Construction Competitiveness: A Dynamic Capabilities Perspective

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Abstract
The existing literature tends to see a firm’s competitiveness being determined by the driving forces of its industrial structure, such as market entry, entry deterrence, and positioning. Literature offers little about how the ideas might be operationalised within firms. It is equally silent concerning the way that firms can orientate themselves towards emerging futures and changing demands. Given these two notions, dynamic capabilities and its literature are offered to aid our understanding. The concept of dynamic capabilities focuses on firm-specific capabilities; the extent to which firms are able to re-configure their resources and re-modify routines in order remain competitive in changing environments. The concept of dynamic capabilities is suggested as an alternative perspective to explain how competitive advantage is gained and sustained by firms. The underlying proposition is that a firm’s competitiveness stems from the dynamic capabilities rooted inside its managerial and organisational processes, asset positions, whilst also conditioned by its historical path development. Furthermore, a firm’s competitiveness depends upon the easy with which distinctive capabilities can be replicated internally by the firm itself or imitated externally by competitors. It is notable that the concept of dynamic capabilities is not emphasised in the current discourse of competitive strategy for the construction industry. With particular reference to UK construction firms, the dynamic capabilities perspective is developed as an analytical device for understanding the existing capabilities of construction firms and the ways in which they respond to external changes. The dynamic capabilities perspective is found to offer fresh insights into how competitiveness is operationalised within construction firms.

Keywords: dynamic capabilities, firm competitiveness, UK construction firms