The connection between leadership and sustainable growth in the construction industry

Perceived from a swedish and austrian company’s and governmental perspective

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ABSTRACT

Problem – The construction industry builds the engine of a nation’s economy. In unstable times like these, knowledge of how to keep this sector healthy is vital. One way of doing so is to use the main driver of the 21st century economy – leadership. Yet, there is little research to be found regarding the connection between leadership and growth in a construction sector context. Though, it is important for companies to know and execute this tool to use it as an advantage in this highly competitive market. The government is one important driver for growth, though its linkage on how to support the construction sector is weak.

Research question - How is leadership connected to sustainable growth in the construction industry, using two different approaches – seen from a company’s and governmental perspective?

Purpose – The purpose of this study is to find patterns, differences and similarities of how leadership affects sustainable growth among Swedish and Austrian construction companies. Further, the thesis should contribute to the research field, which has to be expanded to cover the construction industry.

Method – An abductive approach was chosen to collect secondary data about leadership in relation to growth in the construction industry to gain a broader but also deeper understanding of the topic and comply with the purpose of this study. The empirical data was built as a case study, consisting of four companies and governmental institutions. The information was collected by using a qualitative approach in the form of almost exclusively interviews and one focus group.

Conclusions – This study shows that all companies and governmental institutions accept leadership as an important driver for growth. The concepts of leadership and growth are interlocked with many factors. The chosen drivers of growth showed that the company, which actively wanted to grow, used leadership to enforce those drivers in particular. Innovation was one growth driver, which set Beta, the growing aspirant, apart from the other companies, which do not want to grow anymore. Leadership was executed by offering support, understanding and commitment. Both Swedish and Austrian governmental institutions provided a growing region for the companies and aspire continuous growth for the region. Yet, they had no direct influence on the companies’ growth performance.

Keywords: Leadership, sustainable growth, construction industry, innovation, knowledge
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1. INTRODUCTION

In this chapter the thesis background, a discussion of the main problem and the purpose of the current research are discussed. In addition, main definitions, which are used throughout the work, are presented. At the end of the chapter, a model will view the content of the subsequent parts of this thesis.

1.1. Background

The financial crisis in 2009 showed us that we still live in unstable times. Companies worldwide suffered and are still suffering from the impacts the crisis caused 6 years ago. The external conditions, companies are facing nowadays, have become more and more unpredictable and companies have no power of controlling them. But what they can control are internal matters like their goals and how to reach them, for example reaching growth through leadership. Growth is healthy for companies. Even though, some organisations do not want to grow, it is hard to keep a company at a steady state, because of economic cycles, thus implementing a growth strategy can keep you in line with goals and provide, if not growth but a survival chance. Growing companies are also important for the national economic situation. Growth-oriented firms contribute significantly to wealth and economic gain (Gupta, Guha, & Krishnaswami, 2013).

The construction industry as any other industry experienced the dip the financial crisis caused, though it is still an exception as it differs from other sectors, which makes it especially interesting to analyse. This particular sector can be seen as the core of a nation’s wealth as it functions as a growth engine for a country’s economic development (Wong, Ng, & Chan, 2010). It is demanding and variable to changes, especially to economic fluctuations and cycles. As a consequence, construction companies have to keep pace with the changes by developing and implementing strategically ways to cope with those fluctuations, which will, in best case scenario, lead to success and growth (Ruddock, Kheir, & Ruddock, 2014). Further on, it is a very competitive environment to work in (Bhattacharya, Momaya, & Iyer, 2009). To stay ahead of the competition a company can choose to create a competitive advantage and surpass the competition by using leadership. It can also be used to not only help a company stay alive, but let a company grow. One vital factor which should not be left out in this discussion and which revolves around leadership and growth are the individuals, who are affected the most by leadership and growth intentions – the employees. According to Yankov and Kleiner (2001) human resources have become an important source for gaining sustained competitive advantage and achieving growth in today’s society. In particular, the advantage of having satisfied employees lays in their increased performance. This is confirmed by Meyer and Allen (2004), who found out that committed employees work harder to achieve their organization’s goals.

The construction industry can use and support its special characteristics to achieve growth. However, the companies must know those features in order to use them to grow. The building sector is the biggest employing sector, which puts human resources in an important position and build one vital part. Human resources are highly entangled with skills and knowledge.
Again the construction industry stands out, because in its core it is highly knowledge based. Therefore, knowledge and its management, when well executed, can induce growth as well (Pathirage, Amaratunga, & Haigh, 2008). An employee’s skill could also be able to bring change in a company’s structure, making the organizational processes more efficient for example. In extraordinary cases innovations can be introduced, which set companies apart from others by creating a sustainable competitive advantage leading to a company’s growth. However, employees need a climate in which they can retrieve their full potential. The difficult part is that every employee prefers different conditions. That is where a real leader has to step in and create a prosperous atmosphere in a company to use the distinct features of the sector to raise the growth performance (Ibid.).

Yet, not only do employees have needs, companies have needs too. The government plays a vital role in fulfilling those needs and shaping a company’s environment (Yusof, Kamal, Kong-Seng, & Iranmanesh, 2014).

1.2 Problem discussion

Previous research showed that the research field of leadership and growth has been looked at and analysed by many researchers, yet there are still parts to add for future studies in combination with in depth practical studies (Gupta et al., 2013; Yammarino, 2013). Yammarino (2013) further expresses the lack of empirical data relating to the concept of leadership in the research world. He continues to argue to increase the number of studies integrating qualitative and quantitative methods to determine causal effects to enhance our understanding of processes underlying leadership and its effect on growth (Ibid.).

The construction industry serves as a fitting case to deepen and connect the research fields in this context. For one part, the construction sector works with projects, which are among the most complex undertakings (Winch, 1987). Other industries could use the knowledge of the construction industry to apply it in their work processes and try to make them more efficient. It is also very much influenced by external factors such as the global economy and its cycles. Further, other companies build on it (Aouad, Ozorhon & Abbot, 2010). To emphasize its significance, the construction industry can be seen as the engine of a nation’s economy (Wong et al., 2010).

The literature review displayed that explicit modelling of the relationship between leadership and growth are just starting to attract scholars’ attention (Boyer, 1991). Boyer (1991) goes on to stress the importance of the microeconmics of growth and in that context the decision making process by individual companies. To understand those processes and try to apply theory to reality we have to open the black box (Ibid.). Over twenty years later, Yammarino (2013) claims that the mystery of fundamental underlying processes inside that black box, describing the connection between growth and leadership, has yet to be fully explored and understood. Therefore, further research is in need to contribute to the leader–employee relation in a scientific way and how this relation creates growth. Another field, which ought to be investigated further is how processual elements affect leadership dynamically. Most studies, at the moment, were conducted context free leaving the context dependent or context specific studies’ number rather small in term of examing. While the signficance of the leader-
employee interactions has been accepted and replaced, the single focus remains only on the leader. Thus, additional work to understand the processual and dynamic factors involved is still required (Ibid.). Gupta et al. (2013) studied enterprise growth and claim that there is still a dearth of literature on finding patterns of growth followed by small and medium companies. To achieve a successful, long-term company performance in the building industry innovation is also vital. Yet, there is a common perception that innovation in the construction industry is lacking. However, decreasing cost and schedule, improving productivity, quality and safety often involve and require innovation (Gambatese & Hallowell, 2010). Gambatese and Hallowell (2010) view an extensive literature of innovation within organisations in relation to a variety of factors. Yet, they point out the lack of studies, which focus on the impacts of construction-specific contextual and inter-organisational factors on the generation, implementation and diffusion of new products or processes. Especially the body of knowledge surrounding contextual innovation needs further investigation (Ibid.). Damanpour and Schneider (2006) argue that through research management of innovation in organisations can be guided. Although, scholars investigated the field of innovation, especially the questions of the generation and adaptation of innovation, quite heavily, the authors state questions regarding characteristics of innovative organisations have yet to be clearly answered. Yusof et al. (2014) confirm that more work is needed to identify an appropriate organisational environment, skills and resources to facilitate innovation adoption. Aouad et al. (2010) also claim that our understanding of innovation and how it occurs in the construction sector is far from being complete, but it can be enriched by detailed work, which brings together different theoretical perspectives such as leadership and growth in the construction industry.

Taking this in consideration, the leader-employee relation has been looked at in the scientific world, but merely theoretically. The number of contextual studies using empirical data retrieved from the construction industry has to rise to at least try to fully understand that research field.

Thus, this study aims to contribute to demystify the relations between leadership and growth in the construction industry, as the context of leadership in general has never been project management related (McManus, 2010) so companies can use that knowledge and benefit from it in the future.

In particular, the thesis will deliver a context specific study as research showed, that empirical and contextualized data was lacking. The empirical data focuses on two regions in two different countries, Sweden and Austria. Through interviews with the construction companies and governmental administrations in the region of Halland in Sweden and the region of Lower Austria in Austria, the thesis will contribute to closing the gap of lacking data in this research field.

1.3. Research Question

„How is leadership connected to sustainable growth in the construction industry – seen from a company’s and governmental perspective?“
1.4. Purpose

The purpose of this thesis is to gain a better understanding of how leadership is executed in companies in order to achieve sustainable growth and how governmental administrations can contribute to the companies’ growth performance. The reason behind conducting the same interviews in Austria and Sweden is to analyse if there are patterns between leadership and growth, so the results will be strengthened. Either way, if there are or are no similar patterns it can help discover efficient working processes, which could be implemented in other companies, not necessarily only for the construction sector. As the presented research question shows, many interconnected research fields will be touched, in order to be able to answer it correctly and to its full extend. This also means that the results will contribute to those respective fields as well and will concur to them.

This study will also show if governmental institutions can be put in relation to a construction company’s growth performance, by analysing particular companies closely.

1.5. Delimitation

In this thesis, the relation between sustainable growth and leadership will be studied. Yet, different leadership styles will not be considered. The underlying reason is that the usage of deliberate leadership alone is enough to influence a company’s growth performance. The different effectiveness of leadership styles on growth is therefore not part of this work.

The study was conducted with companies situated in two regions, the region of Halland in Sweden and Lower Austria in Austria. The construction companies, which were chosen to be studied exhibit an untypical high number of employees. As the processes are already quite complex for construction firms, working with more people on different levels makes the task even more complex. Smaller construction companies are often family owned and they do not want to grow, instead they want to keep the steady level. Further, larger companies face a higher amount of multifaceted problems.

The chosen regions, in which the companies were located, exhibited growth over the last years. Neither regions in decrease, nor shrinking companies were included in this thesis.

1.6. Definitions

The use of loose terms often leads to a lack of clarity in disposition. Below are the most important terms stated in order to provide the reader with the needed information to fully follow the authors thinking and avoid misunderstandings.

1.6.1. Leadership

While there are as many definitions of leadership as there are scholars researching that field, Yammarino’s (2013) attempt to summarize it is the most fitting for this paper. The focus does not lie on traits or characteristics, but rather on the leader-employee relation.
“Leadership is a multi-level leader-follower interaction process that occurs in a particular situation where a leader and followers share a purpose and jointly accomplish things willingly.” (Yammarino, 2013, p. 151)

1.6.2. Construction
To understand the focused field there is a need to understand the work behind it. A question worth asking is “What is construction?” One definition formulates construction as undertaking actions of construction companies, which build or alter infrastructure and buildings. Those actions are extremely diverse as locations are different and may involve different kinds of technologies, which can lead to cooperation between construction companies (Radosavljevic & Bennett, 2012).

1.6.3. Innovation
“Innovation is an act of changing the established way of doing things, the ability to turn knowledge into value and link emerging technologies with emerging markets and is about bringing creative new ideas to life.” (Kalyani, 2011, p. 84)

1.6.4. Sustainable growth
The word growth needs more attention. There are many ways to define it, such as revenue generation, value addition, and expansion in terms of volume of the business. Further on, it can also be measured in a more qualitative way like market position, quality of product, and goodwill of the customers (Gupta et al., 2013).

The term sustainable has experienced an inflationary usage over the last few decades. This resulted in a loss of specificity as there are many different meanings behind it. Therefore, it is most vital for this research to create a common understanding of those words in order to fully understand the meaning of it and which impact it has on the study. Growth provides also different implications depending which adjective is used with it. Sustainable growth is not the same as green, organic or profitable growth. In this thesis, when talking about sustainable growth, a long-term focus of the company is meant to stay and survive on the market, while creating new jobs, gain market share and more profit.

1.7. Thesis Layout

![Figure 1: The thesis layout (Own constructed figure)](Own constructed figure)

1. This chapter exhibits necessary background information about the practical and theoretical problem surrounding the thesis research question. Further, the purpose and delimitations of the study are discussed and the central concept with its definitions.
2. The theory chapter presents previous studies and literature to show the current scientific standpoint. An analysis model at the end of the chapter shows the main steps of the thesis approach.

3. The information written in the methodology chapter is vital to show the exact procedures and decisions, which were necessary to conduct this thesis.

4. In the fourth chapter, the results of the empirical data is presented. The information derives from the companies, which were interviewed as well as data from reports and company homepages.

5. Following the empirical data, in the analysis chapter the information of the theoretical part and empirical data will be compared and analysed according to the thesis analysis model shown in the theory chapter.

6. In the concluding chapter, the research question, presented in the first chapter, will be answered. In addition, the contribution to the research field will be discussed and further research suggestions will be made.

Figure 2. The thesis approach (Own constructed model)

This model shows the study’s approach by opposing the theoretical framework to the empirical data. It visualizes the steps of how the thesis was conducting. By analysing both outcomes of the theory and empiricism it will be possible to answer the research question.
2. **THEORETICAL FRAMEWORK**

The structure of this chapter was chosen to assemble an incremental understanding of the complex matter the study is focusing on. The main concepts are leadership, sustainable growth and the theoretical perspective of the governmental institutions and construction companies. Growth enhancing drivers such as innovation and knowledge management next to further drivers, also pay an important role in this study. The linkage of the three key concepts is presented by exhibiting previous scientific research. Further, found theory about governmental institutions and the construction industry is needed to be able to compare the empirical data to and gain an insight in the different perspectives and to answer the research question to its full extend.

The following theoretical concepts are highly interlinked. The graph below visualizes the connection. In addition it shows the interdependencies between the presented topics.

![Figure 3: Layout of the theoretical framework (Own constructed figure)](image)

### 2.1. Leadership

The concept of leadership is heavily discussed in the research field, which resulted in a tremendous amount of data regarding leadership and its related topics, which however, does not specify the research field but has broadened it immensly. One reason for its attention in the scientific world is its common accepted significance in today’s working environment (Yammarino, 2013). Though, the context of leadership, in general, has never been project management related (McManus, 2006).

The reason for the significance of leadership is positioned in its possible threat for growth of organisations, if deficiencies occur (McManus, 2006, Kouzes & Posner, 2010).

There is still a believe that leadership only occurs at the top. But that idea can be neglected as nowadays experience tells us differently (Kouzes & Posner, 2010). Leadership can be seen in all levels of management with or without a title or position insinuating leadership (Yammarino, 2013).
2.1.1. Development of leadership

Yammarino (2013) explains that many scholars have contributed to the development of the field of leadership throughout approximately the last 100 years. In the 1970s, scholars noticed that leaders do treat their followers differently and display a unique style toward each subordinate. Before that, the common believe was that there were no differences in treatments. The relation, therefore, was biased as the different treatment was based on performance, but also personal matters such as liking or attraction. Yammarino (2013) stresses the importance of the collective level phenomenon. In a world that is rapidly flattening and dominated by dynamic changes leadership has to work on a multilevel (Ibid.).

Since scholars started to investigate leadership, two angles divided them into those who believe you have to be born a leader and those who believe you can become a leader. Nowadays the vast majority agrees that regardless where leadership competencies start for an individual, they can be learned, developed, trained and coached (Yammarino, 2013; McManus, 2006).

A major part of researchers looked at personality traits to describe leaders and their behavior to analyse what good leaders are made of. Over the past 40 years the amount of literature has been growing and growing. This ignited a discussion among leadership scholars, due to the question of the effectiveness of their studies (Frank, Gertz, & Porter, 1996). Frank et al. (1996) assert that effective leaders come in all flavors, providing a great diversity of strengths and weaknesses among them. Yet, there is one thing, that all successful leaders have in common – employees that produce satisfying results. Frank et al. (1996) introduce six conditions, which must be met and employees need to understand to work efficiently.

- They must know what to do.
- They must know how to do it.
- They must understand why they are doing it.
- They must want to do it.
- They must have the resources for doing their work.
- They must believe that they have the leadership to do it.

It has been exhibited that the context of leadership developed and changed tremendously over the last decades. Globalization and new technologies were the biggest impactors to this transformation. Yet, the main content has remained the same (Kouzes & Posner, 2010).

2.1.2. The Role of Leadership in a company

Managers and leaders are supposed to act as role models (Kalyani, 2011). To emphasize the importance of leadership Frank et al. (1996) point out that leadership is able to support but also stop change, which is needed for growth (Frank et al., 1996). Yammarino (2013) strengthens Frank et al.‘s (1996) approach by saying interaction with employees’ results in making them understand the above listed questions. This is vital for followers to develop into an efficient and strong workforce. But to ensure that employees understand their leader cor-
rectly, the leader must be highly sensitive to the broader conditions in which the company operates and breaks this information down for everybody to understand (Kouzes & Posner, 2010).

Kalyani (2011) explained the tasks of leaders to be to enhance employee motivation and confidence by using encouragement and feedback as vital tools. In addition, leaders have to nurture a positive environment in which it is possible to even challenge a supervisor's idea. Strong leadership ensures the creation of a creative and innovative culture (Ibid.). Yammarino (2013) rather refers to the task of a leader on a dyad, group and collective level and describes a leader’s prescription to consist of inspiring employees, treating followers as individuals, sparking followers intellectually, helping followers become committed, interpret the meaning of events for them and trying to eliminate their own job thereby giving others a chance to develop and freeing the leaders themselves to tackle new challenges. Furthermore, on the dyad level depending on each follower’s needs and wants, leaders should provide support, attention, time, resources and challenging work to followers, encourage high follower performance and develop and empower them one on one over time. While, on the group level, she or he has to share responsibility, authority and tasks, build cohesion and a work friendly climate, foster cooperation and mutual trust within the team. In contrast to the dyad and group level the collective level demands the leader to provide a vision and direction, set the mission and goals. He or she also functions as moral and ethical compass and as a model of integrity. The last but not least thing a leader has to meet is the expectations of her or his team on all the mentioned levels (Ibid).

