

EXPANDING THE GLOBAL CONSTRUCTION OPPORTUNITIES THROUGH BUSINESS CONVERGENCE

Soo-Sam Kim¹ and Seung Heon Han²

¹ Department of Civil and Environmental Engineering, Hanyang University, Ansan, Korea

² School of Civil and Environmental Engineering, Yonsei University, Seoul, Korea

Correspond to kimss@hanyang.ac.kr

ABSTRACT: Construction firms have long sought success in the global construction market through diversifying revenue sources and project portfolios. The volume of international contracts has contributed to firms' sustained growth by mitigating the impact of the domestic market's cyclical nature. In spite of the importance of international construction, the uncertainty and dynamic changes surrounding global construction pose serious threats to global contractors. Over the last decade, the international construction industry has changed drastically in many ways, particularly including financial resource diversity, competition rules for the selection of contractors, and the terms of delivery systems requiring more competent total service providers. This paper investigates the important changes for global contractors through various documentation analysis as well as in-depth interviews with industry experts. This paper then analyzes the common strategies and lessons obtained from the cases of leading global contractors that have sustained their growth in the competitive global construction during the last decade. In addition, the authors further analyzed the comparisons between those firms and Korean contractors to discern any difference in sustaining their growth in the competitive market. It was found that those leading firms were quite proactive and responsive to changing markets by diversifying their market revenues to stabilize their revenue structure and enhancing their competency through a wide range of 'business convergence'. In addition, they significantly increased their upstream/downstream functional capabilities; hence becoming more competent service providers, able to grow in these rapidly changing market conditions. Finally, this paper benchmarks the critical strategies that support growth, which in turn can provide a strategic guideline for expansion into the global construction market.

Keywords: International Construction; Business Structure; Convergence; Sustainable Strategies