

# THE SUCCESS OF CONSTRUCTION CONTRACTOR COMPANIES IN BANGKOK AND ITS METROPOLITAN AREAS

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## ABSTRACT

This study aimed to: 1) examine the level of success of construction contractor companies in Bangkok and its metropolitan area, and 2) investigate the factors influencing their success. Data were collected using questionnaires distributed to 400 registered construction contractors operating in Bangkok and its metropolitan area. Statistical analyses included frequency, percentage, mean, standard deviation, and multiple regression analysis. The results indicated that: 1) the overall success of construction contractor companies in Bangkok and its metropolitan area was high, particularly in terms of financial stability, construction quality, engineering safety, and corporate image, respectively; and 2) factors such as service strategy, management strategy, government measures, and marketing strategy significantly influenced the success of construction contractor companies in the region.

**Keywords:** Success, Construction Companies, Bangkok and Metropolitan Area

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## INTRODUCTION

In the past, most business operations have focused primarily on financial information, as it enables the measurement of performance through indicators such as sales revenue, net profit, and financial position, thereby meeting the expectations of shareholders and investors whose central objective is profit maximization. However, the growing emphasis on corporate social responsibility—arising from both direct and indirect impacts of economic development—such as issues related to urban slums, drug abuse, environmental pollution, and global warming, has made it no longer sufficient for businesses to prioritize financial information solely to satisfy shareholders and investors. Instead, businesses are now required to place equal importance on their responsibilities toward society and the environment, acknowledging the impacts generated by their operations (Faculty of Commerce and Accountancy, Thammasat University, Vol. 36, Issue 137, January-March 2013).

According to Thailand's National Strategy for 2018-2037, the country aims to achieve national security, ensure the well-being of its citizens, provide stable incomes and housing, and secure food, energy, and water resources. The strategy also emphasizes economic expansion and the enhancement of national competitiveness to achieve wealth creation and transition toward a high-income country. Central to this development is the cultivation of human resources capable of growing in an environmentally sustainable manner, demonstrating social responsibility, and prioritizing the public interest. Furthermore, the strategy seeks to promote effective public administration and improve accessibility to government services (National Strategy 2018-2037, as published in the Royal Gazette).

The construction industry is a sector closely linked to manufacturing, wholesale and retail trade, and transportation, and it significantly influences employment levels. Therefore, if the construction industry can develop in accordance with international standards, it is likely to attract foreign investment, achieve sustainable growth, and generate positive spillover effects on related businesses. Such development contributes to broader economic sustainability, enhances national competitiveness in the global arena, and promotes wealth creation, ultimately facilitating the country's transition to a high-income status.

The challenges in achieving sustainability within the construction industry pertain to the management of resources and the handling of waste throughout the entire supply chain. This includes the procurement of construction materials, planning and design, construction processes, waste collection, and the efficient recycling and reuse of generated waste to maximize value and effectiveness. Consequently, construction contractors are required to adapt their strategies to address these sustainability challenges (Siam Commercial Bank Research Center, 2023).

The sustainability of the construction industry encompasses two main aspects: construction materials and building or structural activities. It is an industry that consumes substantial natural resources, from the production of construction materials—such as structural components (cement, steel, timber) and architectural elements (roofs, ceilings, tiles)—to the construction process itself. For example, in the cement industry, data from the Department of Primary Industries and Mines indicate that, over a five-year period from 2012 to 2016, approximately 70 million metric tons of limestone were required annually for cement production, with an average growth rate of 3-4% per year. In addition to high resource consumption, construction and demolition waste (C&DW) accounts for approximately 30-40% of global landfill waste. This waste typically consists of large or heavy materials, including concrete, timber (from buildings), asphalt (from roads and roofing components), gypsum (main component of drywall), metals, bricks, glass, plastics, dismantled building elements (doors, windows, and internal fixtures), as well as tree stumps and rocks generated from site preparation activities (Sustainability of the Construction Industry, <https://www.nstda-tiis.or.th>).