2.1.3. Leaders and Managers in Project Management

While leadership surrounded us for hundreds of years, the term management is a product of the last 100 years. At that time rather complex organizations emerged and were in need to be structured and ordered (Kotter, 2008). In 1977 Zaleznik made an effort to differentiate the terms leaders from managers. He saw the difference in the conceptions both leaders and managers hold of chaos and order. He found out that managers search for order and embrace processes, stability and control and tend to instinctively try to solve problems before the encompassed the full consequences of them. McManus (2006) concluded something similar, management is concerned with the control of resources and staying on track and report the usage of resources.

On the other side, leaders have a tendency to tolerate chaos and lack of structure and are eager to understand issues in their whole complexity (Zaleznik, 1977). Zaleznik (1977) concluded that leaders resemble creative thinkers, who possess passion and believes. Managers act more impersonal, as their goals often arise out of necessity rather than desires (Ibid.). This goes in line with Kotter (2008), who listed the main tasks of managers being: planning and budgeting, organizing and staffing, as well as controlling and problem solving.

However, Kotter (2008) admits that management and leadership exhibit similarities. Decision making, creating networks of people and relationships as well as responsibility are only some intersections of those concepts. Both are complete, independent actions systems and both are necessary for success. Management is needed to cope with the complexity of organizations,
while leadership is all about dealing with change. One reason for its rising importance over recent years is the increased competition in the business world (Kotter, 2001).

The importance of leadership in project based management is stressed in McManus’s (2006) book. He states that leadership will become the central driver of the 21st century economy. Further, the future state of project management is now tied to leadership, stakeholder and risk management (Ibid.).

Project managers have to be able to communicate a clear picture of their business goals. In order for the project team to create a successful project. But the team members are only partly responsible for the positive achievement as the leader poses a vital component for the outcome (McManus, 2006).

“Leadership is about the mix of vision and the ability to guide people to ensure that they all try and meet the objective as a team.” (McManus, 2006, p. 1)

One future trend of leadership in project management indicates that technical skills deteriorate while skills associated with human factor management (McManus, 2006), which will be further explained in the following chapter, are more and more appreciated.

2.1.4. Challenges of Leadership in project management companies

McManus (2006) found out that a major obstacle for project leaders is getting people to accept responsibility and take ownership of possible risks. To handle that situation, they often have to use a broad range of strategies depending on the counterpart. Those strategies can be emotional, motivational, but also more striking in form of reward systems. While many would see a positive note in approaching each employee accordingly, it is also time consuming and counterproductive to team building (Ibid.).

Motivation is generally important for any successful project undertaking, as it correlates with performance, rewards and a project’s success. The construction industry, which is project based, is not excluded. Therefore, the leader has to make sure that his or her employees become and stay motivated. Within this task lies a critical decision for the leader, who wants to increase the performance of his or her employees. He or she has to determine what and how to stimulate to motivate by choosing different instruments (McManus, 2006), such as reward systems, empowerment and many more.

2.2. Sustainable Growth

The term growth has developed into a synonym for an increase in wealth (Daly, 2010). But looking at growth related literature, it becomes clear that this term is in need of a definition. Growth has many meanings and is linked to as many adjectives to make it more understandable, which hardly ever helps. Sustainable growth is what this scientific work relates to in particular. It is in need of a clarification to distance sustainable growth from green or profitable growth. But can growth actually be sustainable? A popular definition for sustainability was defined by the Brundtland Commision.
“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” (Norton, 1992, p. 98)

Grant (2010) argues that material growth – demographic and or economic, is unsustainable in the long run as infinite growth is mathematically impossible in a finite space. This tells us that there are limits to growth. Even though, growth and sustainability seem to be oxymorons, sustainability becomes an empty phrase unless it is linked with issues of growth (Ibid.). This insinuates that growth itself is bad. But there are major advantages for growth. Growth has the ability to form structure, strategy, discipline and initiate organizational changes. This can stress an organization’s culture, which is also vital for future success (Kalyani, 2011).

Of course, companies can actively decide not to grow, yet research suggests that enterprises experience a life cycle, which includes a start, grow, mature and decline phase. Furthermore, following a growth strategy also means being on the save side. Because having a growth strategy implemented does not automatically mean you are growing (Miller & Friesen, 1984).

The government welcomes growth-oriented companies as a vital contributor to a nation’s economic gain. Growth can be measured with different indicators. Organizations distinguish quantitative marks such as revenue generation, value addition, and expansion of volume of the business. There are also qualitative ways to measure growth (Gupta et al., 2013). Market position, quality of product and goodwill of customers belong in that category. Gupta et al. (2013) state that growth can be identified in four theoretical perspectives – the resource based perspective, the motivation perspective, the strategic adaptation perspective and the configuration perspective. The focus of resource-based perspective is on expansion of business activities, financial resources, educated staff. This theory holds that there are unlimited sources of opportunities in the marketplace. It is essential to manage transition by deploying firms' resources to identify and exploit the next growth opportunity (Ibid.).

2.2.1. Enhancing growth through leadership
The ability to sustain growth is not an easy task to describe and one of the most compelling problems of an organization. Yet, it is not a new nor unique problem, it requires strong leadership to succeed and achieve growth (Frank et al., 1996).

Frank et al. (1996) introduced a framework, which connects leadership with four key elements of growth: Strategic assessment, opportunity identification, development and execution.
Figure 4: Model for profitable Growth (Frank et al., 1996, p. 8)

The graph also shows a connection of two over-arching concepts, anticipation and adaption as a vital surrounding of the key elements. A company needs anticipation to be prepared for new product technologies, possible actions of competitors and changing customer requirements. Adaption consists of the set of internal responses, which a company must make to its anticipated future. Those two concepts are needed to start and maintain a continuous cycle of profitable growth.

Strategic assessment and opportunity identification, which both belong to anticipation, involve only a small number of people and are externally oriented. While development and execution are summarized in the adaption phase, reach out to many people in various levels and functions (Frank et al., 1996).

**Strategic Assessment:** As a growing company, assessing the current business environment is vital to gain an understanding in which the market is heading and how the company is able to serve the market.

**Opportunity Identification:** This phase marks the constant search for promising new ways to serve customers. Growing companies never stop the process of sensing for changes in various fields they are operating in.

**Development:** After a company has identified its opportunities for growth, it must transform them into products or services that represent superior value to customers.

**Execution:** The execution is the last step before the cycle begins again. It is as important as the steps before, because it has to deliver not only a product or service but be in line with the customers’ expectations.

Knowing about those four key elements is not enough, it needs leadership that energizes and directs forces to enable all of them. Having that in mind, leadership can support or stop the
cycle of change, which also influences the ability of each company to grow. Therefore, to sustain growth, companies have to repeat the cycle over and over again (Frank et al., 1996).

As the construction industry differs from other sectors such as the manufacturing, the above introduced model is not exactly applicable as of now. Yet, key processes can be drawn from it.

2.3. **Drivers of growth through leadership**

In the following subchapters, the drivers of growth are presented, which were identified through literature research and which build the basis of analysing the connection between growth performance and leadership in the later presented companies. These drivers of growth are – Innovation, Knowledge management, Organizational Change, Motivation through Reward system and Empowerment and Human Resources.

2.3.1. **Innovation**

The interest of creating and implementing innovation in the construction industry is growing. The reason behind this, is that innovation is vital for a successful and growing performance in the long run (Gambatese & Hallowell, 2010). In addition, innovation has long been acknowledged to contribute to the national economic growth and competitiveness of a nation or company. On a firm level innovation is highly influenced by the external business environment (Aouad et al., 2010). The need to understand and foster innovation can therefore decide over success and failure. Damanpour and Schneider (2006) agree by emphasizing the commonly perception of the academic and practitioner community that organizations should innovate to be effective or in more severe cases to survive. Further, they see research as an instrument that can guide management of innovation in organizations (Ibid.).

The interest in determining ways to enhance innovation is, needless to say, considerable. Innovation within a project or company offers possibilities to realize significant benefits (Gambatese & Hallowell, 2010). At the bottom line, companies, which are working in the construction industry need to innovate to win projects and to positively develop the financial results of these projects (Yusof et al., 2014).

In competitive market places such as the construction industry, innovation is even more needed, it is a requirement for continued existence. To stay ahead of the competition, every company has to innovate at some level. Innovation can appear in many different dimensions. It can be the implementation of a process, system or product, which is new to a company and helps the organization reduce costs or introduce improvements in quality and safety along with an increased market share (Gambatese & Hallowell, 2010). Gambatese and Hallowell (2010) state that innovation is essential for continued organisational success. However, there are different sorts of innovation. Research distinguishes between business, social and artistic innovation. Business innovation is meant to generate human well-being as well as profit, yet there are other innovations that affect social performance. Scientists have yet to decide whether social innovation is truly relevant in the scholars’ world (Pol & Ville, 2009). As for this work social innovation is not included in this research.

The broad term innovation has to be distinguished from invention as invention describes a design or physical manifestation which is new compared to existing practices. It does not
have to be used. While an innovation combines the invention part with an actual application of the invention. Yet, an innovation can also be something, which is only new to the organization, which is adopting it, while other firms could have already implemented it (Gambatese & Hallowell, 2010).

Gambatese and Hallowell (2010) claim that one of the most impactful factors on innovation is the specific characteristics of project managers and supervisors. While Miozzo and Dewick (2002) see a dependence between ownership, management and structure of a firm and the relations between firms and collaborations with external sources of knowledge. Innovation is a part of change, thus, innovation is identified by a positive change in a product or process. That particular change is the result of innovation. The impact of change can occur throughout the whole organisation, from the project level up to the top management level. Training and continuous education is one indirect indicator, which is closely tied to innovation. Other indicators are profit, cost, schedule, safety, quality market share and competitiveness, yet those are harder to quantitively tie to innovation (Ibid.).

2.3.2. Innovation in the construction industry

Recently, also the construction sector is showing signs of awareness to innovate and anticipate possible futures as means of improving present strategies to be more successful in the future (Aouad et al., 2010). According to Gambatese and Hallowell (2010) case studies of construction projects show a need of three necessary components for innovation to happen, which are idea generation, opportunity and diffusion. There are different ways of optimizing those components through commitment and support from the owner, upper management, workforce and the project team integration. If those conditions are nurtured it leads to enhanced innovation, especially through better communication between project team members, developing unique ways of completing work and sharing of lessons learned. The acceptance of each component being important is significant for the innovation process. Also each component has to exist in a company otherwise innovation can hardly occur and thrive. The easiest way to describe innovation is the positive change as a result of new ideas (Ibid.).

Though, Gambatese and Hallowell (2010) admit that innovation in the construction industry cannot be compared to other sectors as innovation may take place at a lower rate due to the typical characteristics and structure of the construction industry. Aouad et al. (2010) agree that the patterns of innovation in the construction sector differ from other sectors. As the construction industry is largely project based and fragmented, many innovations remain hidden. In order to benefit from the innovation the whole innovation process, which consists of knowledge acquisition, transformation and diffusion, must be fully understood (Ibid.).

Among many divisions of innovation there are two ways how a company can implement them in its operating work life. In general, companies can either create innovations or adopt to them. Yusof et al. (2014) analysed the Malaysian firms in the construction industry and concluded that there are more innovation adopters than innovation creators in the construction industry. Knowing that, the whole industry including contractors, consultancy firms and others, who want to develop appropriate innovation can use that as a reference point. Also managers in those organisations can adjust to that knowledge and create skills to establish a positive environment for innovation adoption and its implementation (Ibid.).
The ultimate result of innovation in the construction industry are projects that meet and exceed cost, quality, schedule and safety goals successfully (Gambatese & Hallowell, 2010).

2.3.3. Enablers of Innovation

Project managers and supervisors are among the most impactful factors on innovation within organisations (Gambatese & Hallowell, 2010). Damanpour and Schneider (2006) strengthen that statement by also claiming that the most influencing people affecting innovation and change in organisations are top executives. As managers and administrators can influence employees’ motivation and job satisfaction. It is within their duties to create a work and social climate which increases work ethics as well as rewards innovation and change (Ibid.). Thus, business resources, business structure and organisational culture effect innovation. Other enablers of innovation are support from upper management, good communication within the firm, overlap of design and construction phases. While strong client leadership is able to suppress the innovation creation process, such as sharing of ideas. Other barriers to innovation are aversion to risk/change, lack of resources, low return on investment and strict regulations and codes (Gambatese & Hallowell, 2010).

There is no recipe, which a company can follow in order to create innovation, yet there are a few points’ construction firms can undertake to welcome innovation. Innovation needs an open and accepting organizational climate and encouragement to generate and introduce new ideas (Gambatese & Hallowell, 2010). Knowledge flows are vital for innovation at all company levels and beyond. Working together with universities could also have a positive outcome as it has meaning for both the academic and industrial worlds (Aouad et al., 2010). Further, the organizational structure should allow innovation by supporting efforts to explore and try new ideas. Beside those vital enablers, organizational climate and structure, there is one factor, which is even more powerful in the innovation process and influences all other innovation creation processes. The commitment of the owner is most significant for innovation in the construction field (Gambatese & Hallowell, 2010). Gambatese and Hallowell (2010) identified more leading and lagging indicators in their studies, which have a positive relationship to innovation on projects in addition to those mentioned above. Leading influences are the presence of an innovation champion, presence of lessons learned/knowledge management, upper management support, including R&D support (Ibid.)

2.3.4. Knowledge Management

Each industry faces a faster changing environment and companies are confronted with an increased number of competitors. Thus, companies need to create their own values that set them apart from their competition. By finding a market gap, firms are able to profit from that gap. This special gap possesses the ability to help a company grow. Knowledge has become an important factor for enabling organizations to grow and survive in the long run (Pathirage et al., 2008). Kaylani (2011) shares their opinion and adds to the discussion that knowledge is the key to a competitive advantage in the construction industry. This is especially important as the construction industry is perceived as one of the most knowledge based value creating sectors (Pathirage et al., 2008).
Consequently, implementing learning cultures in a company can be beneficial to a workers’ efficiency. Organizations can actively encourage employees to continuously learn and develop by providing a great variety of stimuli, which strengthen their motivation to learn new skills and broaden their knowledge. Giving feedback allows employees to see the appreciation of their work. This positive factor can create a stronger bond to the company in which ideas of each employee enables valuable contribution. Managers, who are open to new ideas and supportive of innovation, teach employees how to share their knowledge and experience within the company (Kalyani, 2011).

Pathirage et al. (2008) distinguish between two different types of knowledge. Although there are many ways to categorize knowledge, this paper will only focus on tacit knowledge, which is the counterpart to explicit knowledge. The difference between those two types is that explicit knowledge can be codified and transferred easily between people and between different media. On the other side, tacit knowledge refers to knowledge that is gained from experience and that cannot be codified and transferred in the same manner as explicit knowledge. Tacit knowledge has become increasingly important since it is needed for the use of explicit knowledge (Ibid).

The construction industry is due to a unique mix of complex, relatively low-tech and labour intensive nature and limited ability to codify construction knowledge dependent on passing tacit knowledge by using “knowledge workers”. The industry relies heavily on skills, experience and capabilities of its employees, which they acquire over time through hands-on experience. Therefore, the industry is very much focused on tacit knowledge. Organizations should not only understand what tacit knowledge is, they should generate and utilize it in an effective management. Yet, the construction industry does not pay the needed attention to the concept of tacit knowledge (Pathirage et al., 2008).

Since tacit knowledge has become increasingly important, companies have to learn to combine human resource management and knowledge management. As mentioned before, the construction industry is one of the most labour intensive sectors. This fact makes tacit knowledge essential for the construction sector. A lot of different professionals are working together in the building industry and no project is identical which means that the work cannot be performed solely by the use of explicit knowledge. This is due to the fact that experiences need to be taken into account when solving different problems in the projects (Pathirage et al., 2008).

The employees and their competences are crucial factors to improve a company’s performance. As a result the role of competences and human resources are being incrementally incorporated in the company’s values. The focus in today’s society has gone from capital and industrialization towards knowledge and innovation as being the backbone of being able to compete and grow in different industries (Nielsen & Montemari, 2012).

### 2.3.4.1. Organisational Change

Highly competitive environments exhibit the need to establish change as a core competence. One aspect of change is doing things differently. One approach to achieve change is being innovative, as innovation is a more specialized kind of change. While all innovation encompasses change, not all changes necessarily involve new processes, ideas or lead to significant
improvements. Companies implement innovation in their culture mainly to stay competitive as change and therefore innovation is linked to a business survival and its growth (Kalyani, 2011).

Changes in organizations have become a regular event in most companies. Three factors are responsible for that: globalization, information technology and industry consolidation. Therefore, organizations have to adjust and need to be more fluid, inclusive and responsive. Some companies do not want to have changes, nevertheless they are created constantly throughout all levels in an organization. Their origin can vary, in change adept organizations it can simply be an employee responding to a customer’s wishes. Further, changes do not need to modify a whole organization, but organizations can continuously learn and adapt, spread knowledge and share ideas (Moss Kanter, 1999).

2.3.4.2. Motivation through Reward Systems and Empowering

One motivational instrument are reward systems, but they are under a fire of criticism. Especially, if there are differences in material rewards, the pressure in teams and on individuals increases. Lower rewarded employees have a higher potential of becoming frustrated, although the opposite was meant to be felt by them, which is motivation. Some companies have adjusted those systems and implemented a more flexible benefit system. Those schemes have helped distributing the risk more equally, but they are also bound to errors. (McManus, 2010).

Often recognition is more effectively used as an incentive than monetary reward systems, when the managers apply it to teams instead of individuals. This is due to the fact that people have a need for belonging to teams where they can participate in the decision making, which in turn functions as a motivator. It is especially motivating when the team is given an increased responsibility which gives the team an opportunity to be self-managed (Yankov & Kleiner, 2001).

Kalyani (2011) pinpoints that empowering employees by delegating responsibility for organizing and managing work encourages employees to be more innovative. The concept of participation is also linked to innovation. Further on, encouraging employees to participate in the decision making is likely to lead to more successful innovations. Especially, in processes that involve changes in the way of working (Ibid.).

For an organization to motivate its employees and workers, it should be able to satisfy their needs. To do so, companies have to understand and take into consideration that people have different needs. One of these needs is to get the chance to participate in creating a superior performance in the organization. Managers need to develop favourable supervisor and subordinate relationships and workgroups that are connected in order to make the participative and empowering approach successful. One way to encourage employee participation is to utilize systems that reward employees who perform well. Empowered workers will not only try to satisfy their own needs, but also the needs of the whole organisation. Empowerment is used by proactive managers in order to create a fruitful environment which leads to the workers getting more effective and productive. Leaders that have an ability to balance the workers’ welfare and the organisation’s interest are the most successful ones (Yankov & Kleiner, 2001).
2.3.4.3. Human Resources

Human resources are often not considered to be as valuable as financial capital and other rare resources when it comes to value creation (Nielsen & Montemari, 2012). The construction industry is no exception (Pathirage et al., 2008). Considering that the construction industry is one of the most labour intensive industries in the economy, employees should be the greatest asset in an organization (Ibid.).

