

# How do top construction companies diversify in the international construction market?

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## Abstract

Globalization has created an international market that allows construction companies transcend traditional national boundaries and conduct business overseas. With new opportunities being brought to contractors, competition also grows exponentially in this market. Diversification is frequently adopted by these contractors as a strategy by the contractors for either growth, or risk management, or both in this competitive environment. However, the pattern of diversification has not been well measured, mapped, and analyzed. The aim of this research is to develop a Diversify Index (DI) and examine international contractors' diversification pattern. The data is from the Top 225 International Contractors' reports ranked by ENR (Engineering News-Record) from 1995 to 2014. Distributions of the DI were explored first and then case studies were used to investigate the specific diversification strategies adopted by the top international contractors. It is discovered that a downward trend of DI with subsequent changes in rankings expresses that larger contractors increasingly adopt various diversification strategies in international competition. The results provide valuable sights on the relationship between the competitive success and their diversification strategies as well as the tendency of diversification strategies adopted by top international contractors in different regions.

**Keywords:** International construction; Diversification; Market competition; Competitiveness

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