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Citation: Utama, W., Chan, A., Zahoor, H., Gao, R., and Martalius, P. 2018. Exploring the Strategic Motivation of Internationalisation: Indonesian Contractors' Perspectives. *Construction Economics and Building*, 18:4, 64-83. <https://doi.org/10.5130/AJCEB.v18i4.5899>

ISSN 2204-9029 | Published by UTS ePRESS | <https://epress.lib.uts.edu.au/journals/index.php/AJCEB>

RESEARCH ARTICLE (PEER-REVIEWED)

Exploring the Strategic Motivation of Internationalisation: Indonesian Contractors' Perspectives

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DOI: <https://doi.org/10.5130/AJCEB.v18i4.5899>

Article history: Received 28/01/2018; Revised 18/10/2018; Accepted 24/10/2018; Published 21/12/2018

Abstract

Although extensive research has been carried out on international construction, scant study in this domain exists which has paid attention to developing economies. The present study empirically investigates the above context from the perspective of one of the largest developing nations, Indonesia. Focus of this study is Indonesian contractors' motivations to enter foreign marketplaces. An empirical approach integrating quantitative and qualitative techniques was adopted to address the research question. The primary data were collected through questionnaires distributed to large Indonesian contractors. Descriptive statistical method and relative importance index (RII) were employed for data analysis. In the discussion the survey results were triangulated with the interview findings. The results clarify that the reason to pursue overseas projects was motivated by multiple-motivations rather than a single one. The

major motivations were to increase profitability, to benefit competitive advantage, to expand business, to capitalize on globalization/free trade regions, to respond to project sponsor's invitation and to gain international experience. An implication of these findings is that the existing condition of the companies should be taken into consideration when measuring companies' motivation levels in pursuing overseas projects.

Keywords

Internationalization construction enterprise, overseas expansion, expansion motivation, construction project, Indonesian contractor.

Introduction

The international construction industry is one of the most strategic sectors driving the global economy. The latest prediction from several international market research agencies is that, in the next couple of years, worldwide construction projects will keep growing and offer many more opportunities to expand business globally for construction enterprises. However, today's international construction business still witnesses the developing country's markets monopolized by advanced industrial economies.

Statistically, central to the most studies on international construction (IC) is advanced industrial economies (Utama et al. 2016), while research activities have not heeded the involvement of developing markets in international construction businesses up to the present. This tendency is understandable because the research outputs reflect the condition of the related industry in specific countries (Hu et al. 2013). Nevertheless, the most emerging market, China has become strong competitor of the traditional powers in seizing international markets in specific regions in the last two decades. During the last decades, Turkey (Korkmaz and Messner, 2008), Malaysia (Awil and Abdul-Aziz, 2012; Abdul-Aziz and Law, 2012) and Pakistan (Maqsoom et al. 2013) have concentrated on this business as well. Of interest in the latter phenomenon is the growth and intensive involvement of Indonesian contractors in the overseas market worldwide over the last decade.

As a matter of fact, Indonesia coined the operation of its construction enterprise overseas about two decades ago. This activity is, however, becoming serious over the last ten years. The first record of foreign market penetration of Indonesian contractors was in the 90s by a state-owned enterprise which successfully undertook a highway and flyover road projects in Malaysia (1990-1993) and the Philippines (1996-1999) respectively. Nowadays, the market expansion has penetrated not only the region of Southeast Asia but also the Middle East and North Africa (Utama et al. 2014) as recorded in Table 1, although those expansions are relatively scanty.

Table 1 Overseas expansion of Indonesian contractors

No	Companies	Country explored	Type of work
1	PT Hutama Karya	Malaysia, Philippine, Brunei D., Papua N.G., Timor Leste	Road, building
2	PT Adhi Karya	Oman, Qatar, India, Timor Leste	Building, railway, bridge

Table 1 continued

No	Companies	Country explored	Type of work
3	PT Pembangunan Perumahan (PP)	UAE, Qatar, Timor Leste	Building, road, airport
4	PT Waskita Karya	UAE, Oman, Saudi Arabia, Timor Leste	Building, Irrigation, bridge, road
5	PT Wijaya Karya	Algeria, UAE, Libya, Brunei D., Timor Leste	Road, bridge, station, power plant, airport, building.
6	PT Brantas Abipraya	Timor Leste	Irrigation
7	PT Istaka Karya	Timor Leste	Bridge
8	PT Nusa Konstruksi Enjiniring	Timor Leste, Libya	Bridge, housing
9	PT Multi Structure	Saudi Arabia, Libya	Power station, housing
10	PT Daya Mulya Turangga	Timor Leste	Bridge
11	PT Pandaman Putra Utama	Timor Leste	Building
12	PT Bimavi	Timor Leste	Building
13	PT Pulau Mas Utama	Timor Leste	Building
14	PT Bangun Prima Semesta	Timor Leste	Power plant
15	PT Warisila Indonesia	Timor Leste	Power plant
16	PT. Sasmito Qq Camanasa Unip.	Timor Leste	Building
17	PT Tenda Artika	Timor Leste	Warehouse
18	PT Dsi Makmur Sejahtera	Timor Leste	Surveying
19	PT Citra Megah Karya Gemilang	Libya	Reservoir, storage tank, housing, building
20	PT Inti Karya Persada Teknik	Malaysia, Australia	Industrial building
21	PT Bakti Timor Karya	Timor-Leste	Bridge

Sources: Development Center of the Investment Resource, Ministry of Public Work and People Housing.

