

The Relationship between Firms' Strategic Orientations and Strategic Planning Process

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ABSTRACT

The study examines the quantity surveying (QS) firms' strategic orientation and its relation to strategic planning process. The strategic orientations based on Miles and Snow typology were used to identify the strategic orientation for QS firms. The strategic planning process that includes the efforts of strategic planning, degree of involvement in strategic planning and formality were also determined. The declined period in Malaysian construction industry from year 2001 to 2005 has been determined. The research aims to establish the strategic orientations of QS firms and the strategic planning process carried out by QS firms in terms of processes, degree of involvement and formality. The strategic planning process is examined using qualitative and quantitative data to thirty four QS firms in Malaysia. Spearman's rank correlation was used to test the hypotheses. The research is part of the doctoral research. The study concludes that there are significant correlations between the QS firms' strategic orientation (Prospector and Defender) and efforts in strategic planning process during declined period. The QS firms' strategic orientation also correlated with the degree of involvement of top management and senior quantity surveyors in all three stages of strategic planning. In addition, formalized strategic planning depends on the Defender strategic orientation.

Keywords: Strategic orientation, Efforts in strategic planning process, Involvement, Formality

1. Introduction

The construction industry is a fragmented industry which comprises large and small firms. These firms comprise of developing firms, consultant-service firms, construction firms and manufacturing firms. The industry comprises overlapping markets in terms of size, geographic location, type and projects' complexity. The construction industry is also characterized by many types of clients. They are from local, regional, national and international. They possess different knowledge of the industry and they consist of individuals and multinational enterprises from local to national governments (Khairuddin, 2002).

The fragmented industry has experienced a series of evolutionary changes since the Second World War (Langford and Male, 2001). The Malaysian construction industry is no exception where changes in its structure saw the prolonged recession in the Malaysian economy during the 1980s and had created changes in the volume of construction activities and resulted in severe competition, which in turn has affected the structure of the industry as a whole. These include changes in government policy, social forces, economic growth, development of information communication and technology and globalization impact have taken place in the nation which provide opportunities as well as threats to firms operating in the construction industry including QS firms.

These changes have affected QS firms operating in the complex and competitive construction industry. According to Matzdorf, et al. (1997) and National Economic Development Office (1988), the QS firms face threats as a result of changing clients' needs in the construction industry, advances in technology and the particular needs of the developing economy. Moreover, Lim, et al. (2006) cited that one of the threats as experienced by QS firms is that it is easily affected by the highs and lows of the economic cycle. Therefore, QS firms in the construction industry need to adapt to changes due to these external factors of construction industry. QS firms need to be prepared to deal with changes and evolve methods to be able to respond to it. Following to that, Brandon (1990) suggests the QS firms should enhance the knowledge to ensure continuing relevance and to enable them to move quickly into new areas of service as opportunities arise. At the same time, they should be prepared to move away from old methods and technology and gain competitive advantage.

For that reason, strategic planning is a method of giving the direction and aligns the firm in relation to the surrounding environment and be competitive. Besides being as a management tool in a firm, strategic planning provides preparedness and modes of response to the environment (Wilson and Eilertsen, 2010). However, BRITE

survey carried out in 2004 in Australia indicated that the QS firms are below industry average in relative to written strategic plans which considered being the lowest use of management practice in comparison to other firms i.e. architect and engineers.

2. QS Firms' Strategic Orientations

The QS firms in Malaysia are experiencing growth for the past ten years with an average of 4%. They are highly competitive and offer potential to provide further insight on sustainable competitive advantage from a closer examination of information internal to the firm. Majority of Malaysian QS firms comprise of small and medium set ups are basically under the control of a single individual.

Figure 1.1 reflects an annual growth of new quantity surveying firms registering to BQSM from 2001 to 2005. On average, firms registering annually are 13.2 or equivalent to 20 percent. At times of this study was carried out, there were 285 quantity surveying firms operating in the construction industry.

A firm's strategic orientation for QS firms is based on Miles and Snow typology namely Prospector, Defender, Analyzer and Reactor. The strategic orientation identified as one of the factors that influence the implementation of strategic planning (Gimenez, 1999; Aragon-Sanchez and Sanchez-Marin, 2005; O'Regan and Ghobadian, 2006).

Raymond Miles and Charles Snow are two authors who developed strategic orientations in the firm in 1978. They proposed that competing firms within an industry exhibits patterns of four basic strategic orientation types namely Prospector, Analyzer, Defender and Reactor. The categorization of strategic orientation is a characteristic to the literature on strategic planning (Hatten & Schendel, 1977; Herbet & Dersky, 1987; Miller & Dess, 1993).

