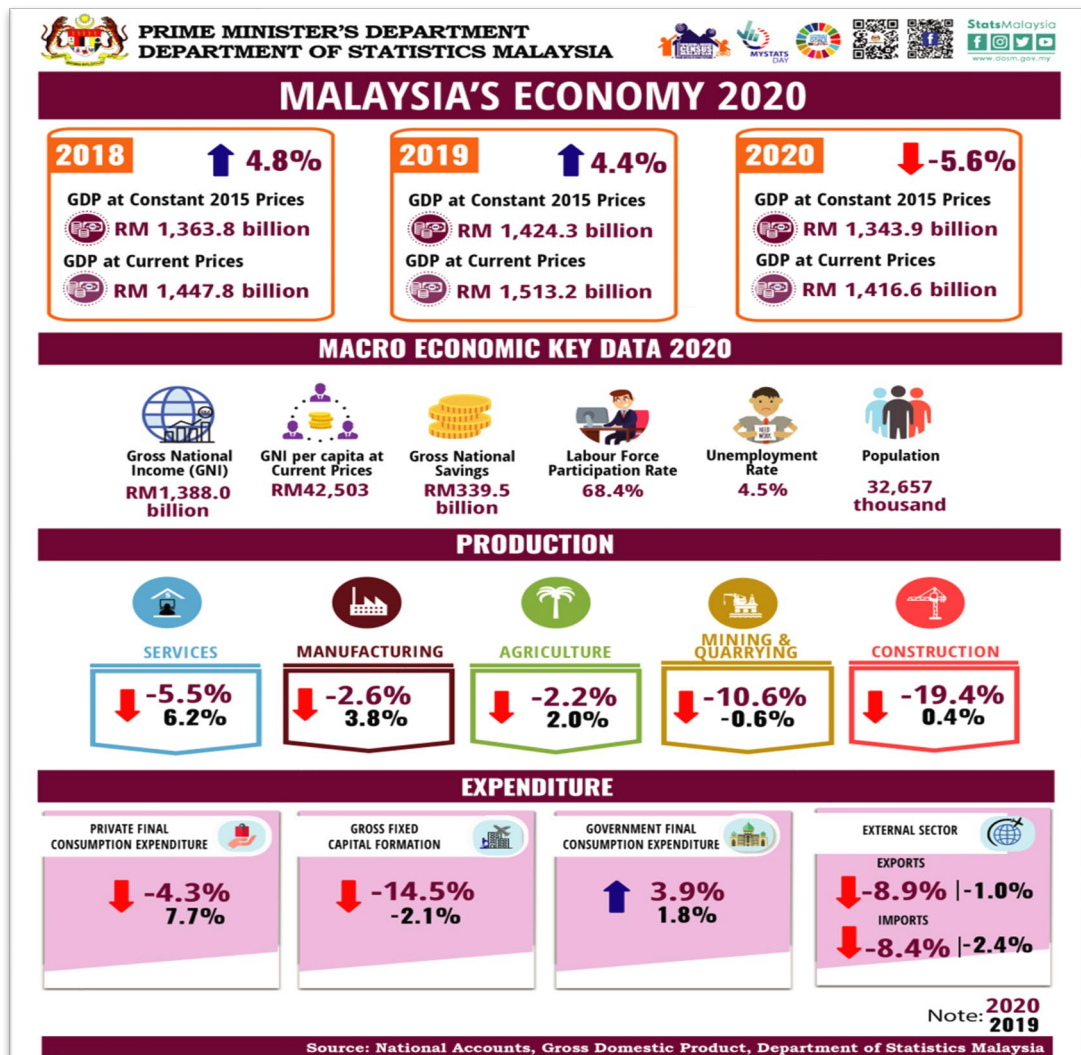
One of the most telling indicators of this economic distress was the fall in Gross National Income (GNI) per capita, which dropped to RM42,503 in 2020 from RM45,311 in the previous year. This decline in national income signified reduced individual and corporate purchasing power, leading to decreased investments in property and infrastructure projects key revenue streams for firms like Reneuco Engineering Sdn. Bhd. In this strained environment, construction firms struggled to sustain operations, secure new contracts, and complete ongoing projects, which collectively contributed to a rise in project performances. As such, the economic deterioration during this period was a critical external factor that exacerbated project risks and performances in the construction industry.

