Strategic Management Practices in Turkish Construction Firms

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Abstract: This paper presents a study that aims to define the present position of Turkish construction companies in terms of strategic management. It is based on a survey measuring strengths and weaknesses in the “strategic management” practices of Turkish construction companies, and thus reveals potential opportunities and threats in a generalized manner. The results highlight the current strategic management practice of construction firms for designing their own future. Toward this aim, a detailed questionnaire was administered to 52 construction companies. The culture of companies and their perceptions of strategic management were shown to have serious shortcomings. However, specialization on different project types through joint venture companies established by their partners was found to be a major strength of many companies. These companies also pointed out the developing and unstable nature of both the political and economic structure of Turkey as their most significant threat. This disadvantage has inclined many firms to choose investment in the private sector as a response.


CE Database subject headings: Construction companies; Turkey; Construction management; Investments; Joint ventures.

Introduction

The concept of “strategy” has a long history, beginning in ancient Greece, where the concept was first born, and stretching to the 21st century (Chinowsky and Meredith 2000). Today, strategic management involves determining objectives as well as strengths and weaknesses in a company (value chain analysis), defining probable opportunities and threats in the business environment via scenarios based on external parameters (environmental research), suggesting alternative strategies to properly combine weaknesses and strengths with opportunities and threats (strategic planning), and finally applying strategies on a long-term basis. Strategic management models have been evolving in the business domain on a continuous basis since the late 19th century. However, these models are relatively new in the construction industry when compared with manufacturing. Nevertheless, research in this domain has been gradually increasing over the last two decades through different perspectives, such as strategy formation (Junnonen 1998), frameworks for corporate strategy (Cheah and Garvin 2004), and the strategic performance of firms (Cheah et al. 2004). Since strategy is concerned with the long-term rather than the short-term, Venegas and Alarcon (1997) proposed a simplified model of variables affecting strategic decisions to aid construction firms in the selection of long-term strategies before recommending a mathematical model to predict the impact of their decisions.

The construction industry is also interested in strategic planning as a vital component of strategic management. The purpose of strategic planning is to plot the future direction of a firm and prepare long-term plans based on systematic approaches, such as SWOT (strengths, weaknesses, opportunities, threats) analysis, market research, demand calculations, and risk analysis. Numerous academics have proposed strategic planning models and denoted strategic planning applications for the construction industry (Brandon 1990; Betts and Ofori 1992; Warszawski 1996; Dansoh 2005). The need for strategic planning is more pronounced in developing countries such as Turkey, which has an uncertain business environment characterized by unstable markets where resources and market conditions constantly alter and competition is generally increasing. To overcome this structural deficiency, Thompson (1998) suggests three tools: (1) planning; (2) vision and visionary leadership; and (3) emergent strategies or logical incrementality.

The Turkish construction industry has started to take its current modern shape in the latter part of 1950s. Today’s well-known and prestigious construction companies have established in that period. Turkish contractors was first entered by the international market in the 1970s after experiencing about 15–20 years in the domestic market. At inception, they have worked with European and North American firms as their subcontractors in the Middle East and North Africa. In 1980, a huge increase in the domestic market has accompanied this rising trend in the foreign markets. Turkish contractors have then started to undertake projects in Russia and in the Middle Asia in the former part of 1990s. Today, Turkish construction companies are significantly active in the Middle East, North Africa, Russia, and the Middle Asia due to cultural and geographic proximity. However, the local market has been in a stagnant period for the last decade. To date, Turkish contractors have completed successfully more than 4,000 projects in 68 countries on four continents. Since 1972, this involvement outside of Turkey has generated $105 billion which corresponds to approximately 1.5% of global construction revenue. In 2007, the sum of international contracting services of Turkish firms was...
The need for a strategic perspective has also been stressed by some country-specific studies, such as that in the U.K. construction industry (Lansley 1987; Yisa and Edwards 2002; Price et al. 2003) and that in the Turkish construction industry (Oz 2001; Dikmen and Birgonul 2003). Among U.K.-based studies, Lansley (1987) considered corporate-level strategies, but did not draw any macroperspective for the construction industry. Yisa and Edwards (2002) evaluated business strategies in the consultancy domain of construction. However, they did not take into account the contracting domain of the industry. Price et al. (2003) examined how strategic management practices were changed within the con-
construction industry, instead of revealing the current position in a detailed manner. Among Turkey-specific researches, Oz (2001) investigated the international competitiveness of Turkish construction companies using Porter’s diamond framework, but did not make any strategic evaluation for the domestic market. Dikmen and Birgonul (2003) analyzed objectives, competencies, sources of competitive advantage, and strategies of Turkish contractors by means of several statistical techniques. Although there is similarity between their research and the current study in the main purpose, the present study extends the cited research by discussing different strategic aspects of the construction industry. In addition, none of these past studies used the SWOT method.