Although some studies exist involving the developing countries such as Malaysia and Pakistan, due to the specific nature of particular nation and companies, the motivational factors for international entry could not be generalized. Correspondingly, very few, if any, researchers have investigated the perspective of Indonesian construction firms in the international arena. The lack of knowledge in exploring such involvement from developing countries like Indonesia,

creates a gap in the body of IC studies. Given the above background, a valid question, what strategic motivations may encourage Indonesian contractors in pursuing overseas projects, has arisen and this study aims to address it empirically.

Literature review

Internationalization is a term illustrated as the expanding process of companies' business activities through progressive actions to broaden their participation in transnational markets and perform cross-national boundary transactions (Ahmad and Kitchen, 2008). In the process of internationalization, there exists a variety of strategic motivations driving the company's decision. In business and marketing fields, the reasons behind the internationalization of enterprises are an important subject and have been discussed in many studies like Czinkota and Rokainen (2004) and Contractor (2012).

A comprehensive search of the literature in association with construction management studies indicates that investigations into internationalization motivations of construction enterprises are scanty as shown in Table 2. Interestingly, Abdul-Aziz (1994) argues that construction is a business in the same way as any other in which the motivations to venture overseas principally parallels those of manufacturing companies. Even though the underlying reasons are similar, the motives in one industry may create different effects (Ahmad and Kitchen, 2008).

Table 2 Studies on motivation for seeking overseas projects

Study	Location of study	Major motivations
Neo (1975)*	UK	Company expansion; Management vision; Maintain shareholder's interest; Optimization the use of resource
Seymour (1987)	UK	Increase profitability; Maintain growth when low demand in domestic; Invitation from overseas or from local client; diversify risk
Quak (1989)*	Singapore	Business expansion; Risks deployment; Generating economic of scale; Competitive advantage
Giritli et al. (1990)	Turkey	Gain better growth and profit; Spare capacity of production; Improve expertise in new technology and quality
Kaynak and Dalgic (1992)*	Turkey	Market shortening at home; Usage of resources; Entrepreneurship; Booming market abroad (the Middle East)
Abdul-Aziz (1994)	US and Japan	Increase long-term profitability; Balance growth; Optimization the use of resource; Increase turnover; Short-term profitability
Crosthwaite (1998)*	UK	Long term profitability; maintain shareholder return; Risks diversification

Table 2 continued

Study	Location of study	Major motivations
Awil and Abdul-Aziz (2002)	Malaysia	Long-term profitability; Market stabilization; Natural progress due to size; Globalization; Management vision; Expertise in special technology; Government incentives
Chen and Orr (2009)	China	Host government invitation; Home government support; Better profit margin
Teo, Chan and Tan (2007)	Singapore	Increase growth and profitability; Competitive advantage; Show company's competencies; Market attractiveness; Diversification activities;
Ahmad and Kitchen (2008)	Malaysia	Market expansion; Cheaper resources; Liberalization in industry; Competition in home market; Gain business opportunity
Mutti and Flanagan (2008)	Brazil	Low demand in home market; Use of resources; Risks diversification
Maqsoom et al. (2014)	Pakistan	Increase profitability; Small and sporadic home market; Easy of work abroad; Work continuity abroad

*Cited from Awil and Abdul-Aziz (2002)

The contractor's motivations in one country may vary amongst different nations. Several researchers observed the internationalization motives of specific countries. The motivation of Chinese contractors draws the attention of Pheng and Hongbin (2003) who classify them based on two historical periods. Before 1979, their motivations were mainly for aiding developing countries initiated by the Chinese government. Conversely, since the 1980s, the motivation has been changed to profit-driven after investment policy was regulated. In other study, Chen and Orr (2009) discover that the Chinese government's initiative stimulates involvement in foreign markets, especially in many African countries. In addition, the significant profit margin which they obtain from African clients also motivates them to enter the African markets.

Malaysian and Pakistani contractors' motivations were investigated by Abdul-Aziz and Wong (2010) and Maqsoom et al. (2014) respectively using survey method and simple statistical analysis. Applying a five Likert scale, the first mentioned researchers finds 11 important and two moderately important motives. Whereas, the later mentioned discovered four very important, five important and two moderately important motivations. Regarding identification of the motivations, they agree on eight motivations, namely: to expand the business, to optimize the use of resources, to increase the profit, to gain international experience, to diversify the risk, to counter domestic business cycle, to increase market share and to be international anchor player.