The construction sector continues to face challenges in 2023 and the medium term, including high construction costs, financial liquidity risks, and pressures from ESG trends. These factors require construction contractors to adapt their strategies by increasing revenue opportunities and controlling construction costs through capacity development and collaboration with partners. Strategies include diversifying bidding opportunities while exercising caution in price-competitive tenders, participating in public-private partnership (PPP) projects, and entering into advance purchase agreements for construction materials to align with demand. Effective financial liquidity management involves balancing public and private sector projects and ensuring timely project completion to meet disbursement schedules. To address ESG trends, contractors are encouraged to source environmentally friendly construction materials, enhance energy efficiency, and invest in construction technologies (Siam Commercial Bank Research Center, 2023).

The overall value of the construction industry in 2023 is projected to expand by approximately 3% year-on-year, reaching 1.4 trillion baht, driven by growth in both public and private sector construction. However, the industry continues to face challenges in 2023 and over the medium term. Public sector construction is expected to increase by 3% to 817 billion baht, supported by ongoing mega-projects, new project tenders, and construction activities, alongside a 6% increase in the 2023 annual investment budget. Private sector construction is also anticipated to grow, reaching 586 billion baht, driven by the launch of new residential projects, continued development of large-scale commercial real estate, and ongoing renovations of retail and hotel properties (Siam Commercial Bank Research Center, 2023).

Therefore, construction companies that adapt toward sustainable practices and meet established standards are likely to be selected for projects at higher, fair-value prices consistent with those standards. Conversely, companies that fail to adapt may be limited to lower-standard projects, facing intense price competition, which can ultimately lead to liquidity constraints and hinder their long-term sustainability (Government Savings Bank Research Center, Overview of the Construction Industry, 2023 Construction Industry Outlook).

Given the significance of the aforementioned issues, which are critical to achieving the objectives of construction contractor companies in Bangkok and its metropolitan area, the researcher is interested in conducting a study titled “The Success of construction contractor companies in Bangkok and the Metropolitan Region.” The purpose of this study is to generate insights that can serve as guidelines for enhancing the operational efficiency and overall performance of construction contracting businesses.

## **LITERATURE REVIEWS**

### **Concepts and Theories on the Success of Construction Contractor Companies**

The success of construction contractor companies in Bangkok and its metropolitan area results from the integration of multiple dimensions, including construction quality, financial stability, corporate image, engineering safety, and employee physical and mental well-being. These components are critical to enhancing the competitive capability of firms within the construction industry. 1) Construction Quality serves as the core of success, reflecting engineering standards, safety, and corporate credibility. Research by the Department of Public Works and Town & Country Planning (2021) indicates that contractors using standardized materials, implementing clear quality control systems, and conducting systematic inspections gain higher trust from clients. Similarly, Phan and Nguyen (2021) found a direct correlation between construction quality, client satisfaction, and the likelihood of being rehired for new projects. 2) Financial Stability determines a company’s ability to manage costs, mitigate risks, and invest in large-scale projects. The Office of Industrial Economics (2022) reports that construction firms with strong financial liquidity can better handle material cost fluctuations, labor payments, and collection periods, thereby ensuring project continuity and reducing disruptions.

Mohd and Hassan (2020) further emphasize that effective financial planning enhances competitiveness and long-term business sustainability. 3) Corporate Image is a key success factor in an increasingly credibility-driven market. The Thai Construction Industry Association (2023) highlights that a strong corporate image fosters trust among clients, investors, and business partners. The adoption of modern technologies, timely project delivery, transparent communication, and corporate social responsibility (CSR) initiatives contribute to a positive image. Sanchez and Lopez (2022) additionally note that a favorable corporate image significantly increases the likelihood of winning contracts and provides a competitive advantage. 4) Engineering Safety is fundamental to all construction projects, as the construction industry is one of the sectors with the highest accident rates. The Ministry of Labor (2020) indicates that companies implementing safety management systems in accordance with international standards, such as ISO 45001, experience fewer accidents, lower downtime costs, and improved operational efficiency. Zhang et al. (2020) further report that investing in protective equipment and employee training significantly reduces losses and enhances labor productivity. 5) Employee Physical and Mental Well-Being is often overlooked despite its direct impact on work quality and operational efficiency. The World Health Organization (2020) emphasizes that maintaining good well-being reduces fatigue, stress, and absenteeism among construction workers. Chinda (2021) found that firms promoting a supportive work environment, appropriately managing working hours, and providing mental health support achieve higher performance and fewer construction errors.