Research Methodology

The aim of this study is to define the current position of Turkish construction companies in terms of strategic management used to evaluate strengths and weaknesses, diminish sectoral threats, obtain competitive advantage by using market opportunities, and thus to design a better future through increased strategic performance. With this purpose in mind, a survey was created to investigate the detailed perceptions of top managers in these firms of various strategic management approaches and to reveal the importance given to them as well as the usage level and the techniques employed. The Turkish Contractors Association (TCA), which represents the construction industry in Turkey, was contacted before choosing companies for the questionnaire. The member firms of the TCA execute approximately 70% of the total investments made in Turkey, and have also undertaken 90% of the work done abroad in the field of construction. There are 139 members in total, of which 52 firms (37.41%) positively responded to the survey request. Due to the number of companies interviewed, the sample size \( n=52 \) is statistically called as “large” \( n \geq 30 \) for representing the whole. All of them are large-scale firms (average annual income > $20 million) according to the classification of the Turkish Department of Commerce. The project types undertaken in domestic and foreign markets by the surveyed companies are given in Fig. 1. It can be seen that the companies chose to invest in many different project types, which is an indicator of their widespread industry-specific experience.

Respondents were interviewed face-to-face at their offices instead of using posted or e-mailed questionnaires to obtain more reliable data, and the interviews ranged from 1–1.5 h. The telephone conversations explaining the content of the study were carried out with the interviewees before the interview. The respondents were asked to consider the last five years due to the long-term nature of this time period. In terms of their position in the firm, company owners constitute a large portion of participants (53.85%), while project coordinators represented 26.92%.
and project managers cover the remaining 19.23% of the participants. The fact that the survey was carried out with the top managers directing general corporate strategies is a significant factor increasing the reliability of the questionnaire responses.

The survey included 23 questions under 6 major sections. In the first of these sections, demographic features were asked to determine the respondent’s position in the firm, the scale of the firm, and the project types undertaken by the firm. Second, as the basic components of strategic planning, whether mission and objectives exist was measured as well as main applications to reach strategic objectives. Third, strategic planning practices of Turkish construction companies were investigated in detail by searching whether strategic plans for the future are available, how frequent the plan revision is, what the tools used are for planning and observing strategies, and who strategy-makers are. In the fourth section, strategic analyses were measured in terms of their types, causes of internationalization as a response to the problems over the long term, and the criteria for selecting suppliers as an external resource type in realizing strategies. In the competitive advantages section, the quality of these advantages was examined by considering rivals as threats in the national and international market, technology as an important advantage, sources of error during construction as a type of obstacle to having the advantages, and joint ventures as a means of gaining financial advantages. In the last section, crisis and risk subjects were taken into account to reveal how the surveyed companies position themselves against negative strategic scenarios.

The questionnaire was statistically evaluated by the frequency technique, in which the percentage values are calculated for the frequency of each answer. These are presented in Figs. 1–16. In these figures, the “%” axes show percentages of the respondents. What the other axes display as the subjects cited in the figure captions is seen on the related axes. However, the percentages do not add up to 100%, since the respondents could mark more than one alternative in Figs. 1, 3, 6, 7, and 10–14.

