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## Optimisation of Strategic Management in Construction Projects Delivery: Niger-Delta, Nigeria

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### Abstract

The study examined optimising strategic management on construction projects in the Niger Delta. The construction activities in the Niger Delta over the years have positively affected the region's economy. The study results show that project experts in the construction industry with investment in knowledge resources, education, market participation, vision, and core competencies are likely to actualise optimisation of strategic management in project delivery. Hence, optimising these strategic management practices significantly affects construction project performances in the Niger Delta region. The study concludes that optimising strategic management is vital in ensuring the survival and sustainability of construction companies in the Niger Delta region, given its significant relationship with performance. The findings of this study have the potential to revolutionise the construction industry in the Niger Delta region, leading to improved project delivery and economic growth.

**Keywords:** Optimization; Knowledge Resources; Relationship; Technologies; Strategies Management; Development; Performance.

### 1. Introduction

The strategy theory was derived from the Greek word "Strategos," which means General. The history of Strategy and strategic management covers a vast period from ancient Greece to the 21st century. Many experts and practitioners in the construction industry have accepted strategy as a central topic at some point (Chinowsky 1999a). The first recorded attempt to define Strategy originated from Roman military Commanders who sought to document the strategic options available on the battlefield. Understanding the military stems of Strategy, the American Heritage Dictionary defined Strategy as "the science and art of military instruction as applied to the overall planning and execution of large-scale combat operations. Strategy as a subject has occupied the minds of political, military, and business leaders for centuries. Bianca (2017) stated that strategic management necessitates that top management guide employee activities towards accomplishing specific goals with implementation plans. Strategies are critical to the organisation as they support the firm in combating complex situations. Significant organisations use techniques to create attention and effort on real priorities and offer a consistent structure to guide decisions and actions (Nutt & Backoff, 1992).

Strategic management depends on an organisation's tendency to change its business direction. However, Chinowsky & Meredith (2000) clearly stated that strategic management is hardly practised in the construction industry and puts the sector backwards.

Consequently, the changing conditions in the Nigerian construction industry have created a dilemma among economic scholars and business entrepreneurs regarding the most efficient way to optimise machine performance in the construction environment.

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According to Johnson, Scholes and Whittington (2007), strategies provide an organisation with the route and visual direction for profit in operational efficiencies. Methods also sustain the firm's vision within a challenging environment. Strategic management encompasses five key components: goal-setting, evaluation, formation, implementation, and monitoring. These elements characterise strategic management from less inclusive approaches, such as operational management or planning. Strategic management is an iterative process that involves essential collaborations and feedback among the five key components (Adeyemi et al., 2017).

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## 2. Material and Methods

Nigeria's construction market was \$127.7 billion in 2021 (NBS, 2022). Thus, the industry's output in 2022 was 10 % below the production of 2021 despite support from investments in transport and electricity as part of the National Development Plan 2021–2025. The management of many construction companies today in the Niger Delta has been blamed for gross incompetence, low output, increasing cost of administration, and unmanageable administrative structure. It has necessitated the plan for economic rejuvenation, including industrialisation and alleviating poverty. This results from inadequate strategic planning and management, low productivity and a lack of proper resource allocation.

In recent years, little research has aimed at optimising strategic management for organisational growth and the development of construction projects in the Niger Delta. Therefore, strategic management remains imperative as a potential tool for project delivery in the Niger Delta region. However, a critical analysis of the construction industry in Nigeria shows that many of our International Oil and Gas companies in the Niger Delta region have been witnessing problems of value creation, market participation, government policies, and scarcity of raw materials, symptoms of corporate failures. Therefore, this study aims to analyse how to optimise strategic management on construction project delivery performance in the Niger Delta.

### 2.1. Development of Strategy Management in Construction

From the highest level of perception, the first strategy theory is the Strategy itself. The basic concept of strategy is formulating ideas that promote a process that affects internal and external influences (Porter 1979; Hamel & Prahalad 1989). Compared to the implementing and monitoring plans established for individual projects, strategies are models with no inherent steps to achieve the final result. The strategy concept was initially established by rulers and military leaders trying to expand their empires. In the history of the military, the idea of the Strategy provided the use of the Trojan Horse, the building of the warship, and the view of the fortified castle. These examples suggested a new methodology that responded to a current situation, anticipated future needs, and presented a new way of accomplishing a goal.