In addition, between 1987 and 1994, over 50 papers have applied Miles and Snow's model. Thus, the strategic orientation created by Miles and Snow is sufficiently robust for analysing competencies and strategies of a firm and has been tested extensively in a range of industries (Conant et al., 1990; Davig, 1986; James and Hatten, 1995; Desarbo et al., 2005).

The strength of this strategic orientation classification is that it specifies relationships among strategy, structure and process in a manner that allows the identification of firms as integrated wholes in interaction with their environments (Gimenez, 1999). This is based on the Miles and Snow typology on the idea that top management seek to formulate strategies that will be congruent with the external environment.

This typology is a useful tool for classifying as well as providing better understanding of types of strategies to be followed by firms (O'Regan and Ghobadian, 2006). QS firms should therefore be able to fit internal firm characteristics, strategy and the external environment in the implementation of strategic planning for better performance and survival in construction industry.

The four type strategic orientations proposed by Miles and Snow (1978) was adopted as a theoretical background to describe QS firms strategies in the declined period of construction industry. This is because Miles and Snow's strategic orientation is regarded as a relatively comprehensive model describing firm characteristics and the strategic orientations of the firm towards perceived environment as shown in Table 1.1.

As seen in Table 1.1, different firms view their environments in different ways, causing then to adopt different strategic orientations. These strategic orientations allow some firms a range of strategies in their firms. Because of their strategic orientations, Prospector firms are the most adaptive type. In contrast, Reactor firms are the least adaptive type. The other two falls in between these extremes: Analyzers are the second most adaptive firms, followed by Defenders.

Much research had been conducted to identify viable strategies in a given environment and to find the adequate firm structure to effectively implement such strategic orientations (e.g. Namiki, 1989; Hambrick, 1983; Porter, 1991; Provan, 1989). Thus, Miles and Snow (1978) argued that firms develop their strategic orientations based on their perception of their environments.

On the other hand, Prospector firms clearly have an advantage over the other types of firms in environments with a fair amount of changes. Firms operating in mature markets in particular benefit from introducing new products or services and innovations to continue expanding. As Miles and Snow noted, no single strategy orientation is the best. Each one can position a firm so that it can respond and adapt to its environment. What Miles and Snow argued is that the success of a firm ultimately is not a particular strategic orientation, but simply establishing and maintaining a systematic strategy that takes into accounts a firm's environment, structure and technology. Therefore, identifying QS firms' strategic orientation in the declined period of construction industry and its relation to strategic planning process is an important element to established for small and medium set ups' firms.

3. Strategic Planning Process

The definition of strategic planning shows similarity to strategic management and literature reviews revealed that the term strategic management and strategic planning are used interchangeably (Mintzberg, 1990). For instance, Stonehouse and Pemberton (2002) conceptualized strategic management “as a set of theories and frameworks, supported by tools and techniques, designed to assist managers of organizations in thinking, planning and acting strategically whereas strategic planning centers on the setting of long-term organizational objectives, and the development and implementation of plans designed to achieve them”. Both terms concern the firm’s objectives and acts as a vehicle through which top management can plan for the future.

For both, strategic management and strategic planning include the identification of mission and goals, the implementation process towards the achievement of identified goals and objectives and finally, finding solutions or correction actions in strategy evaluation and control process (Hitt, et al., 2000; Hewlett, 1999; Pearce and Robinson, 2000).

Most definition includes strategic formulation which identifies the mission and goals, how the implementation takes place and evaluation at the end of the stage of strategic planning process. The definition of strategic planning used in this thesis comprises a process where a firm establishes its objectives, formulates actions designed to achieve objectives, implements the actions and assesses the progress and results. As this definition implies, strategic planning process focuses on the setting of firm objectives and development and implementation of plans designed to achieve them.

The strategic planning process however is new in the construction industry. Factors such as lack of information and knowledge pertaining to it among the construction industry players have been found to contribute to the non implementation of strategic planning process in the industry (Betts and Ofori, 1992). However, it is believed that strategic planning in QS firms have the potential to enhance firm performance and to survive in the construction industry. A firm’s performance is tied together to its survival and profitability (Pearce and Robinson, 2009). Strategic planning process increases the way a firm manages the internal resources, scanning the external environment, position themselves in an industry which is important for small and medium firms like QS operating in the uncertain construction industry. This is because small and medium firms are easily affected by the changes of the industry (Covin and Slevin, 1989; Storey, 1994; O’Regan and Ghoabadian, 2006). Strategic planning process in the study is divided into three elements namely efforts in strategic planning, degree of involvement in strategic planning and formality.