Research Findings and Analysis

Mission and Objectives as the Basic Components of Strategic Planning

A “mission statement” is a generalized statement of the overriding purpose of an organization. Mission statements broadly outline an organization’s activities and business makeup, and usually attempt to address issues, such as vision, strategic intent, main activities, the future direction of the organization, and key values. In

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Fig. 7. Types of strategic analyses made by Turkish contractors

Fig. 8. Reasons for entering into international markets for Turkish contractors

Fig. 9. Supplier selection criteria of Turkish contractors

Fig. 10. Perceived advantages of the surveyed companies over their rivals
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other words, an organization’s mission is its management’s response to the question “What is our business and what are we trying to accomplish on behalf of our customers?” As can be seen in Fig. 2, more than half of the companies (53.85%) have not formed any mission statement, about one third (38.46%) have created an idea of their mission and only a few (7.69%) have a determined written statement. It was also observed that almost all of the firms (92.31%) do not have a written document and thus have serious shortcomings in strategic management, since a clear mission can be considered a cornerstone of this domain.

Objectives are statements of specific outcomes to be achieved. Both at the corporate and business unit level, objectives are often expressed in financial terms. From a different perspective, strategic objectives are the targets management has established for strengthening the organization’s overall business position and competitive vitality. Long-range objectives are the results to be achieved either within the next three to five years or else on an ongoing basis year after year, while short-range objectives are the organization’s near-term performance targets, usually covering one to three years. The degree of accomplishing short-term objectives signals is how fast a company’s management is trying to achieve its long-range objectives. Considering the surveying data on long- and short-range objectives, it can be seen that both have very similar values and are compatible with the mission statement values. The results show that 88.46% of the companies (Fig. 2) do not possess any written objective, which indicates that firms are not being managed according to a specific strategic management practice. On the other hand, companies having both tangible and idea-based objectives (50%) apply eight methods to reach these objectives, as given in Fig. 3. On the average, these company objectives are “growing in all aspects,” “reaching higher quality...
levels,” and “increasing profit margins.” The eight methods are “company purchasing,” “experience in different projects,” “investment in different businesses,” “quality certificates,” “joint venture,” “capital accumulation,” “advance in technology,” and “personnel training.” Advance in technology (69.23%) is the most important tool, followed by personnel training (38.46%). Based on these two methods, it is evident that physical resources, such as labor (by the personnel training method) and equipment (by the “advance in technology” method) are the firms’ primary investment devices. These are a reasonable and realistic preference, since these types of resources are vital inputs for production in a construction project.

**Strategic Planning**

A strategic plan is a statement outlining an organization’s mission and future direction, near-term and long-term performance targets, and strategy. Strategic plans should be designed to remain flexible in the face of today’s economic and political variations. In the strategic management process, companies can overcome economic fluctuations and crises without experiencing any negative effect by means of preventive measures, since they frequently analyze the internal and external environment via feedback during strategic planning. Therefore, the construction sector becomes one of the areas in which strategic planning is an important element due to the sector’s rapid and unpredictable dynamics. In Fig. 4, the strategic planning periods of the surveyed companies are given. According to the data, it can be asserted that at least idea-based future strategies are planned, even by the companies that do not create any mission statement or objectives and are not managed according to a strategic management philosophy. Firms that adopt this philosophy always prepare detailed short- and long-range strategic plans.

On the other hand, respondents indicated that they have difficulties making their strategic plans due to the economic and political instability in Turkey. Moreover, long-term planning is perceived as unnecessary since future expectations are decreasing owing to pessimistic scenarios arising from the external environment. Construction companies serving the private sector usually receive their progress payments on time, and thus they can make more rational plans for the future. However, payment delays in the public sector frequently prevent companies from short- and long-term planning. Accordingly, 11.54% of the firms tend not to submit project proposals for public tenders.

When the companies producing detailed strategic plans 38.47% were investigated (Fig. 5), it was found that just a few firms (3.85%) have only made their plans once and then not made any subsequent revisions. As a positive evidence, most of the firms (23.08%) regularly modify their own plans every year.