According to Hunger and Wheelen (2003), strategic management is a set of organisational decisions and actions that direct the productivity of any organisation in the long run. Takim and Akintoye (2002) admitted that construction projects involve different phases, stakeholders, and processes requiring tangible and intangible resource inputs. The extent of success in any construction project delivery primarily depends on the expertise of management, as well as financial, technical, and organisational process flows. Chan and Tam (2000) emphasise that quality rating remains the factor of any successful project in any industry. A construction project is deemed successful when completed on time, within budget, and following the primary stakeholders' specifications. Many researchers suggested that strategy formulation and implementation are critical for successful project delivery. Strategic management processes are not limited to measurement, estimation and probability assessment but include other managerial and human resources. However, the contribution of Norrie & Walker (2004) accepted the introduction of a progressive framework as a strategy to communicate the strategic processes and decision-making in the business. Recent research by Ujunwa & Modebe (2012) in Nigeria encouraged implementing a strategic management approach in the capital market for economic growth and development. These strategies will stimulate the capital market's growth and promote efficient project delivery in the construction sector of the Niger Delta. According to Onyekwelu (2020), the effect of strategic management on organisational performance in manufacturing firms in Southeast Nigeria is anchored on classical theory and resource-based theory.

In his research, Paul Chinowsky (2000) stated that the business environment must be considered to develop strategic concepts effectively. Hence, continuous development and improvement of this environment remain a subject of strategic management in the construction industry. Consequently, Olanipekun et al. (2015) argued that construction firms should unceasingly sustain and improve strategic management practices since it is vital for business organisation project delivery. Effective strategic management in construction will protect organisations from existing competitors and new entrants, as Porter (1979) stated. Numerous studies have been conducted on construction industry strategies

and the performance of different construction firms over time. According to Adeyemi et al. (2017), strategic management has contributed significantly to the sustainable growth of construction companies in the Niger Delta.

## **2.2. Construction Companies Strategic Management Processes in the Niger Delta.**

According to Carpenter & Sander (2009), the strategic management process in construction companies comprises four elements: strategy formulation, implementation, environmental scanning, and evaluation. The worth of any strategy and its prospective impacts include increasing productivity, reducing costs, and improving quality services.

### *2.2.1. Strategy Formulation*

Strategy formulation involves the development of organisational strategies for effective project delivery. In developing corporate Strategy, the SWOT analysis remains a significant input to achieving the goals and objectives of the organisation. However, translating a process into a series of tasks that individual departments can accomplish takes time and effort. The time required to focus on broadening client bases or examining new revenue streams is often overridden by demands by projects for attention to three organisational levels: operational, competitive, and corporate.

- Operational strategies are day-to-day operations with the company's different departments, such as maintenance, marketing, and production. These strategies are department-specific and always for the short term.
- Competitive strategies are required to beat a competitor in the business industry. Formulators of these strategies must know their competitors' strengths and weaknesses, hence developing a system of competitive advantage over them.
- Corporate strategies are long-term plans relating to the future of the business in both a conducive and non-conducive business environment, as determined by the organisation's overall direction (Coulter, 2005). Businesses operating in divisions are part of Corporate Strategy.