3.1 Efforts in strategic planning

Strategic planning process include efforts made by strategist and a number of essential dimensions for rational decision making including goals, environmental positioning and matching firm’s capabilities with opportunities (Kramarczuk, 1987; Stanwick and Pleshko, 1995). Literature reviews revealed that the elements of strategic planning have not changed when applied to small firms versus large firms. Dimensions of the strategic planning elements have been applied to a variety of industries. For example, many of the same planning aspects applied in empirical studies of large firms (Tapinos, et al., 2005, Kramarczuk, 1987) have also been utilized for studies with small businesses respondents (Robinson and Pearce, 1983, Shrader, et al., 1989).

The efforts in strategic planning process are shown in Figure 1.2. The efforts consist of strategy formulation stage, implementation stage, evaluation and control stage are identified in QS firms in their execution of strategic planning.

3.2 Degree of Involvement in strategic planning

The strategic planning process addresses a long-term goal and requires the involvement of top management in policy making, reviewing the objectives, goals, allocation of resources, identifying alternative strategies, scanning for environment and evaluation to the whole process. Degree of involvement suggests how strongly a person is interested in the firm. Thus, for any given firm, a person can conceivably be strongly attracted, indifferent, or strongly repelled in terms of the range of involvement (Wooldridge and Floyd, 1990). Therefore, this section will discuss the degree of involvement of all members of the firm in strategic planning.

Many authors have highlighted the important role of top management involvement in the strategic planning process (Foo and Grinyer, 1995; Elbanna, 2003; Wooldridge and Floyd, 1990; Fiegenger, 2005; Ketokivi and Castaner 2004). Although not all research has supported the positive impact of top management involvement in strategic planning (Dyson and Foster, 1982), strong theoretical support suggests that broad involvement by top management in the strategic planning process enhances the organizational outcomes. For instance, Westphal and Frederickson (2001) found that top management has a significant impact on strategic planning. Moreover,

Hrebiniak and Joyce (1984), Higgins (1981) and Van de Ven, (1980) support that top management involvement in strategic planning even though many strong theoretical suggest that broad base involvement by top management in the strategic planning enhances the firm performance. Similarly, Freeman (1989) reports that top management involvement in strategic planning clearly influence effective planning consequences (i.e. such as strategic capability, managerial training, coordination, communications and adaptability. Besides, the involvement also enhances psychological planning consequences such as morale, commitment to the firm, commitment to planning and motivation.

3.3 Formality

The formality of strategic planning has been associated with the field of strategic planning from its earliest foundation (Falshaw, et al. 2006). The early developments significantly include that of Andrews (Learned, et al. 1965) and of Ansoff (1965). According to Pugh et al. (1968), formalization is the degree to which the norms of the organization are explicitly defined. He further distinguished between “formalization”, referring to whether this norms are written down in manuals and other documents. Formality in strategic planning requires an explicit process (Armstrong, 1982; Mintzberg and Lampel, 1999). The reason of having strategic planning written in detail is to ensure strategic planning process receives commitment from those who are affected by it and to allow an explicit evaluation and clearly specify objectives is part of the formal strategic planning (Armstrong, 1982).

Many authors in their findings of strategic planning in small firms recognized that small firms’ strategic planning was unstructured, irregular and incomprehensive with only few individuals involved (Still, 1974; Shuman, 1975; Sexton and Dable 1976). Small firms did not practically carry out formal strategic planning because they lacked time, education, and training (Hastings 1961) and strategic planning was the most difficult function to perform well in the small companies (Cohn and Lindberg, 1972).

This study however attempts to rectify this imbalance by examining the formality in strategic planning process in a different context, that is quantity surveying firms which are small and medium set ups and provides contribution to the literature.

QS firm which majority comprise of small and medium set ups are basically under the control of a single individual, and produce a limited number of specialised services. It is expected that strategic planning process in quantity surveying firms is informal, intuitive and limited (Robinson and Pearce, 1983).

Formality in strategic planning however proves to have positive result for small firm performance. However, Robinson and Pearce (1983) failed to find empirical support in small firms. Further, Lyles, et al. (1993) found mixed results in their study of small firms seems to indicate that formal strategic planning may have its greatest impact in large firms. Moreover, Schwenk and Sharder’s (1993) analysis found a positive association between formal strategic planning and performance.

4. Theoretical Framework

Figure 1.3 explains how this study is carried out where strategic orientations which formed as independent variable in the theoretical framework and its association with strategic planning process as dependent variable. Strategic planning process is divided into three sub elements namely efforts in strategic planning, degree of involvement and formality.