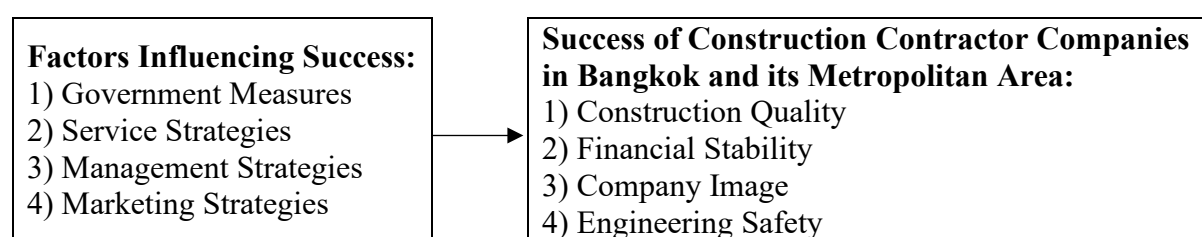
It can be concluded that the success of construction contractor companies results from multiple dimensions working effectively, including work quality, financial stability, corporate image, safety, and employee well-being. Companies that are able to develop these components in a balanced manner can enhance their competitive capability and achieve sustainable growth in the construction industry.

The success of construction contractor companies is the outcome of systematic management across multiple dimensions, including government support measures, service strategies, internal organizational management, and marketing strategies. These factors are interrelated and significantly influence the competitive performance of the construction industry. 1) Government Measures play a crucial role in the operational capacity of contractors, encompassing legislation, construction standards, licensing systems, taxation, and economic incentives. Research by the Department of Public Works and Town & Country Planning (2021) indicates that clear regulations and engineering standards reduce construction errors, enhance safety, and improve work quality. Additionally, the Office of Industrial Economics (2022) found that support measures for investment projects, such as tax incentives and public-private partnership (PPP) programs, enhance contractors' competitiveness. Similarly, Zhang and Li (2020) note that effective governmental oversight facilitates faster and more transparent project execution, reducing budgetary risks and delays. 2) Service Strategies are another key factor affecting contractors' success. The Thai Construction Industry Association (2023) highlights that professional, transparent, and timely services that promptly meet client needs increase the likelihood of winning bids and obtaining referrals. Phan and Nguyen (2021) further found that construction firms that maintain effective client communication, on-time project delivery, and strong post-completion service achieve higher customer satisfaction and are more likely to be selected for repeat work. 3) Internal Organizational Management determines a company's ability to manage projects, control costs, and allocate resources effectively. Chinda (2021) found that efficient team management, personnel training, and internal risk management reduce construction errors. Mohd and Hassan (2020) reported that companies with robust project management systems can lower costs, enhance labor efficiency, and increase long-term profitability. Additionally, Lee et al. (2020) indicate that digital technologies, such as Building Information Modeling (BIM), improve design accuracy and reduce delays in field operations.

4) Marketing Strategies also significantly affect contractors' competitiveness, especially in highly competitive environments. The Thai Contractors Association (2022) notes that companies that develop positive branding, leverage online media, and build business networks have greater market expansion opportunities. Sanchez and Lopez (2022) found that marketing focused on construction quality, project experience, and showcasing past work increases client trust. Moreover, the World Construction Report (2021) emphasizes that proactive marketing and market research enable construction companies to effectively adapt to evolving demands from both the private and public sectors.

It can be concluded that government measures, service strategies, management strategies, and marketing strategies are all key components that significantly influence the success of construction contractor companies. Literature indicates that companies capable of effectively integrating these factors can enhance their competitiveness and achieve sustainable growth.

