

**STRATEGIES TO THE PROFIT MAXIMISATION OF SMALL  
AND MEDIUM CONSTRUCTION ORGANISATIONS IN SRI  
LANKA**

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Degree of Master of Science in Project Management

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University of Moratuwa

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## **ABBREVIATIONS**

CIDA - Construction Industry Development Authority

EU – European Union

GDP - Gross Domestic Production

SME – Small and Medium Scale Enterprises

SMO - Small and medium organisations

SMBO - Small and Medium Business Organisations

SMCO - Small and Medium Business Organisations

QS - Quantity Surveyor

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## DEDICATION

I offer this research to

*My family members for their priceless backing and inspiration,*

Those energies me to my activities

## DECLARATION

I declare that this is my own work. This thesis/dissertation does not incorporate without acknowledgement any material previously submitted for a degree or Diploma in any other university or institute of higher learning and to the best of my knowledge belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

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.....

Date

The above candidate has carried out research for the Masters Dissertation under my supervision.

.....

Piumi Dissanayake,  
Dissertation Supervisor

01/04/2023

.....

Date

## ABSTRACT

### **Strategies to the Profit Maximisation of Small and Medium Scale Construction Organisations in Sri Lanka**

Profit maximization is a major objective for every company that places a high priority on profits. The concept of profit maximization in small and medium-sized businesses in the construction industry must therefore be properly taken into account by the pertinent parties. Generally, Small and medium organisations operate in a very dynamic business environment, which highly affects the profit maximisation of those organisations. Sometimes, construction projects can be over budgeted as well as projects can be delayed in a significant manner. Therefore, the management of Small and medium organisations and other relevant parties have to take appropriate actions during the execution of the construction projects in order to achieve profit maximisation. As a result, the objective of this study was to propose suitable strategies for small and medium construction organizations to increase profitability. An extensive review of the literature was conducted in order to comprehend the overall picture of the construction industry and its pursuit of profit maximization, as well as to identify barriers and implementation strategies for the potential for profit maximization in small and medium-sized businesses operating in the sector. Subsequently, a qualitative research approach was used to achieve the research aim while using case study as the research strategy. Four prominent small and medium organisations in the Sri Lankan construction industry were chosen as cases. Altogether, eight (08) semi-structured interviews were carried out in four cases among key professionals involved in profit maximisation. Collected data were analysed using manual content analysis.

The findings revealed that constant improvements in strategies employed, advanced technical skills to project stakeholders, managerial convenience, the ability to handle several projects using same resources, the limited scope of construction projects are the major possibilities identified according to the literature review. Also other two possibilities were recognised during the semi structured interviews of this research including including less applicability of rules and regulations and flexible decision-making processes.

Moreover fifteen barriers to utilisation possibilities for profit maximisation were recognised including the barriers such as unavailability of sufficient credit facilities, late payment by clients, financial constraints, lack of capital equipment, inadequate training facilities, lack of proper policy utilisation, unexpected climate changes, poor accounting and management system, cumbersome regulatory practices, unavailability of construction materials, higher price fluctuations, labor shortage, lack of market demand, poor commitments from suppliers and distributors and lack of technical advancement.

The application of appropriate strategies, however, enables small and medium construction organisations to maximize their prospects for profit by avoiding the aforementioned barriers. As an outcome of the research, this study suggested both internal and external strategies to take use of potential for profit maximization..

**Keywords:** *Construction Industry, Profit Maximisation, Small and Medium Scale construction organisations*