According to Yankov and Kleiner (2001), there is a lack of skilled employees in the construction industry. Consequently, it is important for those firms, which are working in the construction industry to attract and maintain qualified people. Therefore, the human resource management has become a very important tool and a construction philosophy built on increased empowerment of employees has arisen.

Yankov and Kleiner (2001) mention that in order to have an effective human resource management the organisation needs to take a couple of factors into consideration. The first factor is management commitment and leadership. It is extremely important that there is a fruitful communication between managers and the employees and this communication needs to be mutual. The other factor is effective training which means that the employees’ should be given the training that is needed in order to make it possible for them to achieve continuous improvements. These two factors are a way of satisfying the needs of the employees, which means that they get empowered, which in turn is motivating for them (Ibid.).

2.4. Perspective

2.4.1. Construction Industry

The construction industry cannot be seen as a single industry as such. Other industries build on the construction sector. It is influenced by many factors that affect efficiency, productivity and various other factors. This particular sector contributes expressively to the economies of all countries. It faces different challenges and changes constantly, therefore it needs to be dynamic. In addition to the pressuring points coming from social, economic and technological challenges, which have an effect on all industries, the construction industry has to address and face opportunities and problems in the future, which differ from those of today. The needs and demands of customers and clients will grow, while construction materials and methods are changing too (Aouad et al., 2010). While economic fluctuations are common in the construction industry, the global financial meltdown in 2008 marked a new extent globally (Wong et al., 2010).

In order to cope with those cycles strategic planning is needed to sustain the development. The importance of that particular industry sector can be explained by its function as a growth engine for a country’s economic development (Wong et al., 2010).

The characterization of the construction industry varies from other industries tremendously. It is more complex due to industry specific uncertainties and interdependences. Unlike the manufacturing industry, where you produce the same product over and over again, you build one product and then move on to your next project, which can differ greatly from the last one. Therefore, construction can be called a site-specific project-based activity (Dubois & Gadde,
Winch (1987) stated that construction projects are among the most complex undertakings. Given all the remarkable processes, which have to work together, the construction industry works more efficient than many would think. Especially because it has been under fire due to its low productivity and quality in comparison to other industries (Yusof et al., 2014). Those underlying factors carve the framework of the industry’s way of functioning and performances (Dubois & Gadde, 2002).

It needs many specific features to describe the construction industry, in particular when it comes to those which also affect innovation. Yusof et al. (2014) state that the construction market is peculiar, because it faces certain conditions of regulations. One high influence on that market is the government. The construction industry has to obey and follow technical regulations and the quality for most of the production is strictly determined. In recent years, environmental regulations started to affect the construction business too. Those factors limit the opportunities for product variations and also innovations (Ibid.).

Wong et al. (2010) mention an increasing demand regarding sustainable construction, which includes using green materials and environmental friendly technology. This seems appropriate given the construction industry high demands of natural resources. Further it contributed significantly to the current unsustainable development path of the global economy (Spence & Mulligan, 1995).

2.4.2. Government

A government has to set out a long-term vision dedicated to the construction industry to position that highly differentiated sector correctly. Wong et al. (2010) emphasis the importance of a centralized planning body to strategically plan and coordinate the overall output of the construction industry at a macro level. Due to the mentioned influences in the Chapter 2.3.1 Construction Industry, the government is responsible to sustain the development of the construction industry through strategic planning. Although, strategic plans particularly set for the construction industry at a macro level are rare (Wong et al., 2010).

Wong et al. (2010) points out that Australia’s government’s vision for the construction industry includes taking leadership and innovation into consideration to make the industry competitive on an international level. They continue to state that a strong and sustainable home base is essential for the construction industry to perform efficiently and grow. The roles of government policies and strategies are vital considering the amount of support to be given to private industries and to which extent intervention is necessary (Ibid.).

The government’s goals for the construction industry are

- maintaining an output level, which enables to develop its technical capacity
- preserve the skill sets of practitioners
- retain trained workers
- while preventing severe boom and bust cycles (Wong et al., 2010)

The connection of successful construction companies and the government can be seen clearly through the interdependent relationship. The competitiveness of firms depends on national
and regional systems of innovation, which are connected to government policy (Aouad et al., 2010).

A better coordination is significant to prevent or diminish strong economic influences from impacting the construction industry negatively again. It is also needed to direct scarce resources to efficient markets (Wong et al., 2010). As sustainability is a global issue, the construction industry cannot be excluded, especially because it is a major global exploiter of natural resources (Spence & Mulligan, 1995). Further on, energy saving and efficiency, waste management and sustainable construction methods are ways of construction companies to contribute to the basic concept of sustainability. The government duties in this matter are to make preserving heritage buildings and carry out sustainable construction projects more attractive. Sustainability should therefore be included in the long-term plan for the construction sector (Wong et al., 2010). More challenges are to generate employment opportunities and preserve the skill sets and knowledge, which is vital for a company to be successful.

Wong et al. (2010) continue to explain that a government’s function differs depending which level it wants to work. At the implementation level the government has to function as a regulator in order to sustain the construction output for a steady growth of a healthy industry (Ibid.).

2.4.3. The Analysis Model

The connection between leadership and sustainable growth perceived from a company’s and governmental perspective, will be studied in this thesis by looking at three key concepts, which are presented below.

1. Leadership (studied by: experience, attitude, organisational priorities, execution of leadership, type of hierarchy, reward system, recruiting)
2. Sustainable Growth (studied by: innovation, knowledge management, change, regional advantages, obstacles to growth)
3. Perspective (studied by: willingness to grow, growth strategy, measurements, situational influences)

The basis of this thesis is built on the different perspectives shown by the interviewed companies and governmental institutions for how leadership and sustainable growth is connected in the construction industry. The analysis model figure visualizes the interdependencies and relations between the three key concepts. Having the perspectives as foundation, we may be able to understand actions and non-actions from the private sector, since personal experience and opinions can affect executed leadership. The public sector is more bound to regulations and orders and cannot act freely. Therefore the governmental perspective has less significance to the possible connections between leadership and growth, compared to the company’s perspective.

The perspectives will be used to understand connections between leadership and sustainable growth. By conducting the study in Sweden and Austria, the results can also be compared to another country. This procedure creates a higher validity for the thesis results as the findings can be applicable for more than one specific field. Consequently, more companies could profit from the results the thesis will deliver and which are presented in the discussion chapter. The three key concepts, which are described in the theory chapter and presented in the figure 5, will be used to analyse the empirical data. The structure of the discussion chapter also composed to follow the analysis model. A brief introduction to the regions, in which the interviewed companies and governmental institutions are operating, is given, to compare the frame conditions. The perspectives of the interviewed companies are presented, while the perspectives of the governmental institutions are summarized in the respective regions. The above listed factors, with which growth and leadership are measured, are also listed as sub-chapters within the companies’ chapters. This was done purposely to see the possible differences of the connection between growth and leadership in the chosen companies.
3. METHODOLOGY
The chapter Methodology introduces the framework of the thesis and elaborates the methodological choices and decisions. It will begin with presenting the research approach, which was chosen for this work. Further on, an insight will be given to how the literature was collected as well as how the empirical data was selected. The subchapter validity and reliability aim to strengthen the work’s credibility. The research ethics involves a discussion of the ethical level of this study. The final subchapter presents the operationalization chart, which connects the theory with the formulated questions for the interviews.

3.1. Methodological Choices

![Research Methodology structure based on the „Research Onion model” of Saund,
Lewis and Thornhill (2009, p. 108)](image)

Figure 6: Research Methodology structure based on the „Research Onion model” of Saunders, Lewis and Thornhill (2009, p. 108)

3.2. Research Approach

A research approach can be either deductive, inductive or abductive, each approach has different implications for a research project. While deduction means moving from theory to data, induction operates the opposite way, going from data to theory. The third option, abduction, is a hybrid of both, as it moves back and forth and combines induction and deduction (Saunders, Lewis, & Thornhill, 2012).

This knowledge is vital to understand the reasons for the chosen approach. In order to gain a broader but also deeper understanding of the problem the theoretical information was collected first. This included theory about leadership, growth and its different types, as well as innovation management and the construction industry itself. After analysing the focused problem area, empirically, the theories were used again to comply with the purpose of the study, which
was finding patterns, differences and similarities within theory and practice. To support the found empirical data, new theories had to be added and mentioned theories were adjusted. According to Saunders et al. (2009) it is perfectly possible to combine both strategies within the same piece of study and go back and forth to improve the suitability of the used theory.

The topic of this study is divided in a part, which offers a vast amount of literature and another part, which is rather new in combination to the literature. Scholars have immensely contributed to the topic of leadership, growth and innovation over the last decades, therefore a deductive research approach would be best fitting (Saunders et al., 2009). The topic, which is little covered with literature compared to the other theories is the construction industry in practice. Newer researches with little existing literature is best suitable for inductively working by generating data and analysing and reflecting on which theoretical themes are involved in the data (Saunders et al., 2009). This shows, that the chosen topic demands an abductive research approach, as neither the deductive nor the inductive ways of scientific working fits perfectly.

### 3.3. Research Design

This chapter is an umbrella term and combines the research strategies, research choices and the time horizon. Those three subchapters can also be seen in the layers of the research onion in Figure 6. They are vital in the process of turning the research question into a research project. The research design can also be seen as the general overall plan of how to answer the research question. It will contain clear objectives and specify the sources from collected data. Finally, it shows the crucial reflection of the chosen research design (Saunders et al., 2009).

#### 3.3.1. Research Strategy

According to Robson (2002) a case study is a strategy for doing research which integrates empirical investigation of a particular contemporary phenomenon within a real life context. By looking at my research question “How does leadership influence sustainable growth in the construction industry seen from a governmental and company perspective?” the underlying interest is to gain a rich understanding of the context of the research field and the enacted processes (Morris & Wood, 1991). The strategy of case studies is especially able to generate answers to the questions “why?”, “what?” and “how” by using various data collection techniques such as interviews, questionnaires and observations. A direct consequence of those possible choices is to have triangulated sources of data (Saunders et al., 2009).

Triangulation is an approach were different data collection techniques are used within one study to ensure to check the data’s results from different angles (Saunders et al., 2009).

The empirical data in this study was also collected through different approaches. One reason was to verify the data from different perspectives, other reasons were difficulties in the practical implementation. The empirical data was brought together in Sweden and Austria, which made semi-structured face-to-face expert interviews not always possible. Therefore, two interviews had to be handled with the help of a questionnaire, the participants replied their answers via email. In one case, a semi-structured focus group interview took place, which can only be seen as more valuable, as it ensures the triangulated aspect of collecting data.
As the research gap suggests, the construction industry has yet to be fully understood and analysed. Because of the different conditions each construction company has to deal with, it is difficult or nearly impossible to paint a clear overall picture, which represents the whole construction industry. The best way to contribute to this field, thus, was to gain and handle the empirical data through a case study.

Case studies can incorporate also multiple cases and do not have to consist of only one case (Saunders et al., 2009). Single cases are more vulnerable, because you cannot test if your findings are representative (Yin, 2009). Consequently, the logic behind using multiple cases is the focus, which lies upon establishing whether similarities are occurring and what consequences can be drawn from them (Saunders et al., 2009). That is why, two companies representing a region were chosen for both the region of Halland and Lower Austria. This made a comparison between the two companies in one region feasible and allowed to draw patterns, similarities but also to see differences. Further, the case study method can be used when a research topic shows difficulties to be distinguished from the context (Yin, 2003). The thesis aims to find the relation between growth and leadership in the construction industry, because the theory about this research field has yet to fully cover and discover the connection. The results of those four case studies will be used to contribute to closing the research gap.

3.3.2. Research Choice

The research choice is able to show the connection between quantitative and qualitative research methods (Saunders et al., 2009). Yet, for this study only one research method was used. Although, the usage of multiple researches has been increasingly advocated within business and management research (Curran & Blackburn, 2001), the author decided that the research question implies a strong qualitative research. And by analysing the outcomes of the qualitative research, the research question can be answered.

As mentioned, this study exhibits parts of triangulation. According to Bryman (2006) triangulation is best used in mixed method research, though in this study it will be a mono method approach. The chosen method is found to be most fitting and the aims influence the outcome the least. This is important as there exists a relationship between the data collection technique and the obtained results. Therefore, the results will be affected by all techniques and procedures used, yet in a different way, which is impossible to ascertain the nature of it beforehand. By choosing the mono method, the so called “method effect” is at a higher risk to occur (Saunders et al., 2009), nevertheless the author is certain that this chosen method is the best fitting for this thesis. Even if the techniques were the same, different approaches have been used. Due to the residence distance between Sweden and Austria, some techniques were the only one’s possible. Therefore, the mono method technique was executed with semi-structured interviews, standardized interviews (email questionnaire) and a focus group.

3.3.3. Time horizon

As the research question is not aimed for a particular short time period, the time horizon for this thesis is longitudinal. The purpose of this thesis is to find patterns of how leadership affects growth. Those terms are not influenced by short time changes. Instead, especially in companies those developments happen over time. Thus, the considered effects of leadership
on sustainable growth are significant for a longer timeframe (Saunders et al., 2009). That is why the results of the study should enable companies as well as governmental organizations to consider the possible changes in order to enhance growth. Most fittingly Saunders et al. (2009) emphasis the power of longitudinal research to study changes and developments.

3.3.4. Data Collection - Secondary Data

When talking about secondary data, the research world is referring to data that has already been collected for other purposes. This kind of data can already provide useful sources and information, which can be used to answer the research question, at least partially (Saunders et al., 2009). For the current study, secondary data was used to build the case description and a theoretical framework to create a strong basis for the empirical data collection, which can then be compared, put in a more general context or, otherwise triangulated (Saunders et al., 2009).

For one part the search for secondary data took place in online databases, which were: Halmstad University’s library, HH Summon and Google Scholar. On another part, the secondary data was collected on the chosen companies and governmental organizations’ homepages and reports.

The keywords, which were used during the search process for the secondary data such as scientific articles were: leadership, leader, leadership growth, leadership construction industry, growth, sustainable growth, green growth, profitable growth, growth construction industry, innovation, innovation growth, change growth, knowledge, knowledge innovation, knowledge construction, human resources, human resources construction, participation, empowerment, participation growth, empowerment growth, participation construction,

3.3.5. Data Collection - Primary or Empirical Data

The primary data in this thesis was collected by semi-guided face to face interviews, one focus group session and questionnaires. The data was collected in Sweden as well as in Austria. There were three layers of the primary data. On the one hand the private sector and on the other hand the governmental sector, which is divided in to administrative, more regional part (Region Halland, Region Lower Austria) and governmental institution (Tillväxtverket, Federal State Government). Both areas were used to collect primary data.

The figure below visualizes the layers and compares the Swedish with the Austrian substitute organisations and companies.
Figure 7: The Data Collection Pyramid (Own constructed figure)

It shows the levels involved, to analyse if those levels influence a company’s growth rate. The regional level is part of the governmental level, thus, it is closer to the companies.

3.3.6. Company selection

In total, four construction companies were chosen to be analysed in this thesis. Two companies are located in the region of Halland and the other two are firms in Austria. The first construction companies to be chosen were the Swedish ones, with which the interviews started. Those companies excel through an exhibit increasing growth rate or intention to grow further.

In order to guarantee the comparability, the other two had to fulfil the same criteria to fit in the research. At first the criteria consisted of number of employees, construction focus and location in the region of Lower Austria. Unfortunately, the particular number of employees of the Swedish companies are not very common in this sector. A major part of construction firms employ 20 individuals or less. No company working in the construction sector, with that many employees exists in the region of Lower Austria. The interviews for both Swedish companies have already been conducted. A compromise was to still analyse the area surrounding Krems to compare to Halmstad on the governmental and administrative layer, while interviewing two construction companies with both about the same employee number and focus were chosen.

The companies will not be named in this study and will therefore be treated anonymously, which is appropriate according to Kvale (1997). As a result the names will not be mentioned, however, to distinguish the companies, they were assigned fictional names: Alpha and Beta for the Swedish companies, Gamma and Delta for the Austrian firms. Fictional names can affect the reliability of the study. This problem will be discussed in the section Research Ethics and Reflection on Methodology. Further, to contribute to the anonymity of the firms, all company sizes will not show an exact number of employees. To ensure a certain perception about the companies the number of employees will be shown abstractly in the following chapter.
3.3.7. Respondent Selection

The selection of the respondents is vital as the information gathered through the interviewers and questionnaires can vary because of this decision. At the end, managers on different levels were reached out to, as it is believed that they understand the practical and scientific implications and have a broad knowledge and deep understanding of ongoing processes in the companies. All interviewees look back at years of experience generated in their respective company.

The governmental respondents were harder to choose from. Especially in Austria, there were no direct responsible, administrative individuals working with growth related to the construction industry. A compromise was made as the interviewees were experts on the economic field, in which the construction industry is embedded.

The interviews were conducted at the respective offices of the companies and governmental institutions. Again, to keep the companies anonymous the location of the headquarters will not be mentioned. The interview with the representatives of the region of Halland was conducted in Halmstad, while the interview with a manager from Tillväxtverket was executed in Gothenborg. The Austrian interviews with the Swedish substitute offices were conducted in Krems and St.Pölten, where a manager for economic growth and start-ups was freshly deployed. Before that, there was no such position. The more governmental interview has taken place in St.Pölten, which is headquarter of the counties government.

The interviews were carried out to gain as rich data as possible. The main focus was to collect both different views and perspectives as well as in-depth information of the research field.

During the interview phase, it turned out that also a more practical angle from the community of Halmstad itself would enrich the empirical data. At this time, the only way to obtain the information was through a questionnaire sent by email.

In order to still distinguish the companies and the interviewees, the table below should help doing so. Not only for the companies, were fictional names chosen, but also for the respondents. To make the division more clear, the interviewees’ fictional name starts with the first letter of the companies’ fictional name. When referring to information gained through the interviews those names will be used. The table also shows the professional position of each respondent.

To complete the table, the governmental institutions as well as the respondents’ fictional names and accurate professional positions were also listed below.

<table>
<thead>
<tr>
<th>Company (fictional name)</th>
<th>Respondents (fictional name)</th>
<th>Professional Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>Alex</td>
<td>Co-Founder and CEO</td>
</tr>
<tr>
<td>Beta</td>
<td>Bianca</td>
<td>Property Manager</td>
</tr>
<tr>
<td>Gamma</td>
<td>Georg</td>
<td>Project Manager</td>
</tr>
</tbody>
</table>

Table 1: The companies and respondents, which were interviewed, (own-constructed table)
In order to not endanger the anonymity of the interviewees of the governmental institutions the positions will not be mentioned.