H1 From the literature review, it can be concluded that government measures, service strategies, management strategies, and marketing strategies influence the success of construction contractor companies in Bangkok and the metropolitan area. Based on this, the conceptual framework is illustrated in Figure 1.



**Figure 1** Conceptual Framework

## RESEARCH METHODOLOGY

The population for this study consisted of construction contractors operating in Bangkok and its metropolitan area who are registered as legal entities, totaling 108,000 individuals (Department of Business Development, 2024). According to Grace (2008), the sample size should be approximately 20 times the number of observed variables. Since this study involved 20 observed variables, the total sample size was determined to be 400 respondents. A stratified sampling method was employed to ensure proportional representation across relevant subgroups.

The research instrument was a questionnaire, consisting of three parts. Part 1 addressed the personal factors of the respondents, using a multiple-choice format. Part 2 examined factors influencing success, using a Likert-scale format with a 5-point rating: the highest = 5, the high = 4, the moderate = 3, the low = 2, and the lowest = 1. Part 3 measured the success of construction contractor companies in Bangkok and the metropolitan area, also using a Likert-scale format with the same 5-point rating system: the highest = 5, the high = 4, the moderate = 3, the low = 2, and the lowest = 1.

Prior to data collection, the research instruments were systematically tested for content validity and reliability. The Item-Objective Congruence (IOC) index was found to be 0.953, and Cronbach's alpha coefficient was 0.895, indicating that the instruments were of sufficient quality (Polit & Beck, 2006; Hair et al., 2012). To gather data, the questionnaires were distributed to construction contractors in Bangkok and the metropolitan area who were actively operating and registered as juristic persons. For data analysis, descriptive statistics—including frequency, percentage, mean, and standard deviation—were employed, along with multiple regression analysis.

## RESEARCH RESULTS

1) The majority of respondents were male, accounting for 64%, with 65.67% aged between 41 and 60 years. Most held a bachelor's degree (63.79%), had an average monthly income of 5,000,001-10,000,000 THB (58.93%), and had been operating their businesses for more than 10 years (65.67%).

2) The success of construction contractor companies in Bangkok and its metropolitan area was found to be at a high level, particularly in terms of financial stability, construction quality, engineering safety, and corporate image, respectively, as presented in Table 1.

**Table 1** Mean and standard deviation of the success of construction contractor companies in Bangkok and the metropolitan area

Aspect	Description	$\bar{X}$	S.D.	Result
1.	Construction Quality	3.82	0.50	Much
2.	Financial Stability	3.91	0.49	Much
3.	Company Image	3.67	0.45	Much
4.	Engineering Safety	3.80	0.53	Much
<b>Total</b>		<b>3.80</b>	<b>0.48</b>	<b>Much</b>

3) The regression analysis revealed that government measures had a  $\beta$  value of 0.235, service strategy had a  $\beta$  value of 0.329, management strategy had a  $\beta$  value of 0.243, and marketing strategy had a  $\beta$  value of 0.131. These results indicate that all four factors positively and significantly influence the success of construction contractor companies in Bangkok and its metropolitan area at the 0.05 significance level, with corresponding Sig. values of 0.000, 0.000, 0.001, and 0.002, confirming the research hypotheses. The correlation coefficient (R) was 0.759, indicating a strong relationship between the independent variables and the dependent variable. Furthermore, the coefficient of determination ( $R^2$ ) was 0.659, showing that the independent variables collectively account for 64.1% of the variance in the success of construction contractor companies in Bangkok and its metropolitan area.

The equations can be expressed in the following order:

$$Y = 0.947 + 0.329X_1 + 0.243X_2 + 0.235X_3 + 0.132X_4$$

The regression analysis indicated that government measures, service strategies, management strategies, and marketing strategies collectively predicted the success of construction companies in Bangkok and its metropolitan area. Among these factors, service strategies had the strongest predictive effect (Beta = 0.243), followed by management strategies (Beta = 0.192), government measures (Beta = 0.123), and marketing strategies (Beta = 0.120), as detailed in Table 2.