The leading criteria shown in Fig. 6 also have great importance on the strategic planning concept. In this context, companies employ cost-benefit analysis (42.31%) most frequently. This analysis is a vital tool for understanding the acceptability of strategic options. The major advantage of this analysis is that it forces firms to be explicit about the various factors that should influence their strategic choice. In many cases, however, the final profit is too narrow to get an exact financial return, particularly where intangible benefits are more important, as in public infrastructure projects. On the other hand, there may be government pressure to accept this type of public projects even when the cost/benefit analysis does not support accepting the work. This benefit-free approach, in turn, provides construction firms to undertake other public projects that have potential to gain profit. As a negative finding, strategy formation against risks, customer satisfaction, permanent position in the market, and prestigious undertakings in the sector can be cited as examples of major qualitative criteria that do not appear in Fig. 6.

In terms of strategy development, although the key responsibility for corporate strategy belongs to the board of directors, it is more reasonable to share the strategy-making task. General managers are responsible for business strategies, department managers for functional strategies, and lower-level managers for operational strategies. According to the numerical data of the present survey, it can be claimed that there is no distribution of responsibility in developing strategies. The task is mostly performed by company owners (50%) and boards of directors (46.15%). Project coordinators make a negligible contribution of 3.85%. As can be seen from the presented data, the fact that company owners, board of directors, or project coordinators make decisions without a task-sharing behavior is a clear indicator that these firms do not work under a professional management structure. This result also highlights the fact that these top managers do not adequately trust their personnel. Even companies that have adopted strategic management principles based on teamwork choose to have a central control, which shows their weakness in this regard. They have not formed a committee or mechanism to inspect strategic decisions, and simply use financial-focused indices, such as accountancy records (88.46%), cost analyses (61.54%), and annual statistics (46.15%). In general, these indices
are prepared by planning engineers and accountants collectively, and audited by company owners, board of directors, and/or chief executives.

**Strategic Analyses**

A strategic analysis is used to control how well a company fulfills its own strategies and strategic plans in the short- and long-term. In this section, what types of strategic analyses are made was first analyzed to find out which strategies Turkish contractors follow. In this respect, why entering into foreign markets is very important for Turkish contractors was investigated as well, since internationalization is one of the most important strategies. Suppliers were also examined in terms of selection criteria as a strategic analysis of resources belonging to the external environment.

Firms evaluate potential projects from many different aspects while preparing proposals. The most employed analysis concerns in-house resources (Fig. 7). Proposals are completed by evaluating labor, technical staff, machines, equipment, and materials. Considering all of these vital resources, it is seen in Fig. 7 that 57.69% of the surveyed companies analyze in-house resources, and this finding points out a low value. As an alternative to this analysis, the remaining 42.31% performs the same work through several alternative methods, such as adaptation of previous projects, consultant interaction, subcontractor inquiry, and estimator foresight. Similarly, the analysis of project regions has a very low rate (26.92%) whereas an in-depth investigation of the transportation of production inputs to the site should be conducted. Whether the project region is at the city center or outside population centers should also be examined to account for labor accommodation and materials storage.

Of the companies investigated, 38.46% stated that they attach extra importance to the technological aspects of the required equipment. This shows that the importance of technological factors is quite high and this inference is in agreement with the finding in Fig. 3. Fig. 7 also draws attention to the fact that 26.92% of the firms observe their rivals and analyze their strengths and weaknesses. Competitor analysis covers not only potential competitors but also their activities. For each competitor, the following four factors need to be assayed:

- Their future goals at corporate and strategic business unit level;
- Their current strategies, both implicit and explicit and their interrelationship;
- The major assumptions held by the company and key managers; and
- The key capabilities of the company, its distinctive competencies, areas of competitive advantage, growth capability, capacity for the management of change and, finally, the company’s staying power in the industry and its chosen strategies (Langford and Male 2001).

In this context, the internal and external environment should be analyzed not only in a project-specific manner or before each proposal, but potential competitors in the construction sector should also be assayed in an industry-specific manner (as mentioned above) and responsive strategies should be developed. However, it is a very serious structural deficiency that the evaluation of economic and political environment does not exist among these analyses. As demonstrated in Fig. 8, more than half of the companies (57.7%) have undertaken overseas projects to grow and gain higher profits and prestige. In this point, it can be asserted that the fact that the economic and political environments are not analyzed is a warning signal for performing future activities without experiencing major strategic problems, such as gaining lower profits in projects and facing a shortage of work. The fact that these kinds of strategic analyses are not employed is not a sustainable strategy for remaining a long-lasting contractor in foreign construction markets, because internationalization is accepted as one of the main methods of creating financial resources to reach long-term objectives. Global companies execute projects in different countries and disperse investment risks through geographic diversification as a long-range strategy. Hence, construction firms should carry out these environmental analyses to anticipate their own futures in terms of sustainable and renewable strategies.