After having analysed all the interviews, it turned out that the information gained from Martin and Fredrik did not contribute to the specific field of this study and therefore, it was not used or further included in this study. It has been hoped that more information from the municipality would enrich the data, however there is little collaboration between municipality and the construction companies, which is why the gained information was not sufficient for this work. As mentioned before there are no direct governmental organisations working with growth in the construction industry in Austria, this is why the interview held with Fredrik, could not contribute information, which helped answering the research question.

Semi-guided interviews:

Interviews are a valid way to gather reliable data, which contributes to answering the research question (Saunders et al., 2009). Especially the more defined semi-guided interview is the most relevant technique for this study. It is non-standardized, therefore only a list of themes and questions to be covered were prepared for each interview. Those questions varied from interview to interview. It was the author’s decision to ask or skip questions if she thought those have already been answered within another question’s answer or in case it was not relevant for this particular interview. With regard to the governmental interviews, those varied from the company ones as their approach to the problem field was a different one. According to Saunders et al. (2009) using a variation of questions for different participants for the interview is a legit way to do research. They continue to stress that also the order of questions can vary, depending on the flow of the conversation, which also happened during the interviews. All conducted interviews have been recorded and the participants were asked for their permission. The reason a non-standardised interviews, to be exact a semi-structured interview was used for this thesis is because they are often used for case study strategies. This data does not only reveal the “what“ and “how” of a research question but explores the motives behind it (Saunders et al., 2009).
Focus group:

A focus group interview is also a non-standardized form to gather data from respondents. The difference is that more individuals participate in the interview (Saunders et al., 2009). For this thesis, there was no focus group interview planned. But with regard to have more experts to the different fields, which connect to growth and the construction industry the one on one interview became a focus group interview. The questions were not directed to a specific person, but rather asked to the whole group (Saunders et al., 2009). Depending on the knowledge basis either all participants contributed to answer the question or only one or two. The interview was focused on the problem area of this thesis and the interviewer encouraged the interviewees to interact within the group (Saunders et al., 2009).

Though, it was hard for the interviewer to keep the discussion solely on the research topic. Further, one person in the focus group was a superior. This means, that the others might have had second thoughts about voicing their own opinion, especially when it might contradict to the superior’s opinion. Saunders et al. (2009) confirm that the perception about status differences or the dominance of certain individuals inhibit individuals possible contribution. Although recommended, a horizontal slice through the organization, where the participants are of similar status and similar work experiences (Saunders et al., 2009) was not possible.

But, the interviewer tried, according to Torrington (1991), to include all members of the focus group, by reducing the most dominant participant’s contribution, which was the superior, so that the others were also able to share and voice their opinion.

For all interviews open questions were used. This is because the focus was on the participants view on a situation and their description of it (Saunders et al., 2009). Further on, all face to face interviews were recorded to control bias and to produce a reliable data for analysis (Saunders et al., 2009).

Email questionnaire:

Because of the distance between Austria and Sweden, two interviews were structured, which were sent be email to the respondents. By using a questionnaire information from the Municipality of Halmstad was able to be gained. Those questionnaires were send to two employees, which positions were best fitting. Therefore, no social interaction was possible. The respondents were able to answer the questions without limitations through given answers. (Email questionnaire. It cannot be called email interview, as a series of questions was forwarded at once, which resembles a questionnaire more than an interview (Saunders et al., 2009)

3.3.8. Data Analysis Procedures

To analyse the collected data, the recorded interviews have to be transcribed in written form (Saunders et al., 2009). As the interviews were conducted in English and German, the transcribed texts, where analysed in the executed language, but with the same procedure.

A qualitative content analysis after Mayring was chosen to evaluate the conducted interviews. It aims to preserve a more qualitative text interpretation. The advantages of this method are that the material is analysed step by step using a set of rules. By creating categories in the
centre of the analysis a revised process is guaranteed, which is significant for the reliability and validity of the thesis (Mayring, 2000).

The deductive approach for the data analysis has been chosen. The reason behind this decision is the vast amount of secondary data, which has to be compared to the collected empirical data. Prior formulated theoretical derived aspects important for the analysis are brought in connection with the text. This incremental analysis consists of a methodological controlled assignment of the category to a passage in the text (Mayring, 2000).

The graphic below shows the steps within the analysis.

![Figure 8: Step model of deductive category application (Mayring, 2000)](image)

Each deductive category is given explicit definitions, examples and coding rules to determine, which text passage can be coded with a category. The category definitions are filled in an agenda (Mayring, 2000).

### 3.4. Credibility of the Study

One way to enhance the credibility of this work is to reduce the possible bias. This indirectly refers to a good research design, which helps reducing the possibility of errors and promotes credibility (Saunders et al., 2009).

Another, more specific way to promote the credibility of the chosen research technique, which in this case was the semi-structured interview, was to supply the participants with relevant information before the interview (Saunders et al., 2009). The interviewees received an email explaining the problem area and the research field. Though, the research question was not part
of it as the participants should not be influenced to only focus on answering the research question and might be biased because of that. This prevented the interviewees from leaving out information, which they thought is not of interest.

3.5. Validity

Validity engages with the problem whether the findings are really about what they appear to be about (Saunders et al., 2009). By performing a qualitative study, external validity (generalizability) is also an issue. This is also shown through the purpose of this thesis, which is finding patterns, differences and similarities of how leadership affects sustainable growth among Swedish and Austrian construction companies. Though, the respondent selection is limited, this makes an exact drawing of conclusions and generalization not possible. However, the variety of the background and working area within the selected companies is diverse, this can be seen as favorable. As other construction companies are more likely to find an example which resembles them. This also helps comparing their leadership approach and the respective growth drivers. Criticism regarding the difficulties of comparing regular sized companies in the construction industry (20 people or less) with the chosen companies, which exhibit a high number of employees, can be rejected. One reason is that most of the smaller companies prefer to stay small, which means there is no desire to grow in the first place. Another one, is that companies with lesser employees can still use the findings in this thesis, if they decide to try to achieve growth. On this occasion, the companies can use the findings to learn more about and later on implement the presented growth drivers.

As by having data from two different countries the generalization and validity of this thesis is strengthened.

The internal validity is promoted by handing out a list of themes before the interviews. So the interviewees get the chance to consider the information and is given the possibility to assemble supporting information and documentation (Saunders et al., 2009).

The data interpretation obtains also a great danger of logic leaps and false assumptions (Saunders et al., 2009). By choosing Mayring’s qualitative data analysis, this bias is kept small. The Mayring analysis is a methodological based approach which aims to create similar determents to the quantitative analysis (Mayring, 2000).

Another aspect to consider is the decision over the collected theory in this study. As the theory will shape the thesis’s conclusions (Saunder et al., 2009). By having chosen an abductive research strategy, the theory has been revised a few times, reducing the probability of strongly misleading theory.

3.6. Reliability

Writing a reliable thesis means that someone can reproduce your study the same way it was executed before and will find the same results. One threat that can bias the study are interviewees (Saunders et al., 2009). By not explicitly mentioning the research question, the author tried to not lead the interview participants to a certain way of answering the questions. By
using a triangulated data collection approach, the data is reviewed multiple times decreasing the possibility of misinterpreting the data.

3.7. Research Ethics

At the beginning of each interview the participants were asked for their permission to record the interview. Further the interviewees are protected by keeping their names anonymous and fictional names were created instead.

Also the companies remain anonymous, as the empirical data contains firm intern knowledge, some of those points could be interpreted negatively. However, due to the appreciation of the companies participating in the interviews it was thought best to be able to use the data by not mentioning neither interviewee nor company names.

3.8. Operationalization

In order to see how leadership is connected to sustainable growth in the construction industry, the author looked at the companies’ stand to chosen fields, such as leadership, importance of growth and more growth driver categories. It was not known before, that only one company truly aspired to grow. But this circumstance made a comparison between a company, which actively wants to grow and companies, which were concentrating on holding their level, possible. All companies had one thing in common, they showed a growth rate in the near past, which led the author to assume that the companies wanted to grow further. To get a deeper insight on how they achieved their respective growth performance, interviews with respondents on a higher management level were conducted. All of the interviewees have been working for their companies during their growth period. As the literature review showed, there are certain aspects a company can focus on in order to achieve growth through leadership. This so-called growth factors, such as innovation, human resources, participation and a few more, have been included in the questionnaire. This made it possible to see if companies were or are working with those growth factors.
4. EMPIRICAL DATA

This chapter is dedicated to the chosen companies, in which leadership conditions were looked at. In addition, the governmental institutions and regions, which also play a vital part in creating growth in a company, are mentioned in order to create a holistic image of the environment the companies are working in. The companies that will be introduced in this chapter are the anonymous companies Alpha, Beta, Gamma and Delta. As well as the Swedish and Austrian governmental institutions Community of Halmstad, Region of Halland, Tillväxtverket as well as the Community of Krems and the Provincial Government of Lower Austria.

Table 2: Company description (Own constructed table)

<table>
<thead>
<tr>
<th>Company</th>
<th>Position</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>CEO and Co-Founder</td>
<td>The construction company Alpha is a Swedish company located in the Region of Halland, which was founded in 2010 and employs a number &gt;150 people. It was awarded with governmental prices regarding the quality of workplace and employee satisfaction (Alpha Homepage, 2015) Turnover 250 million Swedish Crowns</td>
</tr>
<tr>
<td>Beta</td>
<td>Property Manager</td>
<td>The company Beta is also located in Halland, Sweden. The company dates back to 1947 and is still a family owned business. The number of employees is &gt; 1200. The firm is divided in different departments, which are responsible from the timber production to building ready for occupation buildings (Delta Report, 2014) Turnover is 1 billion Swedish Crowns (personal communication, Bianca, 2015-01-28)</td>
</tr>
<tr>
<td>Gamma</td>
<td>Project Manager</td>
<td>The Austrian company Gamma is a family owned firm dating back to its foundation in 1996. It started as a Carpentaria, but quickly turned into a building company. It employs &gt; 100 people and has its basis location in Lower Austria, in a rural area, which is home to a few more building companies. Their aim is to achieve customer satisfaction through satisfied employees (Gamma Homepage, 2015)</td>
</tr>
</tbody>
</table>
4.1. Alpha

The company was founded by three men, who worked in the construction industry before and therefore have a lot of experience being the one, who is employed. When they founded the company one of the main goals was to not only generate profit but to offer a workplace, where people like to come to work to.

4.1.1. Organisational Priorities

After its establishment in 2010, the company quickly grew to a healthy size employing >150 people. The owners state that after this quick growth period, they no longer want to grow in terms of employees. Yet, they founded a new company, which is in relation to the construction company. It functions as a real estate agency and can be seen as a complement to the construction business. The reason for their wish to not grow anymore, is the fear of losing the established positive work ethics and work culture.

The new set out goal is to maintain the position and stabilize or if possible increase the work culture and positive work environment for the employees.

4.1.2. Execution of Leadership

Alpha exemplifies a free and open way of how to lead employees. There are little restrictions and direct rules, which the employees have to follow strictly. The CEO emphasized that through soft guidelines and benefits, workers are encouraged to show their best performance every day, as they are satisfied with their job and want to contribute to the company’s success. In that respective, Alex, himself tries to be an example for everyone.

4.1.3. Drivers for Growth and/or Leadership

Innovation and Change

Alpha is not affine to change the structure of the company. But they change work relations quite often. So that employees can work with another site manager on the next project, which can be completely different to the last assigned project. This way, the employees will get challenged and can also learn from each other again. Apart from that, innovation is not seen as an important topic for the company. The processes are the same, innovation would only increase the costs, without contributing greatly to more growth or profit.

The company only has two levels of Management aside from the Managing Board. There are the project managers and then the workers, which are assigned to him or her. The environ-
ment is very open. Employees are free to come directly to the CEO if they have ideas or problems.

According to the CEO the personnel and the company’s position on the local market in Hal-
land is responsible for their growth. He continues to state that their partners know they can expect good results.

The company also works on creating a positive brand image by being a partner from the early stage on. From helping to find a suitable site, to buying the land over making drawings and calculations is set to create more business for Alpha.

Knowledge Management

A way to keep the tacit knowledge in the company and train other employees, Alpha decided to devid their employees in groups of two. They combine a more experienced person with a less experienced one. The age is not important, just the level of experience so that an exten-
sion of competence happens. They also use the group feeling to help employees integrate in the company and be part of the company’s culture.

Reward System

Alpha provides a range of benefits for their employees to stay satisfied. Beside free healthcare and free trainings, they implemented a bonus system. From the overall yearly profit, 25 per cent go back to the personnel. By offering extra money to the employees, they are more moti-
vated to make the company more successful. Further, it encourages employees to take more responsibility. The CEO doubts that pressure is created through the reward system.

The CEO also emphasizes the importance of having fun and liking what you are doing. There-
fore, he says that fun and profit is equal to him. If the employee is happy when he goes to work and likes his or her co-workers, he or she will do a better job and the company will gain a better revenue. A yearly trip is one instrument to inspire teamwork and get to know each other. Other activities are Christmas and summer parties, where partners are very welcome to join so the whole atmosphere feels family alike.

Alpha provides its employees with the best equipment possible in order to keep them safe, warm and clean. Every employee is responsible for their machines, so they have their own tools, which they have to keep in shape. This reduces a stress factor. Employees do not get grumpy because something is not working, because they know they took good care of it.

Human Resources

The company experienced a fast growth period. According to the CEO this was partly achieved by choosing the right personnel. By creating a set of significant criteria, the staff was handpicked not only by their level of education, but by how they, as individuals, would fit in the team and have the spirit the company is looking for. Even after having reached a certain amount of employees, the three co-founders are still involved in the recruiting process. Alex stated that for them it is more important to know who the person behind the certificate is, rather than only looking at qualifications. It is not to say qualifications are less important, it is more that in order to be able to do the job you have to have a certificate for the field you want to work in. But all applicants have that, so therefore the person behind the certificate is
looked at more closely. During the interviews they try to find out about core values and what is important for the interviewee to feel free at work to see if they would be a good fit for the company and a good co-worker.

They believe that through a satisfied work environment, the staff would reach higher productivity and thus maintain happy customers.

“Good results. Good quality. Good relations.” (Personal communication, Alex 2015-01-29)

The CEO explained that their way of thinking resembled a positive spiral. By employing happy individuals, they produce a good outcome, with which the customer is happy and satisfied. This plants a constructive ground on which new project orders can arise.

It is also very important to maintain the right attitude in the employees’ minds. It is not only the CEO, who has an interest in the company’s success. To be able to have a stable income each month, it is vital for the staff to understand that they have to produce and be productive every day, every hour during their job hours. And it is also important how they produce. Only good quality will induce satisfied clients. For Alpha, the key in maintaining this mind-set lies in communication. The CEO emphasized the significance by explaining that he uses every chance to communicate the importance and connection between happy clients and good work. But he is also not short on praising his staff if they deserve it in order to motivate them and keeping the good work up.

“At the coffee table in the morning, during different kind of meetings, you have to communicate what clients tell me, which is how satisfied they are. It is to keep the positive view flowing all the time. It is not so easy to do it. You have to live it. Live the culture.” (Personal communication, Alex 2015-01-29)

4.1.4. Obstacles for Growth and/or Leadership

For Alpha the government can sometimes be seen as an obstacle for growth. By going through all institutional processes the project can be slowed down drastically making it more and more expensive for the company.

Although the recruiting process is executed thoroughly, there are some employees which can hinder your success and have a negative influence on co-workers and the business’s success. It is important to identify those people as early as possible to get control over the situation. Therefore, the practice trail for new employees is six months. This should be enough time to evaluate if the new employed individuals fit in the team and are in line with the company culture.

4.1.5. Regional advantages

According to Alex, CEO and Co-Founder of the company, being located in a region such as Halland provides a variety of advantages and benefits. One of the reasons why they chose the region of Halland was the regional independency as there are many local companies which functions as the main suppliers for the area. The number of companies working in different industries created and creates to this day a reason for many to move to Halland. This also pos-
itively affects the number of projects the company receives. According to Alex this creates a need for 200 to 300 households per year. Further, the small business structure of Halland is not easily influenced by global economic changes, therefore companies are surrounded by a saver, more predictable environment.

4.2. Beta

The company is family owned and is able to look back at a long tradition of building Swedish homes. Thus, Beta had time to adjust and become a strong company with a rather high and unusual number of employees for the construction industry. The personnel is working in four departments, each of which is responsible for a different process to contribute to building a high quality product.

4.2.1. Organisational Priorities

Beta went through a tough period during and after the financial crisis, which started to affect the company in 2008. They hit a downscaling period, where all of their projects were put on hold and no new orders came in, which made the company almost go bankrupt. The production number was 8000 villas in 2007, which sunk drastically just a year later to 3000. Between the years 2009 to 2011 the company did not sell any houses. In 2012 the company hit rock bottom. The production hours were down at 40,000. Two years later, the situation has improved again and shows a healthy number of 150,000 production hours. Learning from experience, the company’s goal to avoid being in such a situation again, is to double their turnover by 2020, reaching two billion Swedish Crowns. Consequently, the company has more monetary security if another crisis would hit the industry.

To double the turnover in a period of five years seems far from being sustainable growth. But because there are many projects, which have not been finished due to the crisis, the aim is reachable and according to Bianca organic in its growth performance.

4.2.2. Execution of Leadership

The company is family-owned, which affects the whole culture of the company. Many relatives are working in all levels, not just the top management. Working together with the business owners has created a friendly and open work environment. Nevertheless, all owners are very careful to keep obstacles between them and their employees as small as possible. The leadership resembles a coaching style with room for discussions and ideas.

4.2.3. Drivers for Growth and/or Leadership

Innovation and Change

Beta is open to changes regarding the product line to be competitive and innovative. Yet, organisational change is not common. Though, ideas for new processes will be always taken in consideration.

“There is a lot of exchange internally in the company. If somebody has a great idea, of how we could do better, of course we consider it.” (Personal communication, Bianca, 2015-01-28)
Beta has its own R&D department, in which innovation is being nurtured and fed. Beta’s kind of innovation focuses on new materials and processes. The whole company supports innovation.