Giritli et al. (1990) discuss internationalization from the prospective of Turkish companies. In Turkey, the initial reason to gain project abroad was the domestic economic recession in the 70s which made the companies look for a better profit from foreign projects. Kaynak and

Dalgic (1992 cited in Awil and Abdul-Aziz, 2002) support the study by Giritli et al. that the Turkish enterprises' penetration was to avoiding market shrinkage at home and at the same time took advantages of the booming market in the Middle East in the 80s. Teo, Chan and Tan (2007) investigate the reasons standing behind Singaporean small and medium-size contractors' expansion. Thirty contractors' responses were analyzed using factor analysis. The result showed that to increase company's growth in size and profitability placed the top motivation followed by to gain competitive advantage and create a business in the second ranking. Based on the result of factor analysis, He clusters the motivations into three groups: market-oriented motives, risk-oriented motives and growth-oriented motive.

In contrast to Teo, Chan and Tan, Quak (1998 cited in Awil and Abdul-Aziz, 2002) investigated 24 Singaporean enterprises and found that the main expansion motives were business expansion and spreading of risk. The motivation of Brazilian contractors was observed by Mutti and Flanagan (2008). Similar to the reasons of Turkish contractors in the 1970s, low construction activities at home at the beginning of the 1980s caused by the economic crisis, forced contractors to explore project opportunities abroad to maintain company's growth. Today, according to Mutti and Flanagan, diversification of risks has become a new reason for Brazilian contractors in pursuing overseas projects.

Research method

This study promotes the merging of research approaches, well-known as triangulation. One of the reasons was that a stand-alone research approach has some difficulty in describing the overseas expansion phenomenon satisfactorily. The primary data was obtained from the questionnaire's design based upon literature and distributed to Indonesian large size contractors. Likert scale with seven point's opinion was used, with 1 being *not important at all* and 7 being *extremely important*. It is more reliable and valid than the shorter or longer scales (Tjandra, 2004). The questionnaire mainly consists of two parts. Part A contains a list of questions about the profile of the respondents and participating firms. The questions in part B cover the motivation of the company. In this part, the respondents are questioned about the most likely motivation encouraging their companies to compete in overseas construction projects (OCPs). The questionnaires were distributed in Jakarta by hand-delivery and postal service. Analysis on each major aspect is elaborated and triangulated with interview of several experienced personnel.

The questionnaires were drawn from the contractor companies which are qualified as large-scale company (Grade 6 and 7 or Class B1 and B2) in the capital city of Indonesian, Jakarta. From 141,959 contracting companies registered to construction board in Indonesia, only 3% or 3939 companies were recognized as large firms. Using Equation (1) with an assumption that response rate is around 30%, the sample size of research is 317 respondents. The large contractors were listed and obtained from two respective associations, Indonesian Contractors Association (*Asosiasi Kontraktor Indonesia* – AKI) and Indonesian National Builders Association (*Gabungan Pelaksana Konstruksi Nasional Indonesia* – Gapensi). Of 317 questionnaires dispatched to selected samples, 103 responses (32.49%) were received after intensifying multiple efforts.

$$ss = \frac{z^2 \cdot p(1-p)}{c^2} \quad (1)$$

where ss is sample size, z is standardized variable, p is percentage picking a choice (expressed as a decimal), and c is confidence interval (expressed as a decimal).

Interviews were conducted with six practitioners, two academia, and one governmental officer. Five of them have experience in OCPs, while another one, his company has planning to enter a neighboring country's market. The interview aims to explore the company's motives deeply and support majority results of questionnaire survey. Abdul Aziz and Wong (2010) emphasize on the purpose of the interview to provide soliciting clarification and elaboration. This statement implies that an interview is functioned to apprehend the issues from respondents' points of view. The interviews were conducted after analysing data of questionnaires survey.

Cronbach alpha coefficient (α) was used as a measure of the internal consistency of a scale, expressed in a number between 0 (indicate the questionnaire absolutely unreliable) and 1 (indicate the questionnaire impeccably reliable). The measurement of reliability is pivotal to the validity of the questionnaire results (Shen, 2003). There are various acceptable alpha scores, ranging from 0.70 to 0.80 reported in literature. Field (2009) opines that a questionnaire is considered when its α -value is equal to or greater than 0.8. Slightly different from the latter, Hair et al. (2010) argue that 0.70 and above are recommended. The results of this test was 0.74 which exceed the required threshold of 0.7. The results indicated marginal level of internal consistency reliability among the raters as stated by Netemeyer, Bearden and Sharma (2003).

Relative Importance Index (RII) applied to measure the response related to the rating of each variable. Most of the studies used this method to determine the significance of variables. Generally, it has been applied in many similar types of surveys in CM research (e.g. Bageis and Fortune, 2009; Enshassi, Arain and Al-Raei, 2010). It is also well known as a noted technique for generating scores of the variables (Akadiri, 2011). It measures the importance level of each element based on seven points Likert scale from strongly unimportant (=1) to strongly important (=7). The RII scores were then extrapolated to define their criticality, which those are as follows: strongly unimportant (≤ 0.14), very unimportant (0.15 – 0.29), unimportant (0.30 – 0.44), moderately important (0.45 – 0.59), important (0.60 – 0.74), very important (0.75 – 0.89) and strongly important (≥ 0.90).