**Table 2** Multiple regression analysis of factors influencing the success of construction contractor companies in Bangkok and its metropolitan area

Factors	Unstandardized (b)	SE	Standardized $\beta$	t	Sig.
(Fixed value)	1.101	0.104		10.632	0.000
Government Measures	0.123	0.020	0.235	10.662*	0.000
Service Strategies	0.243	0.022	0.329	9.818*	0.000
Management Strategies	0.192	0.032	0.243	4.405*	0.001
Marketing Strategies	0.120	0.101	0.131	3.632*	0.002

$R = 0.756$ , Adjusted  $R^2 = 0.659$ ,  $R^2 = 0.580$ ,  $SE = 0.103$

\* Statistical significance at the 0.05 level

## DISCUSSION & CONCLUSION

In the study on the success of construction companies in Bangkok and its metropolitan area, the researcher discussed the key findings in accordance with the research objectives as follows.

1) The study found that the success of construction contractor companies is high in terms of financial stability, construction quality, engineering safety, and corporate image. These findings align with previous research indicating that these factors are key drivers of competitiveness in the construction industry. Regarding financial stability, the Office of Industrial Economics (2022) reported that construction companies with strong liquidity can manage costs effectively, mitigate risks from material price fluctuations, and increase opportunities to invest in new projects, which is consistent with Mohd and Hassan (2020), who noted that efficient financial management enhances profitability and business sustainability. In terms of construction quality, the Department of Public Works and Town & Country Planning (2021) emphasized that projects with controlled standards, regular inspections, and the use of technology reduce errors, build client trust, and are critical factors in securing repeat contracts. Phan and Nguyen (2021) emphasized that structural quality and on-time project delivery have a strong impact on customer satisfaction. Regarding engineering safety, the Ministry of Labor (2020) reported that companies adhering to safety management systems, such as ISO 45001, experience lower accident rates, directly enhancing operational efficiency and corporate image. This aligns with the findings of Zhang et al. (2020), who noted that investment in safety systems reduces downtime costs and increases labor productivity. In terms of corporate image, the Thai Construction Industry Association (2023) found that a positive image increases a company's chances of securing projects, particularly in government and private tenders, while Sanchez and Lopez (2022) highlighted that a strong corporate image builds trust and signals professional competence. In summary, these four components—service quality, management, safety measures, and corporate image—play a critical role in the success of construction contractor companies, with extensive research confirming that they form the foundation for sustainable competitiveness and growth.

2) Service strategies, management strategies, government measures, and marketing strategies all influence the success of construction companies. The research findings indicate that these four strategic factors significantly affect the success of construction firms, which aligns with both domestic and international studies. Regarding service strategies, the Thai Construction Industry Association (2023) highlighted that companies providing professional services, transparent communication, and timely project delivery can enhance customer trust and satisfaction. This finding is consistent with Phan and Nguyen (2021), who reported that service quality directly impacts project success and repeat hiring decisions. In terms of management strategies, Chinda (2021) found that companies with systematic project management, effective resource allocation, and appropriate risk management demonstrate higher operational efficiency and lower error rates. Similarly, Mohd and Hassan (2020) noted that effective organizational-level management reduces costs, improves work quality, and increases profitability. Regarding government measures, the Department of Public Works and Town & Country Planning (2021) reported that construction quality regulations and safety standards enhance the credibility of contracting companies. Furthermore, the Office of Industrial Economics (2022) highlighted that support measures, such as Public-Private Partnership (PPP) projects and tax incentive policies, serve as driving forces that enhance the competitiveness of construction companies. This aligns with Zhang and Li (2020), who found that the stability of government policies directly affects the performance of the construction industry. Regarding marketing strategies, the Thai Contractors Association (2022) reported that brand building, developing project portfolio websites, and online marketing increase the opportunities for companies to secure bids. Sanchez and Lopez (2022) indicated that proactive marketing communication and the presentation of past project achievements are key factors influencing a

company's image and credibility. In summary, the findings of this study confirm that service strategies, management strategies, government measures, and marketing strategies are strategic factors that significantly support the success of construction companies, a conclusion that is supported by numerous studies across various contexts.

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