Knowledge Management

A lot of effort is put in providing a functioning communication. It is an ongoing process taking place within all levels of management and within the site teams. Although the hierarchy in terms of the communication flow is flat, there are some levels of management. The project manager functions as a gatekeeper to forward the information from the staff working at the project sites to the higher management. In addition, a general meeting including every employee is held twice a year. Those events serve to inform employees about the vision of the company, the company’s performance and current situation. Other needed information is communicated through the division managers, which have the duty to work both ways, bottom up and top down. The company knows that the workers on-site are the first to be aware of malfunctions and dysfunctional processes. There are two reasons why they should improve them quickly. First, the workers will get frustrated and will not perform as good as if they were satisfied. Secondly, those errors stand for a lack of quality or time loss, which can end up costing money.

According to Bianca, they work with the University of Halmstad and Gothenburg to gain vital knowledge for the company. This can also result in employing students directly from those universities. Yet, tacit knowledge is the other form of knowledge, which Beta is carefully trying to protect and sustain in the company. They formed two types of systems. The standardized and special system. The team in the standardized system is responsible for products, which do not acquire special skills. Meanwhile, the special system team focuses solely on out of the ordinary projects. This should help employees obtain more knowledge and experience with the material and processes, which they are using. Within the standardized team, the company offers to change to a different project compared to the previous ones, yet there are little changes or mix ups between the standardized and the special system teams. Through standard meetings the mistakes and ways for improvement are targeted so that there is a learning process and quality improvement after each finished project.

Reward system

The company does not offer monetary rewards to their employees. According to Bianca, the company believes that monetary rewards only satisfies the employee temporarily, while putting more and more stress on him or her. Further, this kind of reward could result in the opposite, making the employee less and not more efficient, by only being challenged to earn more money. Beta’s reward system is built on offering employees education and an open door if individuals want to climb the career ladder. If employees show more commitment they will be empowered and given more responsibility if they wish to.

Human Resources

According to Bianca, the chances for growth depend on the market situation. Beside this important fact, the personnel is the most significant factor, which generates growth. Beta is aware of the potential of good personnel. Therefore, they have a department, which solely focuses on recruiting.
The good recruiting process is also shown in the low fluctuation rate of the Beta.

4.2.4. Obstacles for Growth and/or Leadership

The government is a large land owner and places orders or projects on the free market. Every company can bid and present their plans for the particular project. The regulations and demands have become stricter over recent years, therefore the prices for the completed projects increased. Yet, this is not thoroughly taken in consideration, meaning that the cheapest price often has the best chances for receiving the order, even though other projects contain more benefits in the long-run, but are more expensive. It is a tightrope walk to find the right price and still be able to fulfill the government’s conditions, be profitable and gain growth potential.

During the financial crisis the government tried to stabilize economy and keep the impacts as low as possible. Yet, they implemented stricter regulations for the buildings sector, which ended in generating a higher price for the already high-priced buildings.

4.2.5. Regional advantages

The region of Halland benefits from the urbanization, which is currently going on in Sweden. A high number of major companies and all major governmental institutions are located in the areas surrounding Stockholm and Halland. They are in need of a well-developed infrastructure with possibilities to expand. According to Bianca, the biggest infrastructural progress is going on in Halland, Skåne and Stockholm. This trend has not been unnoticed by Sweden’s inhabitants, as they are willing to move to work in those areas.

Many projects were put on hold during the crisis, which are in the process of being restarted as the demand in buildings like villas, apartments is far from being saturated. According to Bianca, there is a need for 300.000 houses in the region of Halland including parts of Gothenburg too.

4.3. Gamma

The company is family owned and has worked for almost 20 years in the construction business. Gamma followed an untypical development. It started as a carpenteria, but added more and more services to their portfolio. Today, they offer the whole building process to their customers. The founder strongly believed, that having all from one source sets the company apart from other competitors and will gain them more market share.

“Clearly this is very challenging for the employees, but that’s also what makes it exciting.” (Personal communication, Georg, 2015-04-30)

4.3.1. Organisational Priorities

Gamma has experienced a growth rate. Within the last seven years, the company was able to double their employee number. The company is now in a more mature phase and wants to establish and strengthen their market position. This is due to the fact, that a decreasing period is expected to hit the construction industry, which will affect the number of orders negatively.
4.3.2. Execution of Leadership

The leadership in the company is rather loose and based on trust. This is especially due to the familial atmosphere caused by the ownership. Also the number of hierarchies is low, as only the CEO, the main management and the project managers can be seen as such levels. The open environment has been part of the company since the foundation. The CEO, which founded the company, has been working in the building sector before and had therefore, a vision of how his company should function by guiding the way.

4.3.3. Drivers for Growth and/or Leadership

Innovation and Change

The company sees itself hardly innovative. The processes should be followed and if possible standardized. In case that another manager or worker has to step in, they can orientate themselves more quickly. The usage of new and innovative materials is also seldom, as the clients do not ask for them, because of higher cost.

Knowledge management

When it comes to knowledge transfer, new employees and apprentices work together with more experienced workers to be taught all the in between steps, which are different in any company and project. Each employee has his or her special field and is used solely for that. Project teams are hardly ever mixed in Gamma. Every employee should only do what he or she is best in.

“We saw that mixing the groups caused too much whirl within the groups and it wasn’t that efficient like they used to be.” (Personal communication, Georg, 2015-04-30)

However, if an employee wishes for change, than the company will not stop him or her from doing so. In fact, the company is proud of the diverse skill sets and sees this as a vital advantage. To foster this advantage, trainings and further education is offered to the staff.

Reward system

To keep Gamma’s employees satisfied and motivated, the company put a monetary reward system in place, though this applies only for the workers at the sites and not for all employees. The interviewee had no in-depth knowledge of the conditions of Gamma’s monetary reward system, as it is negotiated with the on-site workers and CEO in private.

They stress that a good work environment is key to being motivated. By investing in a beer vending machine, the employees are encouraged to sit together after work and engage in topics, which are not related to work. In addition, the company organizes a yearly Christmas party, a skiing trip and participates in a real-life table top football tournament. Yet, the response to those offered activities are not that high.

The level of responsibility carried by each project manager is high, as he or she needs to keep the overview as well as be informed about details without being supervised. Communication is therefore crucial for the success of a project. Although each project manager can handle their projects differently, there is a meeting every day for each assigned team with their pro-
ject manager before they start to work. In these meetings, every employee is given the necessary information for the day and their tasks to fulfil.

While the main goal and its directives cannot be changed, the way to reach the goal on a day by day basis is organized by each project manager.

**Human Resources**

Gamma had some problems with employees, which were not willing to contribute to the company’s success. That is why the recruiting process is executed and handled by the CEO himself. It is important that the workers really fit in the team and understand that what they do is important for themselves and for the company.

4.3.4. **Obstacles for Growth and/or Leadership**

As mentioned above, Gamma, does not want to grow any further. Instead they want to stabilize the position they are in today. The company actually benefited from the financial crisis, as people did not want to save money, but invest it. This trend draws to a close. The company believes that the growth trend will change again and not growing in the number of employees is one measurement to be prepared.

“The feedback of customers, other companies suggests that the private hand does not have that much more money to spend.” (Personal communication, Georg, 2015-04-30)

Gamma also benefits from state side promotions, as their clients receive them and are able to carry out their plans. However, those promotions have been cut incrementally.

4.3.5. **Regional advantages**

Gamma is surrounded by a number of other construction companies. This was a development over many years. In comparison, those companies exhibit a smaller number of employees and do not offer all the services Gamma has in its portfolio. Still the competition encourages to improve the outcome and processes within company. The projects are located within an hour away from Gamma. Due to the increasing moving in, there are enough orders.

4.4. **Delta**

This company was founded in the early 1980ies and started with 12 employees. Since then, Delta has grown to be a strong firm among the increasing competition. Their way of achieving growth was to specialize in social housing.

4.4.1. **Organisational Priorities**

Delta’s main priority is the well-being of the company. In their eyes, the future outlook on the building sector is not too promising. That is why they do not want to take unnecessary risks by trying to increase in an approaching period of decrease.

Further, the company sees their employees as a very important resource on the market. They push their employees to be independent and take responsibility
“The man on the site is important, who knows how to put something in action, only then a project works.” (Personal communication, Daniela, 2015-05-01)

Only on condition, that everybody knows what to do and wants to do it, you can earn a profit from the site.

4.4.2. Execution of Leadership

Because of the pressure of high competition employees are urged to give their very best, conversely they are given the freedom to work independently and almost only on their terms, as long as their terms are in line and do not endanger the goal. Delta works a lot with trust. The employees and workers on the site are given all the information they need to do their work and are trusted to do their best.

4.4.3. Drivers for Growth and/or Leadership

Innovation and Change

Delta’s approach is to standardise their processes as much as possible. This makes it easier for the employees and for the project managers to keep track of all the duties and minimizes the risks. Innovation or organizational change is therefore not a topic the top management engages in.

Knowledge Management

Delta knows about the difficulties of maintaining tacit knowledge. Their specialised field, social housing, resembles projects, which, at its core, are all build the same way, thus, the problems could reoccur. Having found solutions to those problems could make the building process easier, more time efficient and could decrease costs. A yearly workshop is organized, during which all project managers are encouraged to discuss the problems with his or her followers and then the project managers continue to elaborate those difficulties in detail and how they solved it. Aside from this yearly happening, the communication is happening continuously, yet without further regulations on time and frequency. In addition, a fault evaluation takes place. The motive is to find the reasons, which caused the mistake.

“Little mistakes happen all the time. But we don’t want to find somebody to blame. We look closely where and why this happened, so it won’t happen again.” (Personal communication, Daniela, 2015-05-01)

The work environment and company culture is very open to create an atmosphere where people do not mind spending most of their time. Further, a good climate within the working teams is aimed for. Therefore, Delta tries to encourage their employees to socialize and get to know each other better, so that the team works more efficient. Having a flat hierarchy is helping to ensure the easy exchange of information.

“That is our advantage. Everybody knows everybody and is aware, that he can do a job good and without complications.” (Personal communication, Daniela, 2015-05-01)
Other occasions for the employees to meet and talk about non work related topics are organized in form of Christmas parties and a company outing every two years.

**Reward System**

Delta has put a reward system in place which is especially designed for the sites and the workers on site. It is based on the ratio of working hours and reached goals, which were defined beforehand.

Another motivational instrument, Delta uses to keep the good work up, are visits from the CEO and the board at the site. They check their projects every other month, to see the development, but also to make the employees see that their work is appreciated and needed.

“It symbolizes that the owners are interested in what happens.” (Personal communication, Daniela, 2015-05-01)

**Human Resources**

Delta’s main workforce consists of able and experienced workers and most of them have been employed for more than ten years. They are offered trainings and further education, which the company pays for. This is seen as one of the main motives for workers to stay and deliver a constant good performance.

Another reason for the employee’s long stay at the company is the knowledge, that they have a secure job, which will not end after the project is finished. Because of the wish to stabilize and strengthen the company’s current position the number of employees is not increasing. Thus, recruiting is not that important as most of their employees are unlikely to change jobs.

**4.4.4. Obstacles for Growth and/or Leadership**

In recent years Delta experienced that Austria’s biggest construction companies entered the market of housing with smaller entities. Thus, the market has become more competitive. A lot of their customers are associations, which are dependent on promotions from the government. Without those promotions the order number is declining.

In case a rather new employee expresses the wish to develop further and wants to start a training, it is not always granted. Those employees have to earn the company’s trust first.

Innovation is not seen as a growth driver. The company implemented processes and new technologies, but for most of the time the innovations were more costly or time intense. As a result, they gave up on trying innovative things, but rather want to stick to what they are good at.

“Our projects resemble each other, it wouldn’t make sense to change a good working team.” (Personal communication, Daniela, 2015-05-01)

Delta sees potential for the government to provide more and cheaper housing, which would increase the orders and the benefits for individuals looking for an apartment. Further, the building sector is highly regulated, which limits the company’s potential and binds it hands for projects.
4.4.5. **Regional Advantages**

The headquarter is located in one of the fastest growing cities in Lower Austria. Delta definitely benefits from the good location, though they also operate further away near the border of Vienna. The surrounding area of Vienna, is a fruitful location and housing is on a high demand. This is one reason why the financial crisis did not hit Delta very hard. Another object is the micro economic structure, which is not that easily influenced by the global economy.

4.5. **The Construction industry**

The construction industry differs from other industries vastly as it is a project based industry. This means that the companies earn money through delivering projects. The results of the projects can vary, it can be a drawing, the foundation or the whole building. The coalition of each project is different each time, therefore construction companies face new problems or obstacles to overcome every time they get orders (Personal communication, Uwe, 2015-01-27).

“For a long time the academic field tried to help the construction industry with theories and concepts, yet those were mainly developed for manufacturing industries. You cannot really implement what is developed for the manufacturing industry, because the context is completely different.” (Personal communication, Uwe, 2015-01-27).

The context is also way more complicated. The life expectancy of a house is around 100 years. It also includes a broad range of built-in systems, which can hardly be changed after its erection. This definitely has effects on the willingness to take risks, which influences the creation of change and innovation. Failures can cost money and the reputation suffers, thus the innovation rate is minor and only happens incremental (Personal communication, Uwe, 2015-01-27).

Especially on sites a lot of smaller but also bigger processes are executed. Some of the small incremental steps are never even registered. That means that specific knowledge will be lost for the next projects. However, there is the possibility that someone remembers or reinvents it again. In every project based industry tacit knowledge can be gained and is vital for a project’s success. Although a lot of work is being tried to be standardized. A lot of problems occur at the site, solutions are worked out partly from regular employees, but those solutions are never evaluated or assessed if they affect the project in a positive or negative way (Personal communication, Uwe, 2015-01-27).

According to Uwe (Personal communication, 2015-01-27) communication is especially important in a project based organization. Improving the communication channels could help protect and keep tacit knowledge within a company (Ibid.).

4.6. **Swedish construction Industry**

Sweden’s construction industry contributes about 8 per cent to the country’s GDP and employs 500,000 people among. This number is equivalent to 11 per cent of all Swedish employees (Gateway Baltic, 2012).
After a brief recession dip in 2009, the industry has recovered quickly in most areas. In general, the construction industry is regarded as not having been hit very hard by the economic crisis in Sweden, and the construction jobs, which were lost during the economic shakeout were quickly recovered in 2010 (Gateway Baltic, 2012).

The landscape of construction companies shows that the average number of employees is 50 and below. One reason for the many small businesses is the low barrier to found a construction company. Yet, when it comes to more complex construction orders there aren’t many companies that could compete with each other (Personal communication, Uwe, 2015-01-27).

The Swedish construction industry does not foster change or innovation, nor do they develop it due to laws and regulations but also due to tradition. Looking back 70 years from now, the government was not involved in the construction industry at all. It was mainly run by private developers. However, after a change in the financing system, it was much easier for public housing companies to borrow money and build houses for the broad population. All municipalities formed at least one public housing company to ensure affordable houses were built. This way private housing companies were pushed into becoming contractors (Personal communication, Uwe, 2015-01-27).

Although there have been initiatives, which tried to foster different types of procurement that would encourage innovation, especially when it comes to public agencies and clients, the projects have never taken off. According to Uwe (Personal communication, 2015-01-27) this is again due to the unwillingness to take risks both on the construction industry behalf and the client behalf. Consequently, most of the innovation that still has been developed in Sweden has been focusing on being beneficial for the company internally or externally (Ibid.)

The Swedish government’s stance towards housing related topics is that an increase in housing construction is needed to tackle the current housing shortage (Gateway Baltic, 2012).

The government is influencing growth through regulations and as a client, yet not as a collaborative partner. Boverket, the Swedish National Board of Housing, Building and Planning, together with scientists and research institutes conducted studies, which did not become commercialized but transformed into standards saying what is acceptable to do and what not. The Swedish procurement law is even stricter and below the threshold of the EU Procurement Act, which can be seen as a barrier for construction companies in general and specifically for innovation (Personal communication, Uwe, 2015-01-27).

During financially bad times producing with lowest costs meaning cutting back on profit and administration. The costs for employees and material is about the same for every company, which makes having a sustainable competitive advantage more important (Ibid.).

According to Uwe (Personal communication, 2015-01-27) Sweden is working with inclusive leadership, meaning that everyone should agree before a decision is made. This affects and limits the way you can act as a leader both negatively and positively. Even if the general perspective on construction management seems to be poor, looking at the output it erects it is the opposite (Ibid.).

“You produce a new version, a prototype of a product every time, compare that product complexity to any other industry. There’s a trend among aca-
demians to recognize that. As you can see the research papers over the last ten years focused on researchers trying to learn from the construction industry and use that to apply in other industries.” (Personal communication, 2015-01-27)

The construction industry in Halland is very successful and at the moment a driving power for the regional growth. The structures in the region of Halland are loose and liberal, therefore companies can be more flexible in their actions and are not bound to more regulations than necessary (Personal communication, Regina, 2015-03-03)

“We are lucky in Halland, we have lots of people who want to move and live here and that creates of course a demand of places to live in.” (Personal communication, Regina, 2015-03-03)

4.7. Region of Halland

The region of Halland is located on the west coast of south Sweden, combining six communities: Halmstad, Varberg, Falkenberg, Kungsbacka, Hylte and Laholm (Region Halland, 2015).

Halland exhibits a change as a high number of people is moving to the region. This fact can be seen in the positive growth in the number of inhabitants over the last decades. The total population number of the region of Halland in 2014 was approximately 310,000 (Region of Halland, 2014). Reasons for this development vary. One factor is the highly qualified population, which companies are looking for. Also the structures are not set in stone, as the region is quite young, which makes it more flexible to changes and more open to new ideas. Another factor has solely to do with geographic. Halland is closely located to Gothenburg and Skåne, providing additional job possibilities. They also benefit from the recreation factor as it has Sweden’s most beautiful beaches (Personal communication, Tina, 2015-03-06).

Tillväxtverket, the Swedish agency for economic growth, holds the regional developing fund, which is financed by the European Union. This fund is supposed to be used to help and support projects with the focus on small and middle sized companies to create growth and ignite growth in the regions in order to help regional companies develop. Money is not directly given to companies. Instead the regional strategies as well as the overall European strategy are followed, which are in place to support companies. Tillväxtverket operates on the micro level to ensure that from top down the strategies connect on all levels and companies consequently benefit from it. (Personal communication, Tina, 2015-03-06).

“We work a lot with the regions to get the local perspective, because the regions work closely with the municipalities. So our projects end up having a bigger impact.” (Personal communication, Tina, 2015-03-06)

Halland has its own growth strategy to be able to regulate the regional gain rate. It has three priorities. The growth strategy should help increase the attractiveness of Halland as business site, improve the regional competitiveness and create more jobs (Region of Halland, 2015). The business structure of Halland shows many small businesses spread among a large variety of sectors. This means that trade and industry in the region is less sensitive to short-term eco-
nomic downturns (Personal communication, Regina, 2015-03-03). This is also what the regional fund of Tillväxtverket is trying to induce. After the financial crisis, which impacted Sweden, especially because of the regional dependence to bigger industries, more and smaller companies, which are more flexible and innovative, are wanted in the region to secure the economic stability. But also to create a more competitive region. The organization is set on encouraging and building networks and clusters to create an exchange between companies (Personal communication, Tina, 2015-03-06).