In this research, the score was used to calculate the importance of each motivation as a basis of the ranking list. The score can be calculated by using this following equation.

$$RII = \sum \frac{w}{A.N} \quad (2)$$

where r is the rank index, w is the weighting obtaining from total score given by respondent on each variable, A is the highest rate (7 in this research) and N is the number of respondents.

Kendall's Coefficient of Concordance (W) was applied to determine the degree of agreement among the respondents in questionnaire survey towards their rankings. The coefficient provides the consensus on a scale of zero (0), it means that there is no agreement among the respondents or experts, to one (1), it indicates a perfect consensus or concordance.

Finally, the Spearman rank-order correlation coefficient (r_s) measures the agreement of two parties on their rankings of the attributes (Lam, Tang and Lee, 2005). In this research, r_s measured the agreement among the paired groups of respondents based on their position and years' experience such as between Commissioners and Directors; Directors and Heads of department (HoD); HoD and Managers; and respondents with 10–20 years' experience and 21–30 years' experience. These measures aim to observe whether there is any significant inter-group agreement on the ranking of the motivations or not.

Data analysis results

RESPONDENTS AND PARTICIPATING FIRMS

From the rate above which represents companies' top management level, 32.04% were obtained from directors and 6.08% were received from commissioners. Regarding respondents' experiences, the result indicated that half of the respondents (48.54%) approximately have been working for more than 10 years but less than 20 years in their current firms. Most of the respondents have a respectable position in their companies and great experiences in their industry. Those two strengths indicate that the respondents are reliable in providing credible data. Thus, their opinions and observations gained through the survey are trusted, important and reliable (Akadiri, 2011). Therefore, the questionnaire may be treated as reliable by considering both position level and the long experience of respondents in industry as argued by Abdul-Aziz and Nor-Azmi (2011).

From the samples, the analysis of the returned questionnaires shows that 94.17% of participating firms are private companies while other 5.83% of participants identified as state-owned enterprises. Therefore, the opinions obtained through this survey are more likely to be the representative of private enterprises. In terms of company's experience, participating firms which have been operated between 21 and 30 years dominated the survey nearly 44%, and it was followed at 36.89% by enterprises which have been set for 31 – 40 years. This information clearly indicates that the instrument for data collection have properly represented, nearly 90% by extensively experienced firms in Indonesian construction industry.

There were only 4.85% of participants who have experiences in OCPs. Those were three BUMN companies and two private contractors. This fact implies that Indonesian contractors are still fully relying on demand at home country market, while foreign markets are not their main concern nowadays. The small number of enterprises have performed OCPs may indicate that there exist some barriers hampering the intention to expand market outside home country's jurisdiction. Detail profile of respondents and participating firms are recorded further in Table 3.

Table 3 Profile of respondent and participating company

Profile	Frequency	(%)	Profile	Frequency	(%)
<i>Designation of respondent in company</i>			<i>Year of company establishment</i>		
Board of commissioners	7	6.80	← 10 years	0	0.00
Board of directors	33	32.04	10 - 20 years	11	10.68
Heads of department/ division	27	26.21	21 - 30 years	45	43.69
Managers	36	34.95	31 - 40 years	38	36.89
<i>Respondent's experience</i>			→ 40 years	9	8.74

Table 3 continued

Profile	Frequency	(%)	Profile	Frequency	(%)
← 10 years	0	0.00	<i>Number of permanent staff</i>		
10 - 20 years	50	48.54	← 250 staff	27	26.21
21 - 30 years	25	24.27	251 - 500 staff	44	42.72
→ 30	28	27.19	501 - 1000 staff	28	27.18
<i>Company's memberships</i>			→ 1000 staff	4	3.88
Indonesian Contractor Association (AKI)	41	39.81	<i>Type of company</i>		
National Construction Builders Assoc. (Gapensi)	45	43.69	General contractor	81	78.64
AKI and Gapensi	17	16.50	Specialist contractor	22	21.36
<i>Category of company</i>			<i>Having experienced in OCP</i>		
State-owned	6	5.83	Yes	6	5.83
National Private	97	94.17	No	97	94.17

DESCRIPTIVE ANALYSIS

Table 4 summarizes the responses of the questions on the strategic motivation which may encourage Indonesian contractors to expand operation in foreign markets. The table shows that the mean scores for the internationalization motivations range from 3.69 (to be anchor player in host country) to 6.04 (to increase profitability). The table shows that the standard deviation (SD) values are relatively small, ranging from 0.544 to 0.779. Thus, using the average score as a representative value for the data is acceptable. The table presents standard error (SE) values which are trivial compared with the actual means. Therefore, the data sample used in this research was sufficiently representing the population.

