

# **Enablers of Growth for Construction Companies in India: A Strategic Approach**

By

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## **CERTIFICATE**

This is to certify that the thesis entitled “**Enablers of Growth for Construction Companies in India: A Strategic Approach**” being submitted by Sanjay Bhattacharya to the Indian Institute of Technology, Delhi for the award of degree of Doctor of Philosophy (Ph.D.) is a bonafide record of research work carried out by him under our guidance and supervision. The thesis work, in our opinion, has reached the required standard, fulfilling the requirements of the said degree. The results contained in the thesis have not been submitted in part or full to any other university or institute for the award of any degree or diploma.

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## ABSTRACT

The construction industry in India, despite being second largest industry, next only to agriculture, in terms of its contributions to infrastructure and employment has received inadequate attention from the policy makers. As the economy grew fast, many companies found themselves unable to meet the market demand. The expected outlay for infrastructure development in the next five years (2012-17) is projected to be over one trillion US dollar. The current production and handling capacities of construction companies are too meager to handle such huge demand.

As reported in 2008, in spite of India's vast geographic spread, natural resources and population, Indian construction industry had a miniscule share of only 1.64% of the world's construction market. India is considered as one of the large growing markets, yet only three Indian construction companies find place in Top 225 International construction companies in Engineering News Record. Due to gaps in internal capabilities as well as growth strategizing vision, most companies in India are unable to convert these huge opportunities that the infrastructure expansion projects offer. As a result, the opportunities are feared to slip into the hands of large size international companies having greater capability and expertise. Keeping the above as the source of motivation, broad objectives of this study is set to identify such factors that enable growth of Indian construction companies and propose a growth strategy framework.

The research being exploratory in nature, an approach of "building theory from practice" is selected for the study. An examination of practice provided insights about gaps between theory and practice. Therefore, instead of translating theoretically derived knowledge into solutions (e.g. consulting tools, new management practices), it is attempted to synthesise practical knowledge with concepts to evolve a pragmatic framework. Accordingly, the research involved a systematic use of concepts, theories and analysis of primary and secondary data. Various field research methods like pilots studies, detailed case studies at different levels and structured questionnaires survey approach have been utilised to triangulate and conclude findings.

The study reveals that *visionary leadership; human resource skills and capabilities;* and *organization setup and structure* are the three key enablers of growth.

*Operational and process excellence* is an enabler which is important across all levels. There are certain differentiating enablers, viz., *value innovation; unique products and services*; and *entering new market segments* which segregate the leaders from rest of the companies. Ability to realize international business and setting practices, processes and performance at the international benchmarks are also found to be crucial for growth. Companies need to enhance their capabilities and expand their business interests across all sectors and types of clientele and their niche sectors capabilities should be utilized primarily for value creation and higher margins in business.

The study also reveals certain factors inhibiting growth, viz., *low confidence levels; weak knowledge and process base; fear of new challenges; inappropriate alignment to goals*; and *rigid thought pattern*.

These above contributions are expected to act as an eye opener to construction companies in India in formulating and implementing strategies to realize their growth visions.

**Keywords:** *Growth enablers; Indian construction companies; Strategic framework; Growth performance; Visionary leadership; Capabilities and resources; Value creation; Case study; Questionnaire survey*

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