Yet, the region of Halland does not have programs directed to stimulating growth in the construction industry, as the need for it is not given (Personal communication, Regina, 2015-03-03).

There is a dramatic trend of urbanization visible in Sweden. Around 85 per cent of the population lives on 1.3% of Sweden’s area (Gateway Baltic, 2012). The regions affected most by this trend are Stockholm on the east and Gothenburg and Halland on the west coast. Especially Halland’s municipalities are in increase and have been so for the last decade (Personal communication, Uwe, 2015-01-27).

“My perspective is that the growing regions will continue to grow and the decreasing regions will continue to decrease.” (Personal communication, Uwe, 2015-01-27).

A threat to regional growth could be the migration of bigger companies. So the regions are trying hard to keep those important companies satisfied by creating environments for companies to grow (Personal communication, Tina, 2015-03-06).

Municipalities cannot be expected to focus solely on creating good conditions for companies and people to move there, so they maintain a steady growth. Instead there is a reinforcing spiral visible (Personal communication, Uwe, 2015-01-27).

“If you have people, you’ll have business and if you have business you’ll have people.” (Personal communication, Uwe, 2015-01-27).

Halland is in the position of being in favour of this reinforcing spiral, which is shown in the economic growth caused by the population growth. The vicinity to Gothenburg both attracts more people and companies, the city is the innovation powerhouse and pulls the region of Halland with them (Personal communication, Ralf, 2015-03-03).

But growing just for the sake of growing can and should not be the aim. For the regions and Tillväxtverket it is more about employment, finding solutions and better regulations in order to help companies employ more people and therefore grow. Still growth in a company should not be the main topic, a company should develop to focus more on their employees and how they can improve their everyday life. And then they should concentrate on being economically sustainable (Personal communication, Tina, 2015-03-06).

4.8. Austrian construction Industry

The construction industry is undeniably significant for Austria’s economic well-being. Around 285,000 people are employed among approximately 32,000 companies working in that field and contribute around 4 per cent to the GDP (Statistik Austria, 2012). However, in
the long run, the building sector will grow slower compared to the whole economic situation. After being hit by a period of recession, the building sector is recovering, especially because of governmental promotions (Bank Austria, 2012).

A vast majority of construction companies employ less than 50 people. Only two per cent employ 50 people and more (Statistik Austria, 2012).

There is also an awareness for the need of development and innovation to ensure and possible improve the competitiveness. Therefore, working together with research institutes is a main driver in order to foster more innovation in the construction industry (Bundesinnug Bau, 2009).

4.9. Region of Lower Austria

Lower Austria, the biggest Austrian county, is the home of over 60,000 companies, which provide jobs for more than 600,000 people. This is the basis for the countries prosperity. After a period of financial difficulties, in 2009, the aim for Lower Austria is to increase the economic competitive advantage again and build an attractive industrial location. Innovation should be the driver for healthy growth (Wirtschaftsstrategie Niederösterreich, 2015).

This region experienced economic growth over the last decade, except for 2009, and the growth rate has been surpassing Austrian average.

One main part of Lower Austria’s industry structure is the construction sector. Yet, the branch scopes vary and offer a broad range of diversity (Personal communication, Karl, 2015-03-18).

Most of Lower Austria’s companies are regionally positioned. The federal state tries to support the regional growth with its economy strategy. Yet, this growth strategy does not address the construction industry directly. Instead, the growth strategy anticipates to nurture growth through pushing innovation. Therefore, the federal state of Lower Austrian wants to attract especially companies, with high innovative rate (Wirtschaftsresort Niederösterreich, 2015).

In Lower Austria, every municipality is responsible for attracting companies and growth through increasing the number of jobs, movers and firms. Though, the municipalities’ strategy have to be in-line with the economic growth strategy of Lower Austria. Otherwise, there are no restrictions. The municipality of Krems was taken as example. Krems is working on offering the surrounding economy a strong workforce. Five universities, specialized in different fields reside in Krems (Personal communication, Karl, 2015-03-18).

The city of Krems recently installed a new position solely for growth reasons. The government employee should function as a guide and network and help found new businesses as well as keep the conditions for other companies’ preferable (Personal communication, Karl, 2015-03-18).

There is no direct competition between the communities, but they court indirectly to increase the numbers of ventures. For most parts the neighboring communities are working together as they have different specialized fields and offer different advantages for various industry fields. Krems has two strong and booming industries, the biotechnological and steel industry (Personal communication, Karl, 2015-03-18).
5. ANALYSIS

This chapter represents the core of this thesis. With regard to the theory, which was presented in chapter two, the empirical data will be analysed and discussed with the theory. The figure below shows the own constructed analysis model, which is the foundation of the analysis and exhibits the three main concepts – leadership, sustainable growth and perspectives.

The research question will be answered by looking at the different aspects of the main concepts. The research question was „How is leadership connected to sustainable growth in the construction industry – seen from a company’s and governmental perspective?“

By looking at four construction companies, the connection to sustainable growth and leadership will be analysed. Further, the scientific research has not been looked into the leadership and growth relation in the construction industry, therefore it is an academic contribution, which can be beneficial for both scholars and companies.

Figure 9: The analysis model (Own constructed figure)

5.1 Leadership and growth in the construction industry

The scientific world showered leadership with attention and dedicated research to analyse the topic from all its angles. This just shows its significance as it is acknowledged in today’s working environment (Yammarino, 2013). The reason behind leadership’s importance to every sector, community or country (Kouzes & Posner, 2010) is its effect, which it has on growth. As long as it has been studied, the leadership context has yet to be put in project management relation (McManus, 2006).

The generated empirical data intends to be an indicator for the construction industry, which consists of project management organisations, and shows that the need for leadership has
reached the construction industry. Table 3 exhibits the companies’ awareness towards leadership. All companies agree with scientific literature and state that leadership is part of their company culture and use it to create a good work atmosphere and motivate their employees so they can retrieve their full potential and abilities. The agenda behind the positive work atmosphere and motivating employees is the positive effect on companies’ growth. Especially the Swedish companies were aware of the possibilities leadership can have on their performance. While the Austrian firms know about the importance, they do not engage with this topic in a way the Swedish companies do.

Table 3: The position of companies and governmental institutions towards leadership and willingness to grow (Own constructed table)

<table>
<thead>
<tr>
<th>Company</th>
<th>Execution of leadership</th>
<th>Growth aspiration</th>
<th>G.I* Contribution to regional growth in general</th>
<th>G.I* Growth aspiration</th>
<th>G.I** Contribution to regional growth in the construction industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha Corporation</td>
<td>High priority and awareness</td>
<td>Saturated, after experiencing a fast growth period</td>
<td>High</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Beta Family owned</td>
<td>High awareness</td>
<td>Ambition to grow is high</td>
<td>High</td>
<td>High</td>
<td>Semi-low</td>
</tr>
<tr>
<td>Gamma Family owned</td>
<td>Semi aware</td>
<td>after a fast growth performance the position should be stabilized due to the fear of low economic growth</td>
<td>High</td>
<td>High</td>
<td>Semi-low</td>
</tr>
<tr>
<td>Delta Corporation</td>
<td>High awareness</td>
<td>Growth is too risky for them, as the future outlook is not promising, they want to maintain their market position</td>
<td>High</td>
<td>High</td>
<td>Low</td>
</tr>
</tbody>
</table>

*G.I. = Governmental institutions

Only one company truly, actively decided to aim for sustainable growth, while the other three aspire to stabilize their market position. There is an ongoing discussion whether growth itself can be sustainable. In a finite world, you cannot grow infinitely, this means there are limits to growth (Grant, 2010). In this thesis sustainable growth was defined as a long-term focus of
the company to stay and survive on the market, while creating new jobs, gain market share and more profit.

Beta, which is already the biggest company regarding employees and turnover among the interviewed firms, hit a rough patch in 2008 when the financial crisis hit the global economy. Unlike Beta, Sweden experienced only a brief recession in 2009, after recovering quickly. Overall the construction sector, did not see many changes because of the recession (Gateway Baltic, 2012). This cannot be confirmed by the second Swedish company, Alpha, as they were founded a year later, in 2010.

After hitting rock bottom in 2012, the company managed to recover and is on its way to where they were before the crisis. They learned from their experience and made the decision that growth would be the best way to avoid being trapped in such a financial situation again.

Growth can be a major tool for companies and has many advantages. It has the ability to form structure, strategy, discipline and initiate organizational changes. All this can stress an organization’s culture, which is vital for future success (Kalyani, 2011). Beta’s goal is to double their turnover by 2020, yet they do not want to grow in size, keeping the employee number stable. Therefore, growth would not influence leadership negatively, as the leader-employee situation would stay the same. More turnover is seen as building a financial security net for difficult times. While doubling the turnover in only five years does not seem sustainable. Beta explained that many unfinished projects, which were put on hold over the last few years, help them reach their goal in a sustainable way.

Interestingly, the other companies stated that they have not been affected very much by the financial crisis, but they did feel changes on the market, except for Alpha, They also share the intention of stabilizing their market position instead of wanting to expand their business. One reason was that growing too big could endanger the overall quality of the company’s culture and output (Alpha, Gamma). This means that they perceive growth at a certain amount of employees as an obstacle for the quality of leadership. Another fact, which influenced the decision not to grow was the negative outlook, which both Austrian companies had on the future economic development (Gamma, Delta).

Companies can choose to grow (Miller & Friesen, 1984). Alpha and Gamma experienced a fast growth performance in their past. In less than five years Alpha grow to employ <150 people. According to the CEO, choosing the right employees was part of their successful business start and growth period. Gamma doubled their employee number over the last seven years to <100 people. They stated that they see themselves in a more mature stage, having outlived the growth phase. All companies go through the life cycle, which consists of the start, growth, maturity and decline phase, but actively deciding to implement a growth strategy is a way of securing business. It does not automatically say the company is growing, but that it is changing, which keeps the company going (Miller & Friesen, 1984). Still Gamma is neglecting the growth strategy and wants to establish and strengthen the company on the market to be prepared when the next decreasing period is approaching, which is the contrary of what Miller and Friesen (1984) advice. On the other side Alpha, is more concerned with the fear of losing the established positive work ethics and work culture. This again indicates that growth is connected to leadership, but in a damaging way.
In the following text, the practise of leadership in the different companies will be discussed in detail. The presented theory regarding leadership will be compared to the companies’ attitude towards leadership.

**The role of leadership in the companies**

McManus’s (2006) states that leadership will become the central driver of the 21st century economy. The importance, at least for the analysed companies, can be strengthened, as all four companies execute leadership and are partly aware of the possibilities and threats. Without proper leadership, companies can limit their growth potential and risk their success (McManus, 2006)

Alpha stood out, though, as their attitude towards leadership was already planned and part of their foundation. But one must admit that the company was established in 2010, when the concept of leadership has already been in public discussion for many years. On the contrary, the other companies were founded in a time, when leadership barely started to attract scholars interest (Yammarino, 2013). This applies especially for Beta, as it is by far the oldest of the four companies. Alex and the other co-founders of Alpha have worked in the construction sector before and used their experience from the start to create a workplace, where employees liked to spend their time. There are little restrictions and direct rules to follow, instead soft guidelines and benefits encourage the employees to show their best performance.

Beta, on the contrary, is a family owned company with tradition. This family value is also seen in the leadership style, which can be observed. The family members all work in different management levels and because of the near and close interaction the environment is open and positive. This confirms that leadership is not solely working form the top, but on multi levels. In times like this, formed by dynamic changes and rapid flattening (Yammarino, 2013), companies cannot afford to only have a top management leadership. Beta wants their employees to feel guided and coached in the right direction on every level, rather than being forced.

Gamma, is also a company, which worked in the construction industry for nearly 20 years. Because it is family owned, the atmosphere is familial and the leadership is built on trust. By choosing to offer to plan and build everything by themselves, the employees are challenged to retrieve different skills all the time. A leader has to estimate what his followers or employees want and need, when offering challenging work and encouraging high follower performance, leaders must also provide support, attention and resources (Yammarino, 2013). To be able to demand and retrieve this kind of employee engagement, managers and leaders have to act as role models (Kalyani, 2011). In Gamma’s case, the CEO was educated in the construction industry and knows this sector by heart. Looking at the other companies, Alpha’s founders have also been working in the construction sector and together have a lot of experience, which helped to realize how they want to lead and manage their company. Beta’s family has built the company from its ground, this managing and working generation grew up in this business and are therefore also not short in terms of experience. Delta is the only company, which has a lack of experience, when it comes to the owner. Though, the managing director has worked in this sector for years. However, having experience is not enough to be able to act as a role model. Further, not only the top management is seen as leader. They have to believe in lead-
ership. In this point all four companies agree. Alex, Alpha’s CEO, explicitly said, that he tries to be an example for his employees.

Delta found their market position by specialising in building social housing. The social part is also seen in their values. The employees contribute as a vital part to the company’s success and are seen as resource. Delta encourages them to work independent and take responsibilities. Though, through constant communication the leader employee relation is being executed.

Leaders have different tasks to fulfil in order to be successful. Besides being a role model, they have to enhance employee motivation and confidence by using encouragement and feedback as vital tools. In addition they have to create a positive environment in which it is possible to be creative and think on its own (Kalyani, 2011). Alpha stressed, that he sees it as his duty to inform his employees as often as possible if they did a good job, in order to keep the motivation up and the right mind set in his employee’s heads. He also did this, to show them that what they are doing is important for the company. Without their good work, the clients would not be satisfied, which results in decreasing earnings. Besides that, creating a work place where people want to be is one main goal for Alpha. Beta also puts a lot of work in to communicating, as they know that frustrated employees cannot show and work at their best performance, therefore if they are aware of problems, they can try to remove them. Gamma also knows about the necessity of having a good working climate. Their approach is to increase the socializing time among the co-workers. If they know each other better, the work performance will increase too. Looking at Delta, the benefits of having an open work environment are also known. They try to make the work atmosphere as attractive as possible so employees like spending their time at work and be more motivated.

As all four companies knew about the importance of leadership, it can be confirmed that leadership is an important driver for the 21st century economy (McManus, 2006). Yet, because of the small company selection it is too uncertain to endorse that it will be the central driver.

There is still a belief that leadership only occurs at the top. But that idea can be neglected as nowadays experience tells us differently (Kouzes & Posner, 2010). Leadership can be seen in all levels of management with or without a title or position insinuating leadership (Yammarino, 2013). All companies enforce employees to take more responsibility for their own and subordinates’ actions. Especially, project managers can also be seen as leaders on a lower management level. Though, it is hard to encourage people to take charge of more than their own actions (McManus, 2006). Yet, Kalyani (2011) points out that by empowering employees and by delegating responsibility motivation and innovation is encouraged.

Gamma has a very diverse set of projects, this is also very challenging for employees. Thus, to be successful, the responsibility carried by the project managers is very high. Conversely, Gamma experienced problems with employees, who did not want to take responsibility. In addition, they did not contribute to keep the company successful. This goes in line with McManus (2006).

Bianca, from Beta, stated that they do not force people to do anything employees do not want, but if they are motivated and want to take more responsibility they are more than welcome to do so. Alpha tries to make employees take and feel responsibility by explaining that the company’s success is also something that should be their concern too as their jobs depend on the
company’s performance. Delta pushes their employees to be independent and responsible for their work. Recruiting is therefore a vital tool for leaders to make sure that they have the right personnel, which is willing to be in charge. This driver is more closely analysed in the next subchapter.

Frank et al. (1996) introduce six conditions, which must be met by the leader and employees need to understand to work efficiently.

- They must know what to do.
- They must know how to do it.
- They must understand why they are doing it.
- They must want to do it.
- They must have the resources for doing their work.
- They must believe that they have the leadership to do it.

Though, those six conditions have not been developed especially for the construction leader – employee relation, it is applicable in this context as well. Because a fruitful and mutual communication between managers and employees is extremely important in every respect (Yankov & Kleiner, 2001). This must be mentioned as in the past, the academic field tried to help the construction industry with theories and concepts, which were mainly developed for manufacturing industries, which have a completely different context, than project based organisations (Personal communication, Uwe, 2015-01-27).

Project managers have to communicate a clear picture of their business goals, so that the project team can create a successful project (McManus, 2006). The above listed conditions help breaking down those goals. Delta specifically mentioned the need to communicate and fulfil the above mentioned conditions at least partly.

“Only on condition that everybody knows what to do and wants to do it, you can earn a profit from the site.” (Personal communication, Daniela, 2015-05-01)

To be able to do the work, all resources are timely provided for Delta’s employees. Alpha sees it from a different perspective. They want to maintain the right attitude in the employees’ minds to produce efficiently. According to the CEO the employees have to understand that they have to produce and know how and with which quality to produce. As the employees benefit from a successful company as well. The CEO uses every chance to communicate the importance of happy clients and good work. But on the other hand, he also compliments his employees in order to motivate them and keep them working efficiently.

Beta, did not specifically mention any of the above mentioned conditions, yet they put a lot of effort in providing a functioning communication. They see it as an ongoing process taking place on all levels.

Gamma’s leadership is based on trust. There is little supervision, though communication is seen as important. Project managers, therefore, have their freedom in deciding how and when to do what, but they have to inform both their followers and superiors.
It can be said, that even though the leaders of the four companies where not aware of the six conditions Frank et al. (1996) presented, they naturally understood that their employees need information regarding their work to perform efficiently. The result of interacting with employees is making them understand the above listed conditions (Frank et al., 1996).

But to make them fully understand, leaders have to have a broad overview while being able to break down the information so everyone is still able to understand it (Kouzes & Posner, 2010). This is partly against what McManus (2006) writes. McManus (2006) says, that a trend in the near future will be that leaders’ technical knowledge is being replaced incrementally with human factor management. Looking at the skill background of the interviewed leaders, nearly all of them obtain the necessary education needed to work on sites or with project management. Alpha’s founders have worked in another construction company before establishing their own firm. They brought significant information and experience with them, which helped them decide how to lead the company and how to treat and work with employees.

In Beta’s case, the family owned company is led by individuals, who grew up in the construction business. Therefore, the background knowledge is deep but also broad, as they have the understanding of four separate departments. This helps the leaders maintain an overview, while being able to understand what their employees need to know to work efficiently.

Gamma is also family owned. The founder himself was educated and trained in this field before choosing to found his own company. Thus, the leader possesses both, the knowledge about what people need for their work and the impression of how the development will be and what is needed to be done.