Table 4 Descriptive analysis of the observed variables

Observed items	Mean	SD	SE
To increase profitability	6.04	0.779	0.077
To balance growth	5.02	0.673	0.066
To increase turnover	5.13	0.661	0.065
To maintain shareholders' interest	4.17	0.748	0.074
To expand/enlarge business	5.32	0.710	0.070

Table 4 continued

Observed items	Mean	SD	SE
To avoid saturation in domestic market	5.83	0.573	0.056
To capitalize on booming market	4.48	0.544	0.054
To capitalize on globalization	4.08	0.779	0.077
To diversify company's risks	4.15	0.589	0.058
To optimize use of resources	4.95	0.711	0.070
To benefit competitive advantage	5.97	0.690	0.068
To harness company expertise	4.62	0.712	0.070
To actualize company's vision	5.04	0.616	0.061
To respond project sponsor invitation	5.57	0.550	0.054
To respond home government encouragement	3.92	0.685	0.067
To gain international experience	5.16	0.635	0.063
To be anchor player in host country	3.69	0.667	0.066

RII OF MOTIVATIONS

Table 5 shows the descending rating of motivating factors. RII figures signify the overall priorities or the importance of the rationales. Overall, the RII scores range from 0.53 (to be an anchor player in the host country) to 0.86 (to increase company's profitability). The table records that from 17 motivating factors, five motives were indicated as "very important" in driving Indonesian contractors to pursue OCPs, while eight and four motivations were considered as "important" and "moderately important" respectively.

In the same table, the ranking of motivations based on respondents' designation and experience was also presented. Four groups of respondents jointly ranked the expansion motives, namely "to increase company's profitability", "to benefit company's competitive advantage" and "to avoid saturation in domestic market" as the top three. According to managerial groups of respondents, there were three expansion motives listed in the lowest rank which are "to diversify company's risk" (Commissioners and Managers), "to capitalize on globalization" (Directors), and "to be anchor player in host country" (Directors, HoD and Managers).

In order to simplify the name of the groups, the respondents having experience 10-20 years, 21 to 30 years and above 30 years were further called as group 1, group 2 and group 3 respectively. In terms of motivations ranking, the consensus was only reached on the top ranking (to increase profitability) and fourth ranking (to response project sponsor invitation). Interestingly, in group 1, the top ranking was jointly placed by "to increase profitability" and "to avoid saturation in domestic market".

Table 5 Analysis result on motivation

Motivations	Overall		Criticality		Commissioners		Directors		HoD		Managers		10 - 20 years		21 - 30 years		→ 30 years		
	RII	Rank	Rank	Rank	RII	Rank	RII	Rank	RII	Rank	RII	Rank	RII	Rank	RII	Rank	RII	Rank	
To increase profitability	0.86	1	Very important	0.89	1	0.86	1	0.85	1	0.85	1	0.85	1	0.85	1	0.86	1	0.89	1
To benefit competitive advantage	0.85	2	Very important	0.88	2	0.85	2	0.84	2	0.84	2	0.84	2	0.83	2	0.83	3	0.86	2
To avoid saturation in domestic market	0.83	3	Very important	0.84	3	0.84	3	0.83	3	0.83	3	0.82	3	0.85	1	0.84	2	0.82	3
To respond project sponsor invitation	0.80	4	Very important	0.80	4	0.77	4	0.84	2	0.84	2	0.77	5	0.79	4	0.82	4	0.80	4
To expand/enlarge business	0.76	5	Very important	0.79	5	0.74	5	0.73	5	0.73	5	0.78	4	0.80	3	0.75	6	0.74	7
To gain international experience	0.74	6	Important	0.75	6	0.77	4	0.71	6	0.71	6	0.72	8	0.73	6	0.70	9	0.78	5
To increase turnover	0.73	7	Important	0.75	6	0.72	6	0.73	5	0.73	5	0.73	7	0.74	5	0.73	7	0.73	8
To actualize company's vision	0.72	8	Important	0.67	10	0.74	7	0.78	4	0.78	4	0.69	9	0.65	8	0.76	5	0.75	6

Table 5 continued

Motivations	Overall		Criticality		Commissioners		Directors		HoD		Managers		10 - 20 years		21 - 30 years		→ 30 years		
	RII	Rank	Rank	RII	Rank	RII	Rank	RII	Rank	RII	Rank	RII	Rank	RII	Rank	RII	Rank	RII	Rank
To balance growth	0.72	8	Important	0.73	7	0.68	9	0.71	6	0.75	6	0.70	7	0.72	8	0.75	6		
To optimize use of resources	0.71	9	Important	0.73	7	0.71	8	0.67	7	0.72	8	0.74	5	0.73	7	0.67	10		
To harness company expertise	0.66	10	Important	0.71	8	0.66	11	0.63	9	0.64	11	0.62	10	0.66	10	0.70	9		
To capitalize on booming market	0.64	11	Important	0.61	11	0.66	11	0.63	9	0.66	10	0.64	9	0.63	11	0.66	11		
To maintain shareholders' interest	0.60	12	Important	0.69	9	0.58	13	0.55	11	0.56	13	0.57	11	0.60	12	0.64	13		
To diversify company's risks	0.59	13	Moderately important	0.51	14	0.67	10	0.64	8	0.55	14	0.56	12	0.56	13	0.65	12		
To capitalize on globalization	0.59	13	Moderately important	0.55	12	0.56	14	0.61	10	0.61	12	0.56	12	0.55	14	0.64	13		
To respond home government encouragement	0.56	14	Moderately important	0.53	13	0.61	12	0.55	11	0.55	14	0.55	13	0.53	15	0.59	14		