5. Research Methodology

This research was designed with quantitative approach and a survey questionnaire has been employed for data collection. A preliminary questionnaire survey was initially conducted, followed by semi-structured interviews with 15 top management of QS firm. A final postal questionnaire developed and then refined form the interview data was distributed to top management of QS firms. A total of 34 completed questionnaires form the data base for the quantitative analysis. The respondents for this study consisted of professional quantity surveyors who are the directors of the QS firms and registered with Board of Quantity Surveyors Malaysia. After preliminary survey is carried out to 285 firms, 61 firms responded. A final questionnaire survey then were distributed to 61 respondents and it represented 55.73% (34 firms) of the total preliminary survey.

To test the hypothesis, this study uses correlation techniques. There are various correlation techniques. The technique to be used depends on the number of cases in the study and the scale used for the variables. For small sample i.e. 34 cases, non parametric technique such as Spearman’s rank correlation coefficient is used.

6. Results and Analysis

It was hypothesed that the QS firms’ strategic orientation variables affect the strategic planning process variables. The null (H0) and alternative (H1) hypothesis for the test are:

H0: The QS firms' strategic orientation variables do not influence the strategic planning process variables during declined period.

H1: The QS firms' strategic orientation variables influence the strategic planning process variables during declined period.

Spearman's rank correlation coefficient was employed. The QS variables were the independent variables whereas performance of firm was the dependent variable. The null hypothesis was rejected at 5 percent significance level. The results of the correlation tests between strategic orientation and effort in strategic planning process are shown in Table 1.2, 1.3 and 1.4 whereas correlation tests between strategic orientation and degree of involvement in strategic planning process and formality are shown in Table 1.5 and 1.6 respectively.

6.1 The Correlation between Strategic Orientation and Efforts in Strategy Formulation Stage

The Spearman's rank correlation coefficient in Table 1.2 detected five positive significant correlations between strategic orientation variables and efforts in strategy formulation stage. Three of them related to Prospector strategic orientation type. Therefore, there is strong indication that strategic orientation variables influence efforts in strategy formulation.

Table 1.2 shows that except for Analyzer, the three types of strategic orientation influence the efforts in strategy formulation. However, they tend to put their efforts in different areas. Prospector QS firms put greater effort in social factors, IT development and government policy whereas Defender puts greater efforts in having formal statement in objectives and government policy.

Table 1.2 also exhibits Prospector strategic orientation significantly correlated with the efforts in strategy formulation stage. This shows that Prospector type which is innovative, growth oriented and encouraged risk taking have an influence in executing strategic planning process in QS firms during the declined period of construction industry. The results contradicted O'Regan and Ghobadian (2006) findings revealed that Prospector tends to react during dynamic environment and Defender reacts during stable environment. This is probably because in order for QS firms to be aggressive, innovative, seeking new opportunities and competitive during the declined period of construction industry, the strategic planning is needed to comprehend their strategic orientation.

However, the result in Table 1.2 also shows significant negative correlations in Reactor strategic orientation. Reactor firms do not have clear strategies. The more unclear the strategies are, the less likely the QS firms put more efforts in strategy formulation. It shows that Reactors QS firms are less likely to put efforts in IT development, consider the employees' capabilities and considered IT capabilities in the firm.

6.2 The Correlation between Strategic Orientation and Efforts in Strategy Implementation Stage

In strategy implementation stage, Table 1.3 indicates that only Prospector and Defender strategic orientation correlated with efforts in strategy implementation stage.

Table 1.3 indicates that Prospector and Defender correlated with efforts in strategy implementation stage in terms of firms allocated adequate resources and utilize them and firm restructure when implement strategic planning. Put differently, Prospector and Defender QS firms are more likely to allocate adequate resources and utilize them and to restructure the firm. Prospector QS firms which are innovative, growth oriented, encourage risk taking are more likely to allocate adequate resources and utilize them and restructure of the firm. This could be argued that being pro active and protective at the same time influence the way a firm in their resources allocation and restructure at the same time. This is because the right amount of resources is needed to be allocated in the right department or hierarchy level.

Likewise, Defender QS firms are also more likely to allocate adequate resources, utilized them and restructure the firm because they want to protect current market.

Therefore, the Prospector and Defender strategic orientation influence the efforts put in strategy implementation.

6.3 The Correlation between Strategic Orientation and Efforts in Strategy Evaluation and Control Stage

In strategy evaluation and control stage, the correlation between strategic orientation and efforts in strategy evaluation and control is presented in Table 1.4.

Table 1.4 indicates that again, only Prospector and Defender strategic orientation influence efforts in strategy evaluation and control stage.