### *2.2.2. Strategy Implementation*

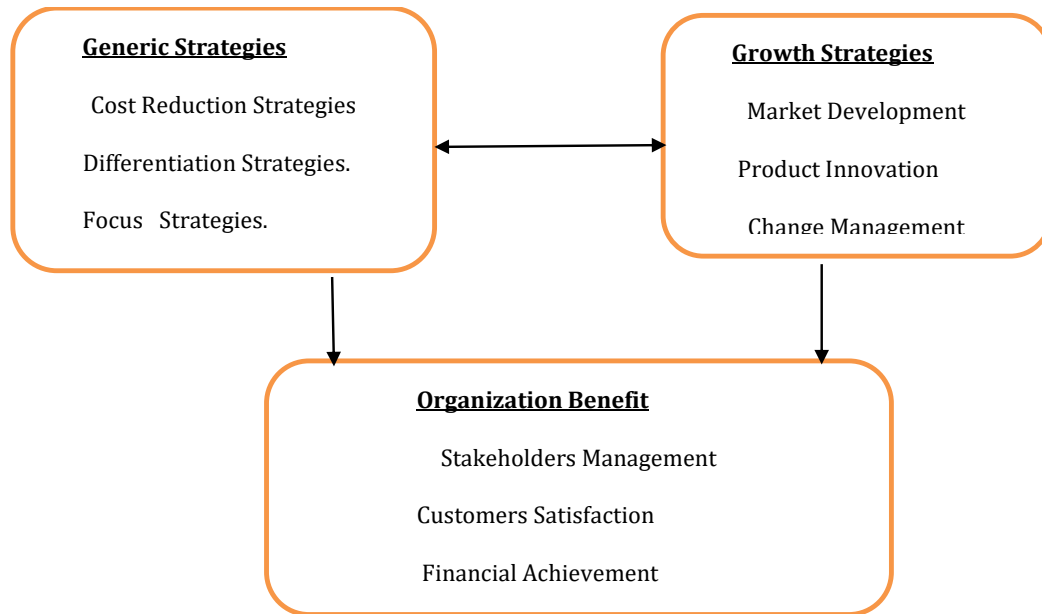
Strategy implementation entails putting the formulated Strategy into practice. This includes developing the best procedures to achieve the goals. However, transforming a plan into a sequence of tasks that individual departments can complete can be challenging. Therefore, design in the construction industry is prioritised based on critical issues. For example, for developing an oil facility in the Niger Delta region, strategies might include selecting an export terminal close to the facility, locating eligible customers for domestic gas supply, and stakeholder integration on security matters. In addition, strategy implementation in the construction industry in Nigeria will identify the resources needed to ensure that Strategy is achieved.

### *2.2.3. Environmental Scanning:*

Environmental scanning is always the first process of strategic management. This process involves creating an organisation's mission statement by critically analysing the internal and external environment in which the company operates. Stakeholder interaction is essential to this process. When examining the external environment, the organisation must consider the interaction between customers, suppliers, and competitors. However, internal and external factors are part of the SWOT analysis, the recipe for business success.

### *2.2.4. Strategy Evaluation*

Strategy evaluation is the last step in the strategic management process. It summarises the implementation processes and the strategy's outcome. Evaluating a strategic approach involves target actualisation, process correctness, and outcome expectation. When all evaluation inputs are not met, the design can be modified. Furthermore, assessing Strategy requires the views of management and employees. Therefore, evaluating strategic management processes should include metrics and time for basic questions.



**Figure 1** Construction company's strategy performance areas in the Niger Delta.

### 2.3. Major Construction Company's Performance in Niger Delta

Different indicators have represented construction companies' performances in the Niger Delta. However, research has shown that it is challenging to obtain the best indicator for industry performance (Kahn, 1977; Molnar & Rogers, 1976), and the tendency of effective project delivery depends on the resolution and limitations of the organisation.

**Table 1** Author's presentation of Strategic Plans of Some Companies in the Niger Delta

Company	Area of Specialization	Strategy Plan	Head Office
Setraco Construction Limited	Civil/ Infrastructure	Growth	Port Harcourt
Brunelli Construction limited	Civil / Infrastructure	Generic	Port Harcourt
Julius Berger Nigeria Limited	Civil/ Infrastructure	Generic	Port Harcourt
Monier Construction limited	Civil/ Infrastructure	Generic/Growth	Port Harcourt
Saipem Contracting Limited	Civil/ Oil & Gas Infrastructure	Generic/Growth	Port Harcourt

### 2.4. Optimising Strategic Management in Construction Delivery

Construction companies in the region of Niger Delta can optimise strategic management through the following means:

#### 2.4.1. Customer Relationship Management:

Customers are significant in construction, so proper customer management will enhance profitability and sustain the company's reputation. The quality of services and performance is primarily the duties of good customer service. Therefore, the customer service department is essential in the construction industry. Customer relationship management gives construction firms the necessary quality to operate in a competitive environment. The practice enables firms to understand customer behaviour towards their services and set tailored procedures for business activities. It has been proven to be one of the most effective tools for global strategy optimisation. However, my research observed that most construction companies in the Niger Delta engage in after-sales operations (AST). They engage in non-payment services to customers to overtake competitors and remain relevant in the industry.