Table 5 continued

Motivations	Overall		Criticality		Commissioners		Directors		HoD		Managers		10 - 20 years		21 - 30 years		→ 30 years	
	RII	Rank	RII	Rank	RII	Rank	RII	Rank	RII	Rank	RII	Rank	RII	Rank	RII	Rank	RII	Rank
To be anchor player in host country	0.53	15	Moderately important		0.55	12	0.56	14	0.51	12	0.49	15	0.48	14	0.55	14	0.56	15
Kendall's W ^a	0.557				.784		.565		.575		.551		.596		.565		.505	
Asymp. Sig.	.000				.000		.000		.000		.000		.000		.000		.000	
Correlation coefficient (rs)			Commissioners		1.000		.963**		.966**		.961**							
			Directors				1.000		.980**		.962**							
			Head of Department (HoD)					1.000	1.000		.972**							
			Managers							1.000								
			10 - 20 years										1.000		.947**		.897**	
			21 - 30 years												1.000		.923**	
			→ 30 years														1.000	

Regarding criticality, the groups of respondents showed a conformably perspective of the expansion motivations. The category of motivations placed in “moderately important” to “very important”. In category “very important”, the group of commissioners put seven motivations with RII ranging from 0.75 to 0.89, while six motives were listed by the group of managers with RII between 0.75 to 0.85. Other two groups, both directors, and heads of department groups had five motivations ranging from 0.77 to 0.86 and 0.78 to 0.85 respectively. Similarly, the three groups have a slightly different view on the criticality of the motivations. In the category of very important, for example, group 1 listed five motivations having RII ranging from 0.79 to 0.85. In addition, six motivations were found in group 2 with RII between 0.75 and 0.86, and there were seven motivations in group 3 with 0.75 – 0.89 of RII.

Kendall's coefficient of concordance (W) was calculated to confirm whether there were any significant intra-group differences among the respondents and each group of respondents. Overall, the concordance index for the ranking of motivations was 0.557 at significant level of 99%. These facts can be interpreted that there was a relatively strong consensus among respondents in each group's ranking. In more detail, Table 5 depicts the intra-group agreement among respondents (as per designation), indicated 0.784, 0.565, 0.575 and 0.551 at a 0.001 significance level for a group of commissioners, directors, HoD and managers respectively. W score was also calculated to indicate Kendall's coefficient of respondents' experience from each group. The intra-group respondents' agreement on the motivations indicated 0.596, 0.565 and 0.505 at a 0.001 significance level for group 1, group 2 and group 3 respectively.

The significance of inter-group agreements was indicated by the value of Spearman coefficient correlation (r_s). In general, the rank correlation of inter-groups of respondents based on the managerial post and years of experience shows an obvious significant agreement at a 0.001 level of significance. Table 5 shows that the highest r_s score of the motivations was 0.980 (between directors and HoD) and 0.947 (between group 1 and group 2). Those results indicate that there were significant inter-group agreements on the ranking of the motivations.

Discussions

Question of this research is what strategic motivations encouraging Indonesian contractors to expand business operation in overseas markets. Analysis of the rankings and comparison with previous studies provide some key insights. Referring to Table 5, it is indicated that the prime concerns to export services abroad considered by Indonesian large contractors are to increase profitability, to benefit company's competitive advantage, to avoid saturation in the domestic market, to respond project sponsor invitation and to expand or to enlarge market size. These results implied that a multi-motivation is more reasonable than a merely single motive.

Unsurprisingly, most of respondents considered expanding their business to foreign markets for the sake of increasing company's profitability. Traditionally, this motive has encouraged numerous companies not only from developed industries (Abdul-Aziz, 1994; Crosthwaite, 1998 cited in Awil and Abdul-Aziz, 2002) but also from developing economies (Abdul Aziz and Wong, 2010; Maqsoom et al., 2014). To explore deeply this finding, questions were asked to interviewees, why profitability as top motivation, how consider OCPs with profitability and what average profit gained from OCPs

The interviewees delivered the similar ideas on expansion decision, which is to increase company's profit. An interviewee said that any management decision on company's operation was always directed to increase the profit as a final point. Thus, the firm's motivation for international expansion was also inspired by this reason. This view was supported by another

interviewee who stated that overseas projects are interesting due to their higher profit. However, the company should prioritize a long-term profitability rather than a short-term one. Another interviewee alluded to the notion of overseas expansion that the companies pursued OCPs for a conviction that the projects provide a better profit and offer several advantages.