Suppliers are another type of resource examined during a strategic analysis. During the supplier selection process, contractor companies take quality and cost into account (Fig. 9). More than half of the companies (57.69%) consider quality first and then cost. The rate of firms attaching importance only to quality in supplier selection (23.08%) is fairly high. Hence, as shown in Fig. 9, the majority of contractors (80.77%) perceive the quality issue as a major selection criterion because customer satisfaction via a quality-focused production philosophy is a long-term strategy applied to remain in business and grow. The rate at which firms emphasize cost considerations in the selection phase (19.23%) is not high, which is another positive indicator.

**Competitive Advantages**

The key issue for competitive advantage is the extent to which a firm is able to sustain a long-term advantage through either reducing costs or offering something unique in the way it manages its value chain, which may require reconfiguration. In Fig. 10, five basic competitive advantage strategies are listed, and these can be used for project-based industries, including construction. In this context, sensitivity in personnel selection (57.69%) is regarded as the first competitive advantage of firms, followed by the employment of experienced personnel (50%, Fig. 10).

This attentive attitude of companies toward enhancement of the quality of human resources is compatible with the related finding in Fig. 3. When employing a workforce, companies’ selection priorities are enumerated as experience (53.85%), workmanship (23.08%), and references (23.08%). On the other hand, firms are generally unwilling or unable to devote funds to training activities due to high mobility of labor, a prevalent employment pattern for project-based construction. In terms of the causes of mistakes during construction (Fig. 11), poor workmanship is in the first rank with a very high rate of 80.77%. Despite the above evidence on human resources, the negative impact of lack of training appears more clearly in this point. Among the mistakes, quality problems in material used follow poor workmanship with a fairly high rate of 30.77%. Observing numerical values about the criteria considered in supplier selection in Fig. 9, it can be deduced that importance given to quality is inadequate. Companies should attach much more importance to quality than to cost.

Another advantage shown in Fig. 10 is related to project types (34.62%). Contractors are reluctant to depend on and limit themselves to specific project types. By means of different projects, they tend to extend their activities for improving the ability to undertake many more projects, thus increasing profit margins and reducing financial risks. Reality capture technologies (23.08%) are a different competitive advantage for the surveyed companies parallel to findings presented in Figs. 3 and 7. Technological in-
 infrastructure is established in several different manners. According to Fig. 12, the most popular of these are participation in fairs and technical tours (80.77%), following construction magazines (57.69%), and obtaining useful information through the Internet (30.77%). The statistical value of following competitors (15.38%) is not much different from the related data in Fig. 7. However, the fraction of firms planning to make no improvement in technology (7.69%) is extremely low, which is a positive finding.

As shown in Fig. 10, the last competitive advantage of companies concerns their perception of quality management (15.38%). Although this data are almost in agreement with the related value in Fig. 3, it is very low and should be increased. In other words, it is evident that progress in quality management should be a fundamental strategy for contractors, owing to its long-range nature.

Joint ventures are a relatively new concept in construction that is a frequently pursued practice today despite not being a competitive advantage in the present survey (Fig. 3). As a method of strategy development, joint ventures are typically thought of as arrangements where organizations remain independent but set up a newly created organization jointly owned by the parents. Joint ventures are a useful way to gain access to a new business in at least three types of situations. First, a joint venture is a good way to do something that is uneconomical or risky for an organization to do alone. Second, joint ventures make sense when pooling the resources and competencies of two or more independent organizations produces an organization with more of the skills needed to be a strong competitor. Third, joint ventures with foreign partners are sometimes the only or best way to surmount import quotas, tariffs, nationalistic political interests, and cultural roadblocks (Thompson and Strickland 1996). Appropriately, contractors make an effort to establish joint venture companies due to the reasons shown in Fig. 13. The most considerable of these motivations was found to be an inclination toward specialization (26.92%). However, although the diversification tendency of firms toward different project types (according to the findings in Figs. 3, 10, and 15) seems to contradict the findings on specialization, companies attempt to form joint ventures both to enhance their competitive power and productivity, and to reduce project risks by sharing them with joint venture partners. Considering the other reasons, firms need joint ventures to cover their shortages of experience (19.23%), financing (15.38%), and equipment (15.38%), and to be prequalified for contracts (15.38%). Furthermore, it was determined that there also exists a shortage of quality (19.23%) in spite of the related data in Figs. 3 and 10, which emphasize firms’ quality efforts.