Despite the positive contribution of customers in the Niger Delta, construction companies in the region have continued to advance in entrepreneurial strategies for the firm's competitive advantage. However, this idea should include more than physical resources; it should also include human resource capabilities necessary for initial sustainability.

#### 2.4.2. Technological Advancement:

Optimising strategic management in construction companies in the Niger Delta provides innovation in technology. Previous studies have shown that technology integration with construction processes supports knowledge transfer between workers and should be encouraged. However, there is no doubt that information technology capabilities are transforming construction businesses in the Niger Delta region. Consequently, technology has allowed the construction companies in the Niger Delta to operate and maintain their construction site from another location. However, the region's volatility has given rise to this technology, in which most customers are delighted with the development. The positive focus on technology by most of the construction companies in the Niger Delta showed that the industry has continued to demonstrate total awareness of the need for market expansion. However, construction companies in the Niger Delta, with the view of optimising Strategy, will continue to focus on larger markets for growth.

#### 2.4.3. Diversification of Business

Diversification into construction-related businesses is a common successful strategy adopted by construction companies in the Niger Delta region. This is to take advantage of the market environment and make more profit. Most construction firms in the area believe that diversification will keep them in business and create more opportunities. In this study, the researcher discovered that due to the region's abundant oil and gas resources, construction companies with technical expertise equally engage in oil and gas exploration. Therefore, business diversification is a significant strategy optimisation in the construction industry.

#### 2.4.4. Construction Cost Reduction Policy

Cost reduction and profit maximisation are the aims of any business venture. The construction companies in the Niger Delta are not an exception to this principle. Construction cost reduction could be in logistics, procurement and design. Many thanks to the Nigeria Local Content Board for implementing the local content policy of the Federal Government of Nigeria. With this implementation, most construction activities that require foreign experts are now done by locals in local currency. An effective cost-reduction strategy in construction must not affect the quality of work. However, the quality standard must remain active in the competitive market.

$$\text{Strategic Management (N)} = \frac{\text{KPI}}{100} \quad (\text{Company assigned based on some factors})$$

KPI (Key Performance Indicator)

Consequently, the research shows that cost reduction and customer relationships were the common strategic management principles adopted by construction companies in the Niger Delta.

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### 3. Research Findings

Based on the secondary data obtained from various academic sources, cost reduction and customer relationships have been the pillars of strategic management in the construction industry in the Niger Delta. The cost reduction approach to competitiveness means that a firm becomes the lowest-cost producer to surpass rivals without losing profits (Pamulu, 2010). Recent research related to construction strategy activities includes Adebayo (2004), who investigated the function of strategic management among construction firms in Nigeria. The study found that construction firms in the Niger Delta region are conversant with this management strategy. According to Kale & Ardit (2002), the cost reduction approach by construction firms in the Niger Delta requires operating cost control, reducing costs across the divisions, and effectively conducting operations and activities. However, new areas like professional development and technological innovations are still open to construction firms for exploitation. These strategic areas require resources to gain a competitive advantage over rival companies.

This research also uncovers some factors that hinder competitiveness among construction companies in the Niger Delta. These factors apply to more than poor contractor capacity, low productivity, and low profit margin (Nigeria Federal Ministry of Works, 2022). However, to remain relevant in a competitive market like Nigeria, construction companies must adopt market penetration, strategic alliances, mergers and acquisitions, and branding/packing services. For instance, the planned merger of Monier Construction Limited and Setraco Construction Limited is a good management strategy for the construction industry in Nigeria.