The profit means the dollars obtained at the end of the project completion. It is believed that the profit margin obtained from one project abroad may be double or triple bigger than a similar project in domestic market. An interviewee explained that before accepting a project invitation from international client, Indonesian contractors always calculated the target profit by estimating all risk and uncertainty aspects. They will not consider the projects offering potential profit which is less than three-fold. In other words, Indonesian contractors have not been ready to undertake overseas projects with unpredictable profit.

As quoted from an interviewee having experience in Timor-Leste and Algerian markets, the potential net profit ratio from the governmental projects funded by foreign aids or loans in Timor-Leste was a highly satisfaction. He said that,

In previous years, we were not interested in expanding our business to this country. The failure in conducting projects in this country was higher than its success. We predicted that we could not get the expected profit due to several reasons, such as the lack of design/plan quality and the incompetence of host personnel in charge the project.

He further said that,

Our company firstly entered markets in some countries of North Africa as a subcontractor of a Japanese consortium before Arab spring (political event in several Arabian countries in 2011). As a subcontractor, we accepted the agreement and realized that the profit of the project was reasonable. Besides, we were informed that there was another project with a sufficient profitability awarded to us.

Although overseas expansion is not a primary source of a whole company's profit, it is the most influential reason driving the company to enter foreign markets. In terms of the percentage of profit share, the interviewees agreed to state that the range is around 10%.

The second highest motivation selected by respondents was to benefit competitive advantage. According to Abdul Aziz and Law (2012), there were several competitive advantages that could be explored for supporting company's expansion in the foreign market. For instance, the markets which are geographically close to home country can be tried to gain initial experience. The cultural similarities between home and host countries were another example of the competitive advantage of which could be made use to enter foreign markets. The neighboring markets allow Indonesian companies to compete openly with other foreign enterprises as a main contractor compared to other regions such as the Middle East.

The arguments above were agreed by all interviewees that distance and understanding on common culture of the host country were among the consideration pushing Indonesian contractors to explore neighboring countries. The questions following this fact were what markets potentially promote competitive advantage of Indonesian contractors, what benefit offered in neighboring markets and why Timor Leste become favourite.

An interviewee explained as follow,

ASEAN and Timor Leste markets were our targets due to geographical aspects. Regionally, Indonesia and ASEAN countries and Timor Leste have similarities in social and cultural aspects. Therefore, it will be easier to enter their markets.

Another interviewee argued that beside geographical distance and socio-culture similarity, Indonesian business entities, such as state-owned Banks operating in neighboring country, may also give benefits to Indonesian contractor operation. He said that,

Indonesian contractors who are going to undertake a project in neighboring countries will be easier in running their businesses as several Indonesian Banks have been opened to support their business' operation. Another advantage obtained from operation in those countries is that their construction workers do not need to face language barriers.

A government officer opined that there is a great opportunity which should be grabbed by Indonesian contractors to exploit neighboring market such as Timor-Leste. He explained that,

There is a Memorandum of Understanding between Indonesian and Timor-Leste through related technical departments for infrastructure cooperation. The cooperation covers training programs, sharing information, governmental officers and experts exchange as well as the contractors' cooperation. Several Indonesian experts have been involved by the government of Timor-Leste as consultants of this program.

In response to this motivation, Indonesian contractors have paid attention to its former province where they can maximize the potency of locational advantage. Interestingly, the markets provide two advantages to Indonesian firms, firstly the competitive advantages and secondly the accessibility to enter freely. This strategy was also implemented by Turkish construction firms when considering the Central Asian, the Middle East and North African markets (Dikmen and Birgonul, 2004), while Singaporean enterprises have enjoyed Chinese market (Ling, Ibbs and Cuervo, 2005).

Following "to benefit competitive advantage", the respondents opted "to avoid saturation in domestic market" as one of very important reasons to overseas expansion. It is slightly mystifying why the respondents inclined to this motive as a primary reason of expansion. Pursuing OCPs to deal with the saturated market condition was advised by Pheng and Hongbin (2003) for countries having small markets. Nevertheless, this reason is also found on American and Japanese large contractors (Abdul-Aziz, 1994) which relatively have large construction market. To clarify this issue, interviewees were asked about how and what size of Indonesian domestic market and what its effect on companies' desire for seeking cross national projects.

According to two experts, the domestic construction industry in the last decade constantly and significantly grows every year. As one of the largest construction markets in Asia, domestic market provides a number of strategic infrastructure projects funded by central government, local authorities, other BUMNs or foreign investments. Supported by the stability of economic growth in domestic and regional, the possibility of market saturated in domestic market is relatively small. In consequence, instead of looking for the projects abroad, the local companies put more concentration to compete at home market. In other words, overseas expansion would be considered if the ratio of the demand on projects and the services supply (number of contractors) at home market is imbalance.

Next, the overseas expansion motives are “to expand business” and “to capitalize on the globalization/regional free trade”. The first mentioned motivation is in parallel with the opinion of respondents who agreed that this was very important motivation, whereas the second one was moderately important reason. Both reasons indirectly have strength of linkage to the strategy of company in observing market in one hand and the potencies of company on the other hand. These reasons were described by interviewees for following questions: how business expansion by entering foreign country markets, what incentive received from free trade and what implication of ASEAN economic community (AEC) existence.