Crisis and Risk

In today's global business climate, companies are immediately affected by economic and political crises in both the national and international arenas. During and after a crisis, public- and private-sector firms take various reactive measures. Firms try to withstand current crises by means of the planned or immediate strategies suggested by Mintzberg and Quinn (1991). The first measure that can be accepted as an immediate and short-term strategy is reducing expenditures (80.77%). The other measures in Fig. 14 are composed of immediate and middle-term strategies as follows: not taking any bank credit after paying past interest and credit debts (53.85%); shrinkage by not taking on new projects, reducing the number of personnel, and closing department in the company (26.92%); and restraining growth (15.38%).

Diversification in business (3.85%) is the least important measure for respondents despite being a planned strategy. As seen from the low value (23.08%) in Fig. 3, it is rarely employed, although it may be influential against risks and crises. Diversification is typically defined as a strategy that takes the organization away from its current markets, products, or competencies. The extent to which this occurs can be thought of in terms of the relatedness or unrelatedness of diversification. Related or concentric diversification is strategy development beyond current products and markets but still within the value system or industry in which the company operates. Typically, unrelated or conglomerate diversification is thought of as an organization moving beyond its current value system or industry (Johnson and Scholes 2002). Three motivations for diversification in construction can be identified:

- To avoid construction cycles and particular clients and markets;
- To increase profitable growth; and
- To increase efficiency through control of suppliers or link activities because of greater synergy.

In addition, the question of whether the surveyed companies undertake highly risky projects (except during crisis periods) has been examined. As shown in Fig. 15, a large fraction (65.38%) of the companies is not interested in highly risky projects and therefore is not engaging any proactive strategy. The rate at which firms endure high risks to gain experience on various project types is 15.38%, not so different from the values of 23.08% and 34.62% in Figs. 3 and 10, respectively. It was also determined that there are some companies (11.54%) that take high project risks to put new technologies into practice. The importance attached to advanced technology can be related to the results of 69.23%, 38.46%, and 23.08% in Figs. 3, 7, and 10, respectively. The first value (69.23%) indicates advance in technology as a method to reach planned objectives. The second (38.46%) represents technological agents as a type of strategic analysis. Finally, the third (23.08%) denotes technology as a perceived advantage over potential rivals.

Strengths, Weaknesses, Opportunities, and Threats Analysis

A SWOT analysis summarizes the key issues from the business environment and the strategic capability of an organization that are most likely to impact strategy development. This can be useful as a basis against which to judge future courses of action. The aim of this analysis is to identify the extent to which the current strengths and weaknesses are relevant to, and capable of, dealing with threats or capitalizing on opportunities in the business environment. In this context, a strength is something a company is good at doing or a characteristic that gives it an important capability, while a weakness is something a company lacks or does poorly in comparison to others, or is a condition that puts it at a disadvantage. Opportunities, another concept in the SWOT technique, are major favorable situations in a firm’s environment. Finally, threats are major unfavorable situations in a firm’s environment (Pearce and Robinson 1997). In this study, a SWOT analysis was applied over the other types of tools used in the process of strategic analysis, such as Porter’s five forces (political, economical, social, technological, environmental, and legal), product portfolio, scenarios, and critical success factors. The main advantages of SWOT analysis are its recognition of the important impact of the internal and external environment, and its simplicity.
relative to other models in terms of the basic analytical structure. As demonstrated in Fig. 16, this analysis for Turkish construction companies was carried out using all the findings presented in the previous five sections. To design the SWOT framework, these findings were arranged by internal (strengths and weaknesses) and external (opportunities and threats) factors.