Figure 1.1: Malaysia's GDP Growth 2016-2020

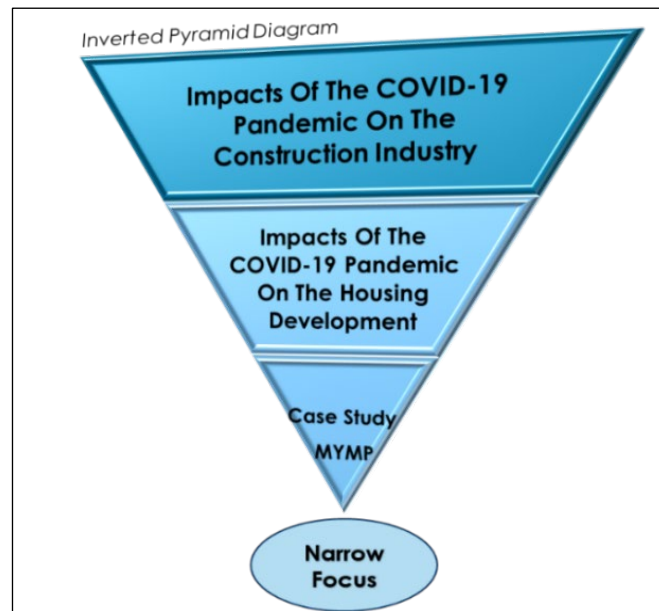


Source: Central Bank of Malaysia (2020)

Figure 1.2: Malaysia's Economy Outlooks 2020



**Figure 1.3: Inverted Pyramid: The Most Focused Issues**



## 1.2 Background of the Study

The initial focus of this research is to investigate and identify the key contributing factors that led to project performance within the Malaysian construction industry, with a specific emphasis on the challenges faced by Reneuco Engineering Sdn. Bhd. during and following the COVID-19 pandemic. As one of the most significantly impacted sectors, the construction industry in Malaysia experienced unprecedented disruptions brought about by nationwide restrictions and the enforcement of the Movement Control Order (MCO). The strict halt of most construction activities during the MCO period led to the complete suspension of work at project sites, impacting scheduling, labour mobility, supply chain logistics, and financial sustainability. Even after the gradual easing of lockdown measures, industry players, including Reneuco Engineering Sdn. Bhd., continued to face serious operational hurdles due to the imposition of rigorous standard operating procedures (SOPs) aimed at maintaining health and safety at construction sites.

These stringent SOPs, while necessary for public health, severely restricted normal working conditions and altered the project delivery landscape. The workforce had to be downsized or reorganized into shifts to maintain social distancing, which reduced productivity levels and increased labour costs. In many instances, supply chain bottlenecks delayed the delivery of critical materials and equipment, further impacting project timelines. Reneuco Engineering Sdn. Bhd., like many mid-sized construction companies, encountered escalating operational costs due to these disruptions, while simultaneously facing contract penalties and reduced cash flow, pushing projects toward financial unsustainability.

The compounded impact of workforce limitations, increased compliance costs, reduced demand for new developments, and uncertainty in the broader economy created a volatile environment in which project performance became more likely. Contractors struggled with cost overruns and performance delays, which not only tarnished their credibility but also strained their relationships with clients and subcontractors. Reneuco Engineering Sdn. Bhd. is a clear example of how these multidimensional challenges manifested in project performance, despite having established operations before the pandemic. The crisis highlighted several systemic weaknesses in the company's risk preparedness, financial planning, project scheduling, and stakeholder communication.

This study aims to examine the causal relationship between these pandemic-induced disruptions and the project performances experienced by Reneuco Engineering Sdn. Bhd., while also identifying long-term factors that contributed to its operational vulnerability. Beyond exploring the immediate effects of COVID-19, this research intends to propose actionable solutions through sustainable policies, adoption of digital construction technologies, and strategic planning that can better prepare