

Dynamic Capabilities for Construction Contractors

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Research Question

- What are the Dynamic Capabilities for construction contractors and how they lead to competitive advantages?

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Theory Base

- Resource-based view (RBV)
 - Firm as bundles of resources
 - Heterogeneously distributed across firms
 - The differences persist overtime
 - Resources could be source of competitive advantage when possessing VRIN attributes

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Dynamic Capability

- RBV not adequately explain competitive advantage in situations of rapid and dynamic change
- In such situations, the dynamic capabilities to “integrate, build, and reconfigure internal and external competencies to address rapidly changing environments” (Teece et al 1997) become the sources of competitive advantage

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Dynamic Capabilities

- Consists of processes that enables firms to reconfigure resources into new value-creating strategies in dynamic markets
- Have greater equifinality, homogeneity and substitutability across firms than traditional RBV thinking implies (Eisenhardt & Martin 2000)

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Market Dynamism

- In moderately dynamic markets, DC resembles routines—processes rely on existing knowledge and linear execution to produce predictable outcomes.
- In high-velocity markets, DCs rely on quickly created new knowledge and iterative execution to produce adaptive, but unpredictable outcomes. (Eisenhardt & Martin 2000)

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Construction Industry

- Moderately dynamic
 - Fragmented
 - Highly competitive
 - Cyclical
 - Stable industry structure
 - Heavily regulated
 - Little technology risk
 - Time & cost are predictable for building construction projects

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Construction Contractors

- Construction contractors organize works by projects
- Most construction works are contracted out
- Lean structure
- Sources of competitive advantage are likely to be a combination of leveraging existing resources and reconfiguring existing resources enabled by dynamic capabilities.

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Project Management

- Knowledge on how projects are managed—broader than PMBOK including
 - Project delivery
 - Program management
 - Project portfolio management
 - Enterprise-level project management

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Core Capabilities

- Project delivery
- Benefit realisation
- Project selection & prioritisation
- Resource allocation
- Alliance management
- Cross-project learning

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Implications for Construction Contractors

- Reconfiguration of resources, not DCs, the source of competitive advantage
- Continuous process improvement
- Reconfigure resources to adapt to markets
- Complementary capabilities enhances the chance for gaining competitive advantage
- Not all core capabilities are equal—need a focus

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Future Research Directions

- Identify typologies of dynamic capabilities
- Identify how dynamic capabilities lead to effective reconfiguration of resources
- Empirically testing the relationship among DC, reconfiguration of resources and competitive advantage

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Thank You!

Questions?

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