According to an interviewee (academia), the overseas market penetration is a strategic way for business expansion by focusing on neighboring markets where the regional free trade agreement has been signed between the governments. While securing domestic market, market expansion in neighboring countries offers various opportunities for company’s development. In the course of expansion, the companies benefit the markets enabling them to enter effortlessly, less impeding regulations of host countries. Such market has been available in the ASEAN having a free economic market agreement since 2015. A government officer emphasizes the importance of ASEAN market for Indonesian contractors that the market was worthy of consideration for business expansion. He gave fact that ASEAN construction market provided approximately USD 14,7 billion in the first quarter of 2012 possessed by five countries only (Singapore, Malaysia, Thailand, Philippine and Vietnam), while Timor-Leste budgeted about USD 2.8 billion for construction expenditures 2012–2015.

From the contractor’s perspective, an interviewee explained that

Our company expansion in ASEAN and Timor-Leste markets is aimed at taking opportunities through AEC. In this agreement, the professionals from those countries may practice or carry out business in other ASEAN countries as they operate the business in their home country. This is a chance for our company to enlarge market shares in the region which is familiar with us.

Another interviewee mentioned that,

If Indonesian contractors do not make use of AEC by venturing the neighboring markets, the companies will detect that the home market is indirectly getting worse because of foreign companies’ penetration. Hence, Indonesian large companies have to think more about this expansion, at least to expand in Southeast Asia region.

Finally, in the light of opportunity related motive, to respond project sponsor’s invitation and to gain international experience are the conceivably reasons of the companies’ expansion. In the cases above, the invitation of project sponsors could be from the host government like Timor-Leste, main contractors or consortium of the projects, the home government as well as private investors. The forms of invitations were as material and worker supplier, subcontractor and main contractor which were obtained through selected competitive tenders and negotiations. In addition, the contractors affirm that OCPs have given valuable experiences to companies and their personnel. It is clearly found that experiences from OCPs were deliberately important in the initial years of expansion rather than other motivations. OCP’s experiences increase companies’ confidence to compete against foreign competitors in foreign markets.

Conclusion

In today’s globalization, the boundary of countries’ markets is a virtual demarcation, so it is a great opportunity for construction firms from developing countries to expand market

overseas. This study aims to investigate this trend from the perspective of Indonesian large size construction enterprises. It sensitizes Indonesian enterprises to possibilities in overseas markets by highlighting the motivations. Investigation of overseas expansion motivations is expected to bring a new horizon for the construction practice in Indonesia.

The finding and the results of this research may help new comers to put their global visions by learning from the experiences of other companies. This research constitutes a significant endeavour in promoting OCPs for others Indonesian construction enterprises which initiate to expand their market size abroad. Furthermore, studying on the drives boosting enterprises to pursue OCPs helps Indonesian companies to achieve their definite goals. A practical implication of these findings is that the existing condition of the companies should be taken into consideration when measuring companies' motivations level in pursuing overseas projects.

Though this study has not covered international construction issues comprehensively and has little generalizability to the broader communities, its contribution is still valuable. The findings may well have a bearing on the discipline of international construction. It complements to existing vibrant body of knowledge by providing profound insight based on developing economies' outlooks.

Despite the limitation of small sample size, this study made ample alluring results. This study has found that rather than single motive, the reasons of venturing overseas are identified by a number of ambitions. Six primary drivers considerably motivate Indonesian contractors for overseas diversification are to increase profitability, to benefit competitive advantage, to expand business, to capitalize on globalization/free trade region, to respond project sponsor's invitation and to gain the international experience.

As mentioned above, a small sample of participants is one of the main weakness of this study. Obviously, the generalizability of the results concerning the international diversification from perspective of Indonesian contractors is relatively superficial. Nevertheless, the small sample would be accepted "as long as the study was not intended to precisely identify a "formula" for success or to draw statistical inferences" (Cheah, Garvin and Miller, 2004; Teo, Chan and Tan 2007). This research does not also attempt to investigate deeply the whys and wherefores behind the consideration of the motivations, therefore, the empirical correlation between the elements was not exposed. Additionally, analysis on experienced and unexperienced contractors in overseas project is not discriminated, so the factual perspectives between the two groups could not be explained.

Having said that, considerably more work will therefore need to be undertaken. It is appropriate to concentrate on correlation between the existing condition of Indonesian companies and their motivations level in pursuing overseas projects. Further investigation of their competitive advantage involving ownerships, locational as well as international factors, is encouraged to view comprehensively how the assets influence their intention on overseas expansion. Equally important are to find the key determinant factors hampering the penetration of Indonesian contractors to expand business globally.

Acknowledgement

This study is funded by the Ministry of Research, Technology and Higher Education, Republic of Indonesia through an Overseas Postgraduate Scholarship. Authors are thankful to Universitas Bung Hatta, Indonesia, Indonesian Endowment Fund for Education (LPDP) and The Hong Kong Polytechnic University for their support.

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