Prospector quantity surveying firms that are innovative and growth oriented are more likely to measured firm's performance against objectives set and took corrective action when objectives are not achieved. Defender QS firm that protect current market put more efforts in measuring firm performance against all activities in strategic

evaluation and control namely carried out periodic assessment to check the firm's performance, measured firm's performance against objective set, market trends were taken into account and took corrective action when objectives are not achieved. This shows that the more firm is innovative, growth oriented and protects current market, the more efforts they put in strategy evaluation.

The result suggests that both Prospector and Defender influence the efforts in strategy evaluation and control. During declined period, both strategic orientation types significantly correlated with strategy evaluation and control. This probably due to the fact that firms have to balance between being pro active and protective at the same time to ensure strategies carried out are evaluated and control efficiently.

In summary, fifteen out of one hundred and two variables tested were correlated with at least one effort in strategic planning process. Thus, it can be concluded that QS firm strategic orientation variables do have some influence in efforts in strategic planning process. In other words, QS firm will have to implement a suitable strategic orientations that fits the conditions of the construction industry environment and, in turn a suitable strategic orientation will be required for the development of strategic planning. These two adjustments can ensure firm success (Pertusa-Ortega et al., 2008).

6.4 The Correlation between Strategic Orientation and Degree of Involvement in Strategic Planning

The Spearman's rank correlation coefficient in Table 1.5 reveals that Prospector and Defender types significantly correlated with degree of involvement whereas Analyzer and Reactor were not correlated with any of the involvement in strategic planning process. Prospector type correlated with two level of hierarchy in QS firm namely involvement of junior quantity surveyors and administration staffs during strategy evaluation and control. Defender type significantly correlated with the involvement of senior and junior quantity surveyors during strategy evaluation and control

The result shows that QS firm with Prospector firms are more likely to involve middle staff i.e. junior quantity surveyors and administration staffs during strategy evaluation and control whereas Defender firms are more likely to involve middle and junior staffs.

The environment of construction industry that was declined indicated that firm which is innovative, growth oriented and protect current market induce employees of the firm to be involved in strategic planning process. The involvement from different range of hierarchy in the firm explains that QS firms were proactive and protective during declined period to ensure their performance are continue to sustain. The results supported Miles and Snow (1978) content that every firm has a dominant traits resulting firm the influence of its key decision makers, and their perceived view of the operating environment. The choice of whether to be proactive or reactive will to a large extent, follow from this view.

Conversely, Analyzer and Reactor were not significantly correlated with the involvement of top management and employees in QS firms. The result suggests that both the strategic orientation types do not perceive declined period of construction industry environment as challenging for the firm operation.

Five out of seventy two variables tested were significantly correlated. This shows that the more balanced between Prospector and Defender strategic orientation types in a firm, the higher the degree of involvement of strategic planning in the firm between top management and employees of QS firms.

6.5 The Correlation between Strategic Orientation and Formality in Strategic Planning

For strategic orientation towards the formality in strategic planning, the Spearman's rank correlation coefficient in Table 1.6 revealed that Defender type significantly correlated with extent of document in strategic planning being documented. This means that the strategic planning processes for Defender QS firms are more formalized. The result contradicted Simon (1987) and Rajagoplan's (1996) findings that Prospector exhibited more formal practices and Defender used less formal practices.

The result demonstrates Defender type which is protect current market have formalized their strategic planning process to ensure the objectives of the firm during declined period is well known by all employees of the firm. By having formalized strategic planning in the firm all processes, roles and responsibilities involved and the results will be evaluated in a systematic manner.

Thus, the environment is an important factor for quantity surveying firms which are operating during the declined construction industry period; the type of strategic orientations by QS firms influenced their formality towards strategic planning process.

This shows that the more QS firm protect current market, the more formalized strategic planning in the firm.

7. Conclusion

In conclusion, the correlation test results in Table 1.2 to Table 1.6 indicate that there are significant correlations between the QS firm strategic orientation and efforts in strategic planning process during declined period of construction industry. This shows that QS firms with Prospector orientation put more efforts in all stages of strategic planning process, higher degree of involvement and more formalized.

The strategic orientation were correlated with the degree of involvement of top management and senior quantity surveyors in all three stages of strategic planning while only little involvement among junior quantity surveyors and administration staffs in strategic planning process.

When comes to formalization of strategic planning, it could be suggested that the formalized strategic planning depends on to the Defender strategic orientation.

The correlation results mainly appear to reject the null and support the alternative hypothesis that the QS firm strategic orientation variables influences the strategic planning process. Therefore, it could be suggested that the strategic planning process depends on to the extent of QS firms' strategic orientation (Prospector and Defender) and the strategic orientation takes into accounts a firm's environment and for this study is the declined period of construction industry in Malaysia.