Delta’s interview partner was the managing director, which is not the owner. Still, he has experience in the construction field and worked for many years in the company. Consequently, his expertise helps him see the bigger picture, while still understanding what this means for the workers on-site and how to talk to them.

**Challenges of Leadership**

After reflecting on the empirical data and the theory about managers and leaders, the position of project managers is particularly challenging. They have to build a bridge and be both, managers and leaders. Zaleznik (1977) found out that managers search for order and embrace processes, stability and control and tend to instinctively try to solve problems. On the other side, leaders have a tendency to tolerate chaos and lack of structure and are eager to understand issues in their whole complexity (Zaleznik, 1977; Kotter, 2008). The problem for project managers lies within the complexity of their work, as construction projects are among the most complex undertakings (Winch, 1987). Therefore, all steps must be planned rigorously as to satisfy the growing needs and demands of customers and clients (Aouad et al., 2010).

Management is needed to cope with the complexity of organizations, while leadership is all about dealing with change. One reason for its rising importance over recent years is the increased competition in the business world (Kotter, 2001). Especially the construction industry faces economic and market challenges and changes constantly (Aouad et al., 2010) and thus, has to be dynamic and able to respond to changes correctly. In 2008 the financial meltdown exemplified just how dependent the construction industry is on surrounding proceedings (Wong et al., 2010).
Many project based companies face the difficulty that their employees neglect to take responsibility. By using strategies, which increase the motivation a leader can handle and improve those situations. These strategies can be emotional, motivational but also in form of reward systems (McManus, 2006).

### 5.2. Drivers for Growth through Leadership

To sustain growth is not a new problem for organisations, it is also not an easy one to solve either. In fact, it belongs to the most compelling problems a company can face. Frank et al. (1996) state that it requires strong leadership to succeed in reaching growth.

Leaders have to induce anticipation and adaption in order to create a circle of profitable growth. Strategic assessment and opportunity identification are tasks executed by the leader, while the development and execution is done by the workforce. Knowing about those key elements is not enough, leadership needs to energize and enable those elements and keep this circle repeating itself, so that growth is sustained (Frank et al. 1996).

The empirical data shows that this circle with its four key elements, Strategic Assessment, Opportunity Identification, Development and Execution cannot be transferred one-to-one to building companies’ processes. Their products are project based, every cycle begins with a whole new condition and ends with a prototype (Personal communication, Uwe, 2015-01-27). Except for Delta, which specialised on social housing, the other companies’ projects can differ from the others.

Further, the processes for Frank et al.’s model (1996) cannot be exactly separated and distinguished to one element. But there are still overlapping and similarities. This means, that following the circle, which Frank et al. introduced, could help a building company generate growth.

**Strategic Assessment:** It is vital to assess the current business environment and have an understanding of the market development and the capabilities of the company (Frank et al., 1996).

Both Alpha and Beta have a management which is, given their experience, able to assess the developing market. For Alpha, even though, the market seems promising, growth is not a path they want to take, as they value there established culture in the current size. However, Beta is keen on expanding and growing. The current market situation is in their favour, so they can seize their capabilities and reach their goal of doubling their turnover in five years.

The Austrian companies, Gamma and Delta, also keep track of market developments. They communicated their fear of an upcoming decreasing market. They also agree on not wanting to grow due to those suboptimal economy conditions. Therefore, they believe the risk for growth would be too high. This is why they want to stabilize their current market position and be prepared for tougher times.

**Opportunity Identification:** It describes the constant search for new orders and to serve new customers (Frank et al., 1996).

Alpha tries to be a partner from the first minute on, so they can build a relationship with their customers and understand what they are looking for. Beta can be described as a very innovative company. Through new materials and processes, also new customers or orders can be
attracted. Gamma tries to standardize as much as possible, this does not attract many new customers, who want innovative products. Delta has a specialisation, which is social housing. New customers are rather rare.

*Development:* After having identified the growth opportunities, the company has to transform them in products and services, which offer a superior value to clients and customers.

Because of though regulations in both countries, it is rather difficult to also create a value while keeping the price low. Yet, through employee motivation, the best performance is being harvested from all companies.

*Execution:* The circle ends with the delivery of the product or service, which has to be in line with the customers’ expectations. Then the circle starts all over.

Alpha sees a relation between happy employees and happy customers. Therefore, if they keep the motivation high among their employees, the deliver satisfactory work for their customers. Alpha also thinks one step ahead. They want their reputation to speak for the company and build a brand, which stand for good quality. The other three companies are also eager to satisfy their customers, as pleased customers can lead to new orders.

**Table 4:** Companies and the importance of the growth drivers (Own constructed table)

<table>
<thead>
<tr>
<th>Company</th>
<th>Innovation/Change</th>
<th>Knowledge management</th>
<th>Motivation through Reward System</th>
<th>Human Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>Does not change structure, but assigned teams are changing</td>
<td>Awareness is high, groups of two</td>
<td>25 per cent of profit is divided among employee</td>
<td>Employees are very important, CEO decides about recruiting, trainings are offered to all employee</td>
</tr>
<tr>
<td>Beta</td>
<td>Open for changes regarding products to be more innovative and competitive, not open to structural change, Own department works with innovation</td>
<td>Is nurtured and tried to be kept in the company. Implemented two types of systems.</td>
<td>No monetary reward Reward is shown through empowerment and more responsibility</td>
<td>Employees are very important, own human resource department, Further education and trainings are offered</td>
</tr>
</tbody>
</table>
**Gamma**

Hardly no innovation or change takes place, conversely they want to be as standardized as possible to minimize costs

Young or new employees are placed next to more experienced workers to learn their skills, besides that, there are no interchanges

Monetary reward system for on-site workers

Employees are very important, CEO decides about hiring, due to wrong recruiting decisions in the past, Further education and trainings are offered

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**Delta**

Little change and innovation, it is tried to standardize processes as much as possible

Delta is aware of tacit knowledge and organizes meetings to capture that knowledge for future projects

Monetary reward system for on-site workers, Not a significant factor for the company,

To keep the staff in the company, trainings are offered so they can develop themselves within the border of the company

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Through literature research theoretical drivers for growth have been identified and presented in the theory chapter. The theory about these drivers is now compared to the empirical data of these drivers for growth according to the four interviewed companies. Those drivers for growth can be influenced through leadership and are thus vital for the connection between leadership and growth. The chosen drivers for growth are Innovation, Knowledge Management, Organisational Change, Motivation through Reward Systems and Empowerment, Human Resources

**Innovation**

Yusof et al. (2014) emphasizes that especially construction companies need to innovate to win projects and to grow. Literature shows that innovation is vital for a successful and growing company’s performance in the long run. The construction industry shows signs of increased interest in innovation (Gambathese & Hallowell, 2010) as the understanding and nurturing of innovation can decide over success and failure (Damanpour & Schneider, 2006). Moreover, the common academic community agrees that organizations should innovate to be effective or in more severe cases to stay alive (Ibid.). In a competitive market such as the construction industry, the need for innovation is on a high demand as it is a requirement for continued existence. To stay ahead of the competition every company has to innovate at some level (Gambathese & Hallowell, 2010).

Although, innovation in the construction sector is different compared to other sectors. It can take place at a lower rate due to the typical structure and characteristics (Gambatese & Hallowell, 2010; Aouad et al., 2010). That is why many innovation stay hidden (Aouad et al., 2010). Further, there are two ways of implementing innovation. Companies can either adopt
or create them. Adopting to innovation is more typical for the construction industry (Yusof et al., 2014).

According to Gambatese and Hallowell (2010) three necessary components are needed for innovation to happen, which are idea generation, opportunity and diffusion. Also support from the top management or owner is vital. If all those factors are fulfilled it can lead to enhancing innovation. But without the commitment of project managers or supervisors there is no innovation. As the top executives are seen as the most influencing people, who can affect the likelihood of innovation in a company. The reason behind lies in the connection to employee motivation and job satisfaction (Gambatese & Hallowell, 2010; Damanpour & Schneider, 2006). Other enablers for innovation are good communication. On the other hand, barriers for innovation are strong client leadership, which suppresses the innovation creation process, aversion to taking risks, lack of resources, low return of investment and strict regulations and codes (Gambatese & Hallowell, 2010).

While there is no guarantee for innovation, companies can follow a few points that are needed for innovation to occur. One part is an open and accepting organisation climate and encouragement to generate and introduce new ideas (Gambatese & Hallowell, 2010). Another part is working with knowledge institutions such as universities (Aouad et al., 2010).

Controversially, Uwe (Personal communication, 2015-01-27) claims that the Swedish construction industry does not foster change nor innovation. This is partly due to the strict laws and regulations. Alpha confirms this statement as they have put no actions in place to foster innovation. Further the need for innovation is not seen by its CEO. Therefore, the needed commitment (Gambatese & Hallowell, 2010) is not given. According to Alex, innovation would rise expenses, without contributing significantly to the profit.

On the contrary, Beta works intensely with innovation. One way is by cooperating with the universities of Halmstad and Gothenborg. Another one is by having its own R&D department, in which innovation is induced. This kind of innovation focuses especially on materials and how to work with them more efficiently. Beta’s benefit is that the top management supports innovation and knows about its importance.

Gamma describes itself as little innovative. They focus more on trying to standardize processes and work with materials, which employees know how to handle. Besides, innovative materials are more expensive, most clients are not willing to pay it. This confirms the strong force of client leadership, which suppresses’ innovation, instead of harvesting it (Gambatese & Hallowel, 2010). This forms an unwillingness to take risks on both sides, the construction industry and the clients (Personal communication, Uwe, 2015-01-027).

Delta does not see innovation as a driver for growth. They worked with innovative processes and materials before, but were not satisfied with the outcome as it did not add more value to their product. That is why Delta concentrates on what they are good at and what they have always used to do.

To summarize, even though scientific papers emphasizes the importance of innovation, it is not reflected by the chosen companies, except for Beta. Interestingly, Beta is also the only company, which aspires growth actively. While the other two Austrian companies and Alpha prefer to maintain their current status.
Knowledge Management

The construction industry is one of the most knowledge based value creating sectors. Especially, in times of increasing competition and need to create value, which sets one company apart from others, knowledge has become an important factor for enabling organizations to grow and survive in the long run (Pathirage et al., 2008; Kaylani, 2011). Especially on sites, a lot of smaller processes are executed, which no one registers. This means the specific knowledge will be gone for the next projects (Personal communication, Uwe, 2015-01-27).

Creating learning cultures can be beneficial on employees’ efficiency. Companies can induce continuously learning by creating stimuli, which generate knowledge transfer. Also employees can be more invested in the company, making them more valuable as they contribute with good ideas (Kaylani, 2011).

Tacit knowledge has become increasingly important (Pathriage et al., 2008), although a lot of work is being tried to be standardized (Personal communication, Uwe, 2015-01-27). Especially the construction industry is progressively more dependent on passing tacit knowledge to other employees, for example by using “knowledge workers”. This is due to its complexity of low tech but labour intensive nature. Consequently, building companies are reliant on their employees’ skills, experience and capabilities. While companies should try to generate and utilize tacit knowledge, Pathirage et al. (2008) claim that tacit knowledge is underestimated in the construction industry. Those solutions which are worked out on the site, are hardly ever evaluated or assessed (Personal communication, Uwe, 2015-01-27). This strengthens the underrated value of tacit knowledge in the construction industry.

However, all companies are aware of the importance of knowledge, which is kept and maintained in their employees. Though, they all choose different ways to foster this tacit knowledge.

Alpha decided to group their employees in groups of two, a more experienced and a less experienced individual. This makes an extension of competence possible. A positive side effect is the integration of new employees by giving him or her a partner. On the other side, choosing this way of passing on knowledge, it is still not documented.

Beta takes managing knowledge a step further. They also work with two universities, University of Halmstad and Gothenborg, to gain information, which they can use as knowledge and competitive advantage. In addition, the company’s tacit knowledge is protected by having implemented two groups. The standardized and the special system, are groups which are responsible for either regular projects, while the other one takes on more challenging work. This should help employees obtain more knowledge and experience with materials and processes, which they are using. There is not much exchange between the two different groups. Through standard evaluation meetings, occurring mistakes and improvement suggestions are targeted so there is a learning process after each finished project.

Like Alpha, Gamma lets less experienced employees work together with more experienced ones. Otherwise, each worker has his or her special field and works solely with this task. Also project teams are hardly mixed, which does not allow an exchange of knowledge. Though, the groups are used to work in this divisions and deliver good work.
Delta knows about the difficulties of maintaining tacit knowledge. Their specialised field, social housing, resembles projects, which, at its core, are all build the same way, thus, the problems could reoccur. Having found solutions to those problems could make the building process easier, more time efficient and could decrease costs. A yearly workshop is organized, during which all project managers are encouraged to discuss the problems with his or her followers and then the project managers continue to elaborate those difficulties in detail and how they solved it. Aside from this a yearly event, the communication flows happen continuously, yet without further regulations on time and frequency. In addition, a fault evaluation takes place. The motive is to find the reasons, which caused the mistake.

To recap, the scientific literature points out the significance of keeping tacit knowledge in the companies, while on the other hand companies often underestimate this type of knowledge. Again, all four companies share their opinion that tacit knowledge is important, but the ways to capture it vary. Beta takes the most measurements, even engaging with universities, while Gamma’s actions are comparable low. Fascinatingly, Beta is seen to go the extra mile and tries hard to keep knowledge in the companies. Their wish to grow could explain their motivation. Gamma exhibits the least actions for maintaining tacit knowledge in the company. Comparing it from a country perspective no direct conclusions can be drawn.

Organisational change
The business world is rapidly flattening, this is why leadership has to work on a multilevel (Yammarino, 2013). The empirical data indicates that the hierarchies in the construction industry are in decline. All companies stated that they at least try to keep the hierarchies as flat as possible. This is an advantage in today’s highly competitive environment, in which change is a core competence. Change is highly linked to innovation, as without change innovation cannot happen. Like innovation, change is also connected to a company’s survival and growth (Yammarino, 2013).

The empirical results about change show similarities to the innovation results. No company engages with organisational change. If changes happen, it is more on a lower level.

Alpha is not keen on changing the structure of the company, but they do change work relations. So that employees can work with another project manager on a completely different project. This keeps the work challenging. An attribute, which distinguishes a good leader (Yammarino, 2013).

Beta is open to changes regarding the product line to be more competitive and innovative. Yet, organisational change is not common, either. Although, literature states a connection of change and innovation, the innovative Beta, draws a line between those two drivers for growth. This is possible as their innovation outcomes are more related to materials.

Gamma also does not encourage organisational change, yet if employees feel the need for change, the company supports them. Especially, as the company wants to have many skill sets in one company combined.

Delta tries to standardize as much as possible, changes, regardless of its impact are not welcome.
The negative stance towards organizational change would indicate unhealthy firms, as growth can foster and keep companies alive. Yet, all companies believe that they do not need organizational change.

**Reward systems and Empowerment**

In general, motivation is important for any project’s success and further correlates with performance and rewards. That is the reason, why leaders have to keep their employees motivated. The leader has to decide, what motivational approach is best for his or her followers (McManus, 2006).

Literature states that reward systems are motivational instruments. Though, they are criticised due to their unfair distribution and their creation of pressure on teams and on individuals. But there are more risks to this kind of motivation. There is a danger that lower rewarded employees get frustrated and work even less (McManus, 2010). Money is not the only way to motivate employees. Some workers react to recognition better than to money (Yankov & Kleiner, 2001). The four companies have a different stand on reward systems, but also on empowerment.

Using empowerment does not only satisfy the employee’s needs, but also the needs of the whole organization. It is used to create a fruitful environment that encourages employees to be more effective and productive (Yankov & Kleiner, 2001).

Alpha is convinced that reward systems help the employees stay motivated. They implemented a monetary reward system, which is bound to the success of the company. Each year, 25 per cent are shared and divided among the staff. This way, each employee is encouraged to give its best for his or her own sake, so their bonuses are higher. On the other hand, according to the CEO pressure is not created.

In contrast to Alpha, Beta does believe that monetary rewards put more and more stress on the employees, while the system only satisfies the employees temporarily. Beta fears, that a monetary reward system could result in doing the opposite of motivating the staff, but making them less and less efficient. Because through this tool, the personnel is only being challenged to earn more money. This is why, Beta sees their educational and training system as a better way to reward those employees, who showed that they want to learn and work more. Further, every worker has the chance to climb up the career ladder.

Gamma, also has a monetary reward system in place. Yet, this is only for the workers on-site. The conditions of the distribution and amount is negotiated with the CEO and is not being discussed with other staff.

The second Austrian company, Delta, has also a monetary reward system which is designed for the on-site workers. It is calculated by taking the ratio of the working hours and achievement of set goals. Delta, has another motivational tool, which they see as reward for their workers. Occasional visits from the directing board and CEO to the project sites, conveys the image that people’s work is appreciated and the top management is interested in what they are doing.

Any leader has to know, what motivates his or her employees. The Swedish companies differ in this respect. One company rewards its employees monetary, while the other one believes,
that this kind of motivation tool only works short-termly. In addition, Beta fears, that their workers would lose motivation rather than gain it. The Austrian companies also reward their workers, although, only the ones working on-site. This could indicate, that these employees need the most motivation to work efficiently. Further, it could mean, that this is an Austrian standard, which does not occur in other countries.

**Human Resources:**
As mentioned above, not every individual wants to take more responsibility in their work life (McManus, 2006). Working with construction projects, however is often connected with taking responsibility. Therefore, it is necessary to choose the right people from the beginning, which are willing to take this responsibility. This means that the recruiting process poses also a factor, which is vital to generating growth in the long run. Further, employees should be offered trainings to make continuous improvements possible. As the construction industry needs well-educated and trained individuals, this is only in favour of companies (Yankov & Klein, 2001). This is confirmed by the four companies, as all of them offer further trainings to their employees.

Human resources are often not considered to be as valuable as financial capital and other rare resources when it comes to value creation (Nielsen & Montemari, 2012). This can also be seen in the construction industry, which is one of the most labour intensive industries (Pathirage et al., 2008).

Alpha credits choosing the right personnel as one of the most important growth factors. They created a list of criteria, which the applicants have to meet. Not all of the criteria is work related, the founders also try to see if the person fits in the team and if their values are in line with the company’s values. The CEO and his co-founders are still involved in the recruiting process. It is a way of staying in touch with their employees, even though their door is always open for their workers to come in and talk to them any time. The recruiting interviews always take about an hour, so Alpha gets a good sense of what the applicant would need to work freely and if the company can offer it. It can be also said, that Alpha wants to make sure that their employees are treated as individuals (Yammarino, 2013) from the beginning, as the CEO already engages with him in this early stage.