It can be seen in Fig. 16 that contractors do not apply the main principles of strategic management, such as forming mission statements and objectives, despite planning their future strategies. Since they describe long-range planning as unnecessary, 23.08% out of the whole of 38.47% that make strategic plans modify these plans every year (Fig. 5). When the contractors’ understanding of strategic management was investigated in a project-specific manner, it was observed that the analysis of competitors is performed, while analyses concerning in-house resources and project regions do not attract the required attention. Another serious deficiency is that qualitative criteria are not considered during the formation of preferences regarding construction investments. Accordingly, it is evident that contractors do not have the needed know-how about strategic management concepts, and thus should make considerable progress by means of seminars and/or the professional support of consultant firms. The most considerable barrier to this development process is the lack of strategic management culture in companies. Indicators of this barrier are a lack of confidence in personnel and the absence of responsibility allocation in strategy development. Some firms’ efforts to promote the quality of human resources display hopeful signs. However, firms perceive poor workmanship and lack of training for laborers as external threats. This shows that contractors do not take any real responsibility at the industry level and do not make any internal efforts for the development of human resources. Firms simply attempt to improve by investing in technological infrastructure. The overall evaluation of direct and indirect production inputs is a vital factor for the ability to stay in business and grow but the inadequate level of development in total quality management is a critical disadvantage in this regard. As a more general perspective on these firms’ current positions in terms of strategic management, it is noteworthy that the economic and political variability in Turkey is a very influential factor in every respect. For instance, delays in progress payments are typical occurrences in public projects and this prevents contractors from engaging in thorough short- and long-term planning. It is more advantageous for contractors to undertake construction investments in the private sector, owing to its capability of making progress payments on time, allowing companies to produce more realistic plans for the future. Furthermore, since Turkey is a developing country and has not any smooth financial and bureaucratic structure, it is not easy to get construction loans, construction permits, and compliance with environmental regulations. However, although construction firms accept the cited instability in Turkey as a significant threat, the fact that both economic and political environment analyses are not performed shows that the firms’ level of knowledge is fairly low in this regard. Moreover, it was found out that firms show little interest in the diversification strategy that is a useful solution tool to spread and reduce these uncertainty risks. Instead of following this strategy, companies are willing to specialize in certain project types and to raise the number of joint ventures. In addition to these efforts, Turkish construction companies have considerable experience in the international market, and there are some neighboring countries that need Turkey’s expertise in construction in this respect. However, the fact that the need for built environment is lagging the provision is also valid for Turkey as a developing country.

Conclusions

In this study, the strengths and weaknesses of Turkish construction companies together with the opportunities and threats that they encounter in national and international markets were disclosed in detail by a questionnaire-based investigation. It can be claimed that the most advantageous strength in the short- and long-term for these companies is their specialization in particular projects with joint venture companies. In this way, construction firms both enhance their own competitiveness and reduce the level of project risk through sharing. On the other hand, the shortage of strategic management culture was observed as the most important weakness among the surveyed companies. This results in temporary and inconsistent successes. The most serious threat was perceived as the unstable economic and political structure in Turkey. In terms of domestic investments, it is noteworthy that private sector projects are preferred by contractors due to this sector’s more stable and reliable structure for payments and cash flow. Although there is uncertainty to some extent throughout the economy, the unreliable nature of the macroeconomic structure in Turkey arises from governmental instability rather than microlevel private firms. Contractors view internationalization as an opportune alternative for the same reason.

The framework presented in this paper covers the determination and investigation of recent strategic management trends within the construction industry in Turkey. In today’s strict competitive conditions, this framework can be a useful device for testing whether a company’s strategic position has the potential to bring success. Thus, these general findings concerning the strategic perspective of Turkish firms may provide a benchmark for international companies planning to enter the Turkish construction market, or for local firms wishing to position themselves advantageously in the current domestic atmosphere with respect to their rivals. Furthermore, findings obtained in this study can be regarded as a preparatory research for establishing general or country-specific principles of strategy, which might also be valid for other developing countries that have similar competitive and industrial environments. In this respect, this study can provide an interactive tool for both academic and practical comparisons on an international basis.

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