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## *Analysis of the Construction Industry in Iran and Recommendations for Competitiveness Improvement*

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### **ABSTRACT**

The construction industry is one of the most important industries in Iran that, unfortunately, in spite of its potentials to increase new business information and GDP, could not be performed its domestic and international missions, so that it has only a little international market share. This share is not in proportion to its capabilities and potentials in existence, and the special geographic region. Therefore, it is necessary to identify all dimensions and sectors of the construction industry, and analyze its performance in Iran. In this article, first, we identify the construction cluster in Iran by use of cluster approach and Delphi method, and then evaluate its competitiveness. At the end, expert's opinion and other countries' experiences have been used to give recommendations for improving the level of construction industry in Iran.

### **KEYWORDS:**

Construction Industry, Cluster Identification, Delphi Method, Competitiveness, Porter's Diamond Model

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### 1- INTRODUCTION

The construction industry plays a significant role in the development and growth of countries and therefore the state of this industry is very important for decision-makers.

One of the main and comprehensive method for evaluating the state of an industry is the cluster approach. A business cluster is a geographic concentration of interconnected businesses, suppliers and associated institutions in a particular field [1]. Industrial cluster analysis is a tool to better understand of regional economics and improve the competitive advantages.

The cluster approach was used for analysis of the construction industry in several countries such as Australia, Switzerland, Scotland, Turkey and Finland, and the vision and long-term plans for the industry was suggested based on this analysis [2-5].

In this research, the construction industry in Iran is evaluated by cluster approach and recommendation is suggested for competitiveness improvement.

### 2- METHODOLOGY, DISCUSSION AND RESULTS

The opinions of the industry experts through The Delphi method with two rounds was used to identify the cluster map of the construction industry in Iran.

A survey questionnaire based on the porter’s diamond model was conducted to measure the competitiveness of the industry. The 31 experts, including both academic and practitioner complete the questionnaires and scored the parameters in 4 main groups based on a five-point Likert scale. Figure 1 shows the totality of the situation of competitiveness parameters. According to the Figure, the construction cluster in Iran is weak in majority of parameters. The summary of main groups’ scores is presented on average in Table 1.

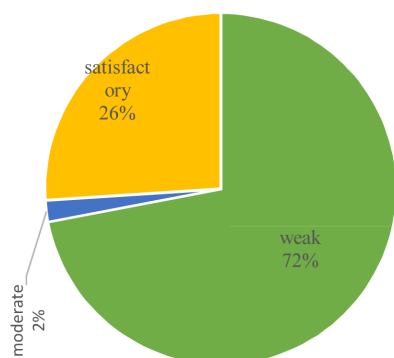


Figure 1. Situation of competitive parameter of construction cluster

Table 1. Condition of competitiveness factor

Factor	Average score
Factor Conditions of the industry	2.5
Demand Conditions of the industry	3.1
Firm strategy, structure and rivalry	2.5
Related and Supporting Industries	3.1

### 3- CONCLUSIONS

The map of the construction cluster in Iran was identified via Delphi method. This map can help the decision-makers of the industry to consider all of the players and stakeholders of the industry in planning and identify the weakness and strength of the industry in comparison to other countries.

The cluster analysis based on the porter’s diamond was revealed the competitiveness level of the construction cluster in Iran is not satisfactory. This condition is one of the reasons which explain why the export volume of the construction industry from other countries such as neighboring country, Turkey is several times more than from Iran.

Four strategies are suggested for improving the competitive level, including implementing the cluster strategy, development of an organization for monitoring the industry, improving the education of the human resource and development the short and long term plan for the industry.

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