While many would see a positive note in approaching each employee accordingly, it is also time consuming and counterproductive to team building (McManus, 2006). As positively as Alpha sees their human capital, as negatively can the impact be if choosing the wrong personnel. It can influence co-workers and the business’ success.

Thus, leaders have to inspire employees and help them become committed. Being honest and interested, who the person behind the certificate is, is beneficial for both the applicant and the company. Both sides know what they want and if they share the same values, the company will benefit by having a motivated employee. On the other side, the employee has an advantage as his work is being valued.

Beta also prioritizes the staff and acknowledges their contribution to a company’s success and growth performance. But only if the staff’s potential is fully used. To hire employees, who best fits in the firm, is the company’s own human resource department’s task. They see their low fluctuation rate as a sign for good recruiting.
Gamma had problems with their employees in the past. They did not contribute to the company’s growth. Thus, recruiting became an important factor, which is, since the problem started, handled by the CEO.

Delta’s workforce consists of a range of workers, where most of them have been employed for over ten years. Their wish to stabilize their current position does not increase the importance of recruiting. The managing director believes that their employees are unlikely to change jobs, therefore, recruiting is not a vital tool for them, as they do not want to generate growth.

To summarize, all companies agree that their employees place a value for their company. Recruiting is one vital factor in having good employees. Therefore, both Swedish companies engage in this topic to choose the right person for the position. Alpha’s co-founders still decide who to hire, while Beta has its own H&R department.

5.3. Governmental Perspective

The government welcomes growth-oriented companies as vital contributors to the nation’s economic gain (Gupta et al., 2013). Especially, the construction sector contributes expressively to the economies of all countries (Auoad, et al., 2010; Wong et al., 2010). But as it is highly influenced by other industries and the economic development, strategic planning is needed to sustain the growth development (Wong et al., 2010).

Construction projects are among the most complex undertakings (Winch, 1987). A remarkable amount of processes have to work together so that the industry works efficiently. Those underlying factors carve the framework of the industry’s way of functioning and performances. A government has to understand this way, in order to improve the conditions (Dubois & Gadde, 2002). Especially, when placing regulations the role of government policies and strategies for the construction industry is vital (Wong et al., 2010). The construction sector faces already a high amount of regulations. This makes the government a dominant factor (Yusof et al., 2014). The government can also influence growth through being a client (Personal communication, Uwe, 2015-01-27).

Those regulations are exactly what the companies are considering as obstacles for growth. Alpha states the tight regulations and slow working processes are factors, which can slow down a project, which reflects negatively in the projects costs. In Delta’s case, one big obstacle is also seen in the governmental institution. Regulations and demands have become stricter. It became a tightrope walk to offer the right price, fulfil the government’s condition and be profitable at the same time.

Gamma sees part of the government as hindering their performance. Gamma’s clients work a lot with governmental promotions, which have been cut. This will reflect on their earnings. The second Austrian company faces the same problems as Gamma. Delta’s clients are also dependent on governmental promotions, which have been in decrease. Further, Delta finds it increasingly challenging to compete with other bigger competitors, which started to enter the social housing sector.

Due to its high value for the economy the government is responsible to sustain a good development through strategic planning. Although the strategic plans, which solely focus on the
construction industry are rare (Wong et al., 2010). Sweden has an organization which concentrates on building and planning housing, though has not managed to enhance growth (Personal communication, Uwe, 2015-01-27).

**Regional advantages**

The chosen companies are all located in two regions, which experienced economic growth over the last few years. The governmental institutions of both countries, listed in this thesis, aim for regional growth and follow a growth strategy (Personal communication, Regina, 2015-03-03, Personal communication, Karl, 2015-03-18). Yet, the support for growth in the construction sector in particular, was little till not in existence. This has been confirmed on both sides, the companies and the governmental institutions. Even though, Wong et al. (2010) emphasize the importance of a central strategic planning body to coordinate the overall output of the construction industry at a macro level. But they admit, that strategic plans particularly set for the construction industry at a macro level are rare.

The construction industry in Halland is very successful and a driving power for the regional growth. Although the regulations in the construction industry are high (Wong et al., 2010), according to the region of Halland the structure is loose and liberal (Personal communication, Regina, 2015-03-03). The structures are not set in stone, and the region is more flexible to changes and open to ideas (Personal communication, Tina, 2015-03-06). The region of Halland follows a growth strategy, though it does not aim in particular to stimulate the construction industry as they do not see the need for it (Personal communication, Regina, 2015-03-03).

Alpha states that being situated in a location such as the region of Halland offers many advantages. They saw the regional independency as one driving factor to open their company there, where also many suppliers are in reach. The healthy micro economy, is not easily influenced by global economic changes that makes the region also a safer place for companies. The number of firms working in different industries creates a high demand on housing as there are a lot of in-movers, because of the job possibility created by the companies. Beta also sees a benefit coming from the urbanization trend. The regions, which are affected most by the urbanization are Stockholm, Gothenborg and Halland (Gateway Baltic, 2012). Unlike Alpha, Beta acknowledges big companies and major governmental institutions as advantage as well. Because of them, the infrastructure is well-developed, which again attracts more people to move to Halland. This increases the demand for housing. Being situated in a region of increase, automatically enhances growth, as growing regions tend to grow further. This reinforcing spiral is seen in the region of Halland (Personal communication, Uwe, 2015-01-27).

Lower Austria’s goal after being hit by the financial crisis is to become once more an attractive area for already established and new companies. A main part of Lower Austria’s economy consists of the construction sector. Most of the companies in this branch, have a smaller scope and are only regionally positioned and work in this area. The federal state tries to support regional growth through its growth strategy, which has an innovation focus.

Gamma is surrounded by local competition, but they see it as advantage as it pushes them to perform better. The region experiences brisk increase, therefore most of their projects are located within an hour driving distance. Delta, also benefits from the growing city, in which
there base is located. Though, their orders are more wide spread. Delta also names the micro economic structure beneficial, which is why they are also not that easily influenced by global economy.

Both companies are not positively influenced by the government, except for promotions given to their customers, or its efforts to create growth. One reason could be that, every other industry build on the construction industry. Therefore, they are needed, no matter the governmental focus. Except for the federal regulations, which are strict in both countries, the restrictions from the regions are described as loose. Although, companies see the though regulations as restrictions. But as they are no further limitations coming from a lower level of government the companies have their freedom to act as they see fits best for their strategy. This goes in line with Tina from Tillväxtverket, who saw the region of Halland to be more flexible and therefore more prosperous for companies.

5.4. Summary of Analysis

The importance of leadership was established through literature and proven to be very high, as all of the companies voiced its relevance and engaged with it, though the intensity varied within the interviewed companies.

The company, which was hit the most by the financial crisis, Beta, was the only firm aspiring more growth. While the other Austrian companies, which existed before 2008, were not hit badly. Instead, they profited of the situation, as people were more likely to invest their money rather than save it.

Further on, the companies differed in how the leaders were motivating their staff to excel. Three out of the four companies decided to use a monetary reward system. Only one company, Beta, is in line with literature, which argues that money as a reward system works only temporarily. Innovation was another growth driver, which was supposed to be a vital factor in achieving growth in a company according to literature research. Nevertheless, only one company, Beta, complied with that. The other companies did not see innovation as a chance, but rather a costly risk. As the other companies showed a formidable growth performance in their past, it can be said that for those companies, innovation was not necessary to grow. This contradicts heavily with literature, as they emphasize the importance of innovation in the construction sector.

Literature also states that the conditions and processes of communication have to work properly. Employees have to know why, how and what they are doing according to literature. Even though, the companies were not aware of the total extent of it, all of the leaders tried to give their employees all the information they think they needed. One company in particular, took more measures than the regular meeting. Alpha’s CEO tried to communicate with his staff in every situation, passing along commendations and explaining tasks and decisions.

Knowledge management plays another important role in the construction industry, which is one of the most knowledge based value creating sectors. Passing along tacit knowledge is, therefore, a topic with which every company has to deal with in order to stay competitive. Although the literature research stated that tacit knowledge was underestimated in the construction business, the interviewed companies classified it as significant for their business.
As the construction industry is a workplace where taking responsibility is needed, according to the secondary data review, choosing the right personnel in the first place, which is willing to take that responsibility is wisely. All companies agree with the secondary data, saying that employees are a vital resource for them. That is why all of them formed their own strategy to find the most fitting employees. Either they have a own H&R department, such as Beta, or the CEO is still involved in the hiring process.

Additional, it was found that although the government seemed to play a tremendous role in helping construction companies achieve growth. The empirical data, showed that their influence was rather small and happened only indirectly. One interviewee even stated that, because of the little governmental influence, the companies are more independent and free to do and act what they believe will gain them more orders. On the contrary, the companies do feel the governmental contributions, although in a negative way, as regulations are becoming stricter and stricter.
6. CONCLUSION

This chapter summarizes the most important results of the previous chapter. Patterns between the companies and regions are drawn, but also differences are made visible. Further this chapter includes theoretical and practical implications and suggestions for future research.

6.1. Conclusion and Findings

It has been stated that leadership will become the main driver for economy in the 21st century. Thus, its importance to study all aspects of it cannot be denied. This thesis focused on exploring the following research question:

„How is leadership connected to growth in the construction industry—seen from a company’s and governmental perspective?“

It was found that leadership is important for a company’s growth in the construction industry. It is a vital factor in a very complex system of how to reach a company’s growth goal, nevertheless there are more influences which have to be in favour of the growth aspirations.

It was also discovered that growth, conversely, was able to have a negative influence on leadership. Two companies, Alpha and Gamma feared that by growing too big, they would lose their build up work relationship between leader and employee.

Through so called drivers for growth, the interdependencies between growth and leadership were analysed. Further, this way the nature of the connection between leadership and growth was able to be made comprehensible.

Firstly, it was explored if leadership is important for the construction industry in scientific papers and in reality in companies. The overall agreement is that leadership is effectively significant and executed in all companies. Though, the Swedish interview partners seemed to engage more with the topic than the Austrian companies.

Not all companies wanted to grow further, in fact only Beta truly aspires to grow in the future. This knowledge was used to distinguish and strengthen the drivers for growth to be more or solely important for Beta, while the other companies would not need to use growth drivers at all as they want to stabilize their current situation. In case of the Austrian companies it was due to the negative future outlook regarding the economy.

The chosen growth drivers were innovation, knowledge management, organizational change, reward systems and human resources. Those drivers are managed through leadership, as they need commitment, understanding and sympathy from the leader.

The literature emphasizes the importance for companies to be innovative in order to grow or even survive. Scholars considered and acknowledged the special characteristics, which sets the building industry apart from other industries. In particular, smaller innovations are more often seen than rudimental ones. The significance of innovation was proven by the situation, which was observed at the four companies. Beta strongly nurtured innovation, having the commitment from the top management. While the other three companies did not see innova-
Knowledge is perceived to be underestimated in companies, especially tacit knowledge. This contradicts with the opinions and statements from the companies. They are aware of the importance and try to keep knowledge, especially tacit knowledge in the companies. Although all companies implemented different approaches. The Austrian companies, compared to the Swedish ones, do less to retain that knowledge. They also try to standardize many things, so people can focus on only what they are good at, but this way they do not get a new perspective and learn that there might be different even better ways to do their work.

Looking at the reward systems, the found picture is quite diverse. Literature says that each leader has to find the tools, which work best for his or her employees to stay motivated. The Swedish companies have two contrary angles towards that topic. While Alpha shares 25 per cent of the yearly revenue with its employees, Beta believes that monetary reward systems contribute to employees’ losing their motivation in the long run. This is why they work more with empowerment and recognition. The Austrian companies agree on how they reward their employees. It was not found out, if this reward system is common in Austria or just a coincident. To summarize, only Beta did not reward its employees with money. Looking at Alpha, which had a strong increased growth performance, the monetary approach seemed to motivate their employees. But it is decided by the leader, which way works best.

The personnel was also seen as a very important growth factor for all companies, choosing the right personnel is thus also a crucial factor, which helps companies to grow.

During the research period, it became clear that the governmental side has little direct influence to a company’s growth. Though, indirectly they can support the construction industry. Scientific literature named strategies to be a vital tool for the development of the construction industry. In reality it was seen, that neither Sweden nor Austria align their growth strategies after the construction industry or have a strategy solely for this particular sector in place. In fact, a liberate management from the governmental side was seen in both regions. In Sweden, it was proposed that the deliberate handling left the industry to be more flexible, which was thought to be an advantage and reason for possible growth.

6.2. Theoretical Implications

One key concept of this thesis was leadership. In the research world, this topic has already been highly discussed. Yet, literature, which puts leadership in a project based construction company’s context are rare. Even rarer, when those companies explicitly want to grow. By combining the growth aspiration and the leadership concept, theories about those two concepts will be challenged and looked at to see if they are applicable for the construction industry as well. As the construction industry differs from other industries, having a study solely for this sector can provide a first overview for other researchers to investigate further in this direction.
The theoretical framework might seem broad, but due to the lack of literature, which focuses on the construction industry, this thesis aimed to be the first step for continuous research, which can be more specific because of this work.

### 6.3. Practical Implications

This study showed how leadership is connected to growth in four construction companies in two different countries. It confirms that leadership is a vital tool, also for building companies. Employees on all levels can learn from it, by acknowledging, that their work is a vital contribution to their company’s success, even if it is just a little step for them.

Although, external and internal conditions can vary, knowing about patterns, similarities and differences can help companies see their own potential as they can compare their company to the presented ones.

Building firms gain a better understanding of the connections between internal processes and growth performances. In a next step they can improve those internal processes, such as seeking for innovation, knowledge management or reward systems.

Also governmental institutions can learn from this research, as they can widen their knowledge about building company’s needs to maintaining a sustainable growth rate. This is important as it was established in the thesis, that the construction industry is the economic growth engine of a nation.

### 6.4. Limitations

The findings of this research arose from a case study, which consisted of four companies. All of them possessed an extraordinary high number of employees compared to the average employee rate in this sector. It is possible that the results could vary if smaller companies were chosen to be the focus of this work. In addition, only one company truly and actively concentrated on achieving growth. If more companies with growth aspirations would have been included, the results could have shown a stronger proposition.

Another limitation for this thesis are the chosen locations. When choosing other countries or regions, different conditions and effects, which form companies and the construction sector, can change the results. The region of Halland and Lower Austria are areas in increase, which means they show a steady growth performance. Companies in decreasing regions might have to fight more to expand their business and grow and thus, have implemented other growth drivers. Therefore, the results are not applicable for companies located in shrinking regions.

### 6.5. Suggestions for further research

During the research many related topics to the research question were found, though they were not included in this thesis. Among these topics was sustainability in the construction industry and how leadership could influence it. Within the thesis many references tend to see sustainability as a major factor, especially in the construction industry as it is one of the biggest exploiter of natural resources. Further, the construction industry is highly regulated, which leaves little space for company actions.
Another topic was social innovation in connection with the heavily knowledge based construction industry. The concept of social innovation is still quite new to the research world, putting it in connection to a highly diversified industry such as the building sector, may lead to finding more innovation in the construction industry as they are still mostly hidden.

The construction industry only started to attract researchers’ interest, as they realized that this sector achieves more than its reputation might suggest. The projects, with which companies are dealing can be highly complex. The knowledge of the way firms are handling this complexity started to be analysed and applied in other sectors, though the scientists are at the beginning to see and understand the processes behind dealing with complex projects in the most efficient way.

Leadership is a vital tool and its importance will only increase in the future, it would be important to see, in which ways growth could be a threat to leadership and how growing companies deal with maintaining a working leadership relation with their employees.

Employees’ opinion on leadership or sustainable growth have not been looked at in this thesis, thus it would be interesting to discover how employees experience the usage of leadership in growing companies.
TABLE OF REFERENCES


Wong, J., Ng, T., & Chan, A. (2010). Strategic planning for the sustainable development of the construction industry in Hong Kong. Habitat International (34), pp. 256-263.


APPENDIX 1: INTERVIEW-GUIDE

Perspective: Company
General question
1. What is your position in the company and how long have you been working here?

Leadership
2. How important is leadership in your company?
3. How does leadership become noticeable in your company?
4. Where do you see limits of leadership?

Growth
5. Does your company want to grow and in which ways?
6. How does your company encourage innovation?
7. How do you maintain knowledge in your company?
8. Do you use organizational change to foster growth?
9. Which actions do you undertake to motivate your employees to produce more efficiently?
10. How and why are human resources important for you?

Perspective: Governmental organisations
General question
1. What is your position in the organisation and what are your tasks?

Leadership
2. Can you describe the current economic situation in your region?
3. How important is growth for your region and does your organization contribute to it?
4. How would you describe the regulations the building companies have to meet?
5. Where do you see the connection between construction companies and governmental institutions?

Growth
6. What kind of drivers of growth have you implemented that encourage growth?
7. How does your organisation contribute to the construction industry’s growth?
# Appendix 2: Operationalization Chart

<table>
<thead>
<tr>
<th>Theory</th>
<th>Themes</th>
<th>Generate different questions</th>
<th>Central references</th>
<th>No. question</th>
</tr>
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<tbody>
<tr>
<td>Company perspective</td>
<td>Leadership</td>
<td>How important is leadership in your company? How is it executed?</td>
<td>Yammarino, 2013; McManus, 2006; Kouzes &amp; Posner 2010; Frank, Gertz &amp; Porter, 1996, Kalyani, 2011</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Enhancing growth through leadership</td>
<td>What actions do you take to improve the employees’ performance?</td>
<td>Frank et al., 1996</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Challenges of leadership</td>
<td>What kind of challenges do you face in terms of leadership</td>
<td>McManus, 2006</td>
<td>4</td>
</tr>
<tr>
<td>Growth</td>
<td>Importance of Growth</td>
<td>How important is sustainable growth for your company?</td>
<td>Kalyani, 2011, Grant 2010</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Measuring growth</td>
<td>In which way does your company want to grow</td>
<td>Gupta et al., 2013</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Drivers for Growth Innovation</td>
<td>How do you encourage innovation in your company?</td>
<td>Gambatese &amp; Hallowell, 2010; Aouad et al., 2010; Damanpour and Schneider (2006), Yusof et al., 2014</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>How do you maintain tacit knowledge in your company?</td>
<td>Kalyani 2011; Pathirage et al. 2008; Moss Kanter 1999; Nielsen &amp; Montemari, 2012</td>
<td>7</td>
</tr>
<tr>
<td>Governmental Perspective</td>
<td>Leadership</td>
<td>Leadership-Regulation</td>
<td>Connection of construction companies and government</td>
<td>Function</td>
</tr>
</tbody>
</table>
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