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Table 1.1. Strategic orientations and perceived environment

Strategic Orientation	Main Focus	Traits	Perceived Environment
Prospector	Entrepreneurial, innovative and new opportunity oriented.	External orientation, environment scanning, maximizing new opportunities. Innovative to market needs. Flexibility and freedom from constraining company rules and regulations. Welcomes change and sees the environment as “uncertain”.	Dynamic, fast growing, uncertain
Defender	Defends existing market (often a niche market).	Narrow range of products/services. Internal orientation based on efficiency measures and avoiding unnecessary risk. Centralised control and functional structure are common.	Stable and slow moving
Analyzer	Hybrid of Prospector and Defender types	Operates well in both stable and dynamic markets. Uses efficiency and increased production in stable markets and innovates in dynamic market.	Stable and dynamic
Reactor	Reacts to change	Short term planning, reacts to others actions. Change inevitably presents some difficulties.	Do not perceive environment

Source: Modified from Miles and Snow generic strategic orientations (1978)

Table 1.2. The Correlation Matrix between Strategic Orientation and Efforts in Strategy Formulation Stage

	EFFORTS IN STRATEGY FORMULATION STAGE									
	My firm had formal mission statement	My firm had formal statement of objectives	My firm considered government policy	My firm considered social factors	My firm considered globalization impact	My firm considered development of IT	My firm considered economic growth	My firm considered employee capabilities	My firm considered financial capabilities	My firm considered IT capabilities
<u>Strategic Orientation</u>										
<u>Prospector</u>										
My firm is innovative and growth oriented	0.005	0.196	0.317	.407(*)	0.176	.494(**)	-0.323	0.288	-0.078	0.233
My firm encourages risk taking	-0.120	0.070	.373(*)	-0.197	-0.043	0.160	-0.046	-0.258	-0.049	0.104
<u>Defender</u>										
My firm protects current markets	0.196	.359(*)	.352(*)	0.133	-0.036	0.309	-0.194	0.130	-0.020	0.316
My firm serve clients better by specializes narrow market	0.147	0.136	-0.323	0.162	0.133	-0.042	-0.201	0.327	-0.052	0.260
<u>Analyzer</u>										
My firm aims to be the low-cost leader amongst QS firms	-0.191	-0.042	0.180	0.038	-0.067	0.232	0.089	-0.049	-0.022	-0.070
<u>Reactor</u>										
My firm does not have clear strategies	-0.247	-0.207	0.176	-353(*)	-0.278	-.409(*)	0.212	-.510(**)	-0.264	-.396(*)

** Correlation is significant at the 0.01 level

* Correlation is significant at the 0.05 level

Table 1.3. The Correlation Matrix between Strategic Orientation and Efforts in Strategy Implementation Stage

	EFFORTS IN STRATEGY IMPLEMENTATION STAGE		
	My firm explained strategies to employees	My firm allocated adequate resources and utilize them	My firm restructure when implement strategic planning
<u>Strategic Orientation</u>			
<u>Prospector</u>			
My firm is innovative and growth oriented	0.036	.406(*)	0.279
My firm encourages risk taking	0.137	0.143	.499(**)
<u>Defender</u>			
My firm protects current markets	0.294	.391(*)	.424(*)
My firm serve clients better by specializing on narrow market	0.121	-0.119	-0.064
<u>Analyzer</u>			
My firm aims to be the low-cost leader amongst QS firms	-0.224	-0.164	0.008
<u>Reactor</u>			
My firm does not have clear strategies	-0.322	-0.089	-0.313

**Correlation is significant at the 0.01 level

* Correlation is significant at the 0.05 level

Table 1.4. The Correlation Matrix between Strategic Orientation and efforts in Strategy Evaluation and Control Stage

	EFFORTS IN STRATEGY EVALUATION AND CONTROL STAGE			
	My firm carried out periodic assessment to check the firm performance	My firm measured firm's performance against objective set	Market trends were taken into account	My firm took corrective actions when objectives not achieved
<u>Strategic Orientation</u>				
<u>Prospector</u>				
My firm is innovative and growth oriented	0.245	.382(*)	0.047	.377(*)
My firm encourages risk taking	0.015	0.299	0.095	0.256
<u>Defender</u>				
My firm protects current markets	.353(*)	.533(**)	.402(*)	.582(**)
My firm serve clients better by specializing on narrow market	0.266	0.086	0.160	-0.063
<u>Analyzer</u>				
My firm aims to be the low-cost leader amongst QS firms	0.148	-0.023	-0.093	0.148
<u>Reactor</u>				
My firm does not have clear strategies	-0.147	-0.231	-0.213	-0.085