#### 4. Conclusion

The study recognised that most construction companies in the Niger Delta region of Nigeria adopt several company strategies at various levels. However, the methods are generally applied relatively in the firms. The industry needs to develop a better system for determining what is essential to their clients to improve client investments through strategy optimisation and planning. Explicit strategy creation and execution are critical points for achieving such outcomes. Consequently, the study evaluated strategies among construction contractors in the Niger Delta region of Nigeria. It established that cost reduction, business diversification, technological advancement, and customer relationship management are significant ways of optimising strategies for construction companies in the Niger Delta. Construction firms in the Niger Delta must improve their internal structure to meet the new industry challenges. Concentrating on core businesses is the most common successful Strategy for the Niger Delta region construction contractors. However, strategic management is considered responsible for production efficiency, as many construction firms attributed their failure to inadequate resources. The process of achieving strategic management optimisation is determining the strengths and weaknesses in the organisation, where gaps exist, and areas that need attention. No construction company should be discouraged if there are significant gaps in the management system, as every organisation has room for improvement.

Consequently, construction firms in the Niger Delta region need to advance managerial Strategy based on the situations they are experiencing. However, construction companies in the Niger Delta region's quest for production efficiency believe in Generic and Growth processes for adequate production. Growth strategies comprising market development, product innovation, and change management are top management strategy drivers for competitiveness. Moreover, the management of construction firms engages in cost reduction while maintaining the value provided. Therefore, the researcher identifies growth, generic and focus forms of strategic planning as top management decisions to remain relevant in the construction industry. The third point under study was how management-level practices influence the optimisation and performance of construction firms in the Niger Delta. The findings validate the use of SWOT analysis to determine the firm's strength and potential to optimise strategies in project delivery. Furthermore, the study recognises that a focus strategy is a survival strategy for construction firms and a significant antecedent of organisational innovativeness. The facts assume that related performance, which translates as focus strategy, influences the innovativeness of construction organisations in the Niger Delta.

In terms of optimising strategies, the researcher found that the majority of the construction companies in the Niger Delta strategically re-aligned their resources to gain a competitive advantage over other companies. Based on this, construction companies in the Niger Delta could diversify their strategies on diverse projects while implementing new business strategies for sustainability.

#### *Recommendation*

Concerning the impact of strategic management on the performance of the construction firms in the Niger Delta, the extent of success in any project delivery largely depends on the expertise of management in optimising adopted strategies. However, technical and organisational processes with financial capacity form a firm's Strategy. Hence, operational efficiency and automation should be considered a top priority in the Niger Delta region for construction firms to improve production.

Furthermore, regarding the strategies and adaptability employed at the business and corporate levels in construction firms, the implementation requires some tough decisions to succeed. Therefore, the researcher recommends that every construction firm in the Niger Delta develops a sustainable business strategy using the core strategic pillars of the company. This plan must include the company's corporate, business, and operational systems. Continually implementing strategic management practices within construction firms confirms that a complete view of performance is anchored on strategic planning. These practices with strategic objectives will enable success through a vigorous and successful road map.

Construction companies should establish a proper direction for the firm's strategic process and encourage proactive responses to operational challenges, such as market pressures and rival actions. Strategy implementation is an element of a strategic management system that has the most significant impact on performance. Furthermore, effective coordination between appropriate personnel and resources is necessary for successful strategies. Therefore, construction firms in the Niger Delta should adopt some performance matrices, including intermittent measurements of accomplishing strategic objectives. With these, investors and shareholders of the organisations can assess how well the implementation of strategies is progressing and areas that need attention.

Again, human capacity is a factor for corporate success in the business world. Therefore, the management of construction firms in the Niger Delta should invest in staff training and development attached to a competitive remuneration obtainable in the industry; this will ensure that staff are committed, leading to efficiency in productivity in the organisation. Evaluating performance is needful in the construction industry since it is a means of determining the productive state of the organisation and achieving its mission. However, it does not determine the organisation's overall health, which is fundamental to strategic planning. Therefore, construction companies should consider their reputation as an intangible asset most important to the company. Understandably, a good reputation leads to encouraging performance, both financially and socially. Essentially, reputational assets, in their various forms, summarise a good deal of information about firms and shape the responses of customers, suppliers, and competitors.

Finally, construction firms should develop procedures and processes that align with the industry's perceptions of core competencies through sharing knowledge and learning.

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## Compliance with ethical standards

### *Disclosure of conflict of interest*

The authors declare they have no conflicts of interest or financial conflicts to disclose.

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