** Correlation is significant at the 0.01 level

* Correlation is significant at the 0.05 level

Table 1.5. The Correlation Matrix between Strategic Orientation and Degree of Involvement in Strategic Planning

	STRATEGY FORMULATION				STRATEGY IMPLEMENTATION				STRATEGY EVALUATION AND CONTROL			
	Involvement of director	Involvement of Senior QS	Involvement of Junior QS	Involvement of Admin Staff	Involvement of director	Involvement of Senior QS	Involvement of Junior QS	Involvement of Admin Staff	Involvement of director	Involvement of Senior QS	Involvement of Junior QS	Involvement of Admin Staff
<u>Prospector</u>												
My firm is innovative and growth oriented	0.240	0.296	0.299	0.153	0.258	0.254	0.203	-0.003	0.268	0.261	.388(*)	.354(*)
My firm Encourages risk taking	0.076	0.023	0.192	-0.111	0.140	0.067	0.257	-0.168	0.258	0.107	0.338	0.138
<u>Defender</u>												
My firm protects current markets	0.192	0.291	.434(*)	0.051	0.213	0.242	0.218	-0.212	0.274	.362(*)	.441(**)	0.213
My firm serve clients better by specializing on narrow market	0.094	0.262	0.036	0.016	0.016	-0.032	-0.013	-0.020	-0.197	0.009	-0.045	0.035
<u>Analyzer</u>												
My firm aims to be the low-cost leader amongst QS firms	-0.214	0.171	0.048	0.144	-0.168	0.084	0.091	0.065	0.069	0.165	0.065	0.185
<u>Reactor</u>												
My firm does not have clear strategies	-0.212	-0.123	-0.010	-0.183	-0.118	-0.116	-0.169	-0.233	0.006	-0.164	-0.095	-0.159

** Correlation is significant at the 0.01 level

* Correlation is significant at the 0.05 level

Table 1.6. The Correlation Matrix between Strategic Orientation and the Formality of Strategic Planning

	Extent of documented strategic planning
<u>Strategic Orientation</u>	
<u>Prospector</u>	
My firm is innovative and growth oriented	0.224
My firm encourages risk taking	0.019
<u>Defender</u>	
My firm protects current markets	.357(*)
My firm serve clients better by specializing on narrow market	0.272
<u>Analyzer</u>	
My firm aims to be the low-cost leader amongst QS firms	0.072
<u>Reactor</u>	
My firm does not have clear strategies	-.463(**)

** Correlation is significant at the 0.01 level

* Correlation is significant at the 0.05 level

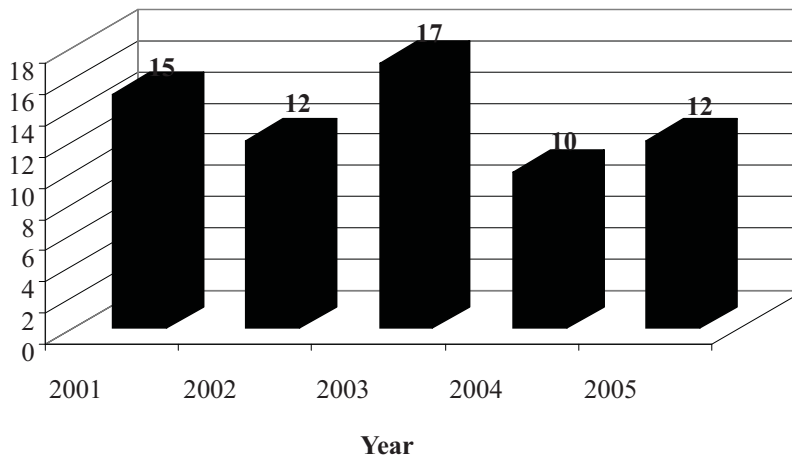


Figure 1.1. Number of new quantity surveying firms registered with Board of Quantity Surveyors, Malaysia from 2001 to 2005

Source: Board of Quantity Surveyors, Malaysia (2006)

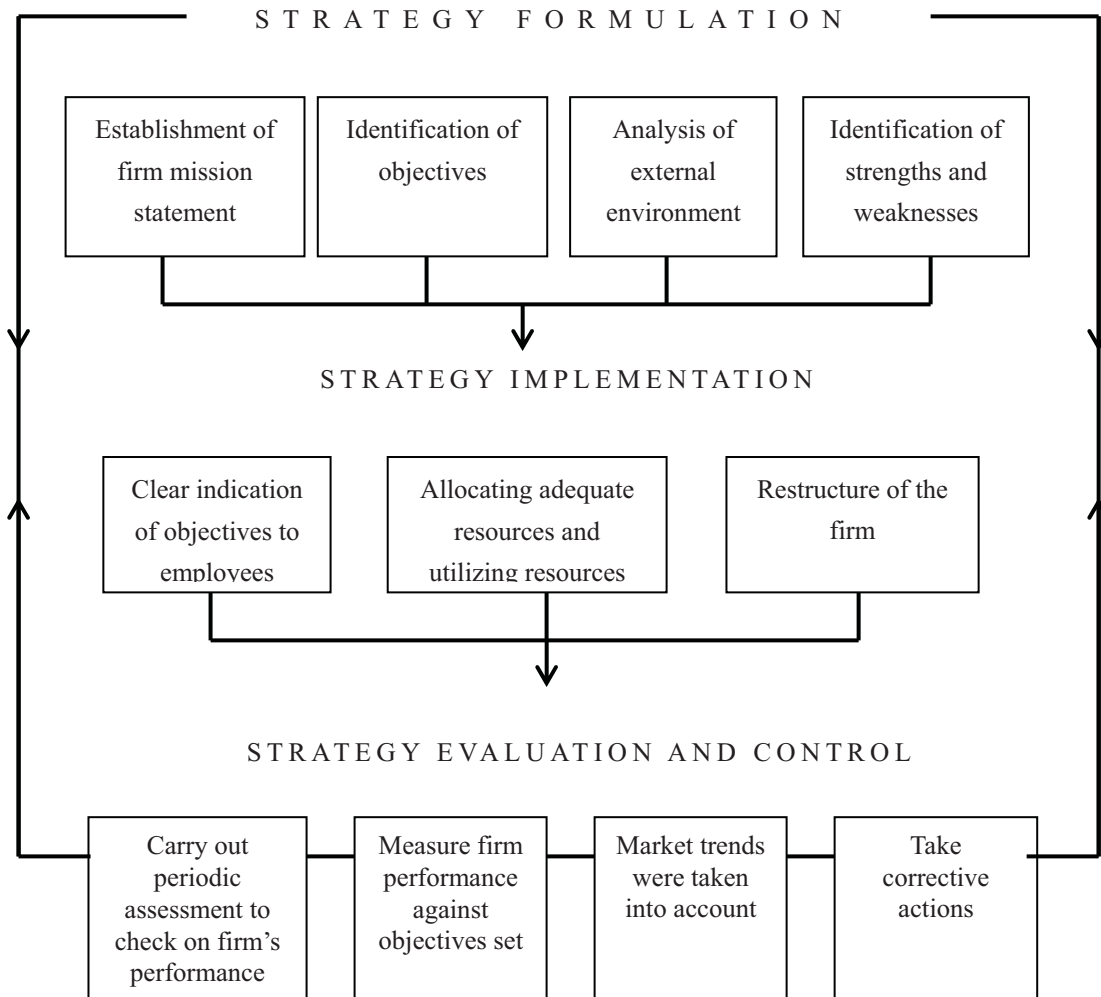


Figure 1.2. Efforts in strategic planning process

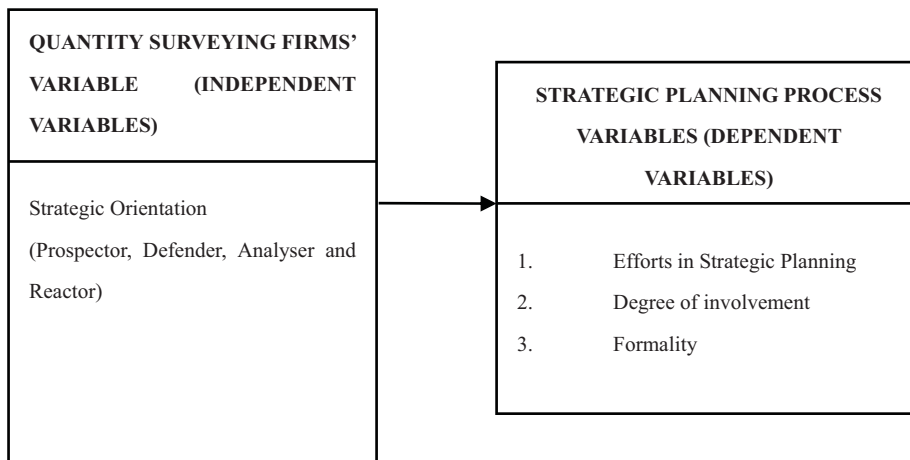


Figure 1.3. Theoretical Framework of the study