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# Factors Determining the Performance of Construction Enterprises: Evidence from Nepal

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**ABSTRACT:** Construction enterprises operate in a competitive and volatile business atmosphere. The earlier evidence exhibits inconsistent findings and investigations are rare in Nepal. Thus, this research aims to investigate the factors determining the performance of construction enterprises. The study used descriptive and explanatory research design to test the hypotheses. Moreover, the survey used predictor variables like economic, human resource, and supply chain conditions, and the outcome variable was the performance of construction enterprises. A purposive sampling strategy was used to gather the cross-sectional primary data. Additionally, 426 structured questionnaires were sent to the intended respondents; only 216 (50.70 percent) of these were relevant. The study's population included the construction enterprises in the Kathmandu Valley. This study used descriptive and inferential statistical approaches to examine the data, including frequency, percentage, correlation, and regression analysis with Cronbach's alpha. The findings of this study revealed a positive and significant influence of economic conditions on the performance of the construction business ($\beta$= 0.328, $p < 0.05$). Similarly, a positive and significant effect of human resource conditions was found on the performance of construction enterprises ($\beta = 0.412$, $p <0.05$). Finally, the supply chain condition was found to be positive and significant with the performance of construction enterprises ($\beta = 0.330$, $p <0.05$). This shows that better economic conditions, human resources, and supply chain conditions foster the performance of construction enterprises in Kathmandu, Nepal. This study will be useful for regulatory institutions, policymakers, researchers, scholars, and construction business owners.

**Keywords:** construction enterprises, economic condition, human resource condition, performance, supply chain.

## I. INTRODUCTION

The construction business is a key driver of economic growth and has a big influence on society and the environment [1]. Construction enterprises are vital entities contributing to the prosperity of the economy, social change, and physical development of the country. Similarly, the perpetual sustainability of the enterprise is questionable as its operational efficiency is deteriorating with the absence of strategic moves to absorb the competitive advantage in the unstable environment. Thus, several enterprises endeavor to eliminate chronic obstruction enhancing organizational performance. In particular, competition for construction enterprises intensifies with the emergence of globalized organizational practice spreading throughout the broad market and environment. Therefore, several business entities linked to the construction sector emphasizing on sustainability of enterprises. Moreover, enterprises of the construction sector, however, prioritize the social aspect of the sustainability dimension [2]. Interestingly, business performance is a gigantic issue for modern construction enterprises to maintain seamless operations to prolong organizational existence through constructive competitive strategies. Additionally, the construction industry lacks innovation, which

hinders the shift in society toward sustainability and proposes raising awareness of and taking action on sustainable construction in the construction sector [3, 4].

Next, the global construction enterprises and market grew steadily. It has emerged with rapid changes in recent years indicating a growth rate of 3.71 percent over the two years 2014–2019, from 9.5 trillion USD to 11.4 trillion USD [5]. Specifically, economic, human resource, and supply chain conditions are significant determinants of sustainable business performance. Thus, favorable circumstances established by these factors foster the sound performance of construction enterprises [6, 4]. Furthermore, construction enterprises involves the road construction, public utility facility construction, routine building, and other structural maintenance and repairs are all included in the construction industry. This also covers structural modifications to bearing walls, beams, and exterior walls. Every construction project is different in terms of planning, funding, design, execution, building practices, and repairs and improvements. The sales income generated by companies, partnerships, and sole proprietorships engaged in engineering and construction projects, such as constructing roads and utilities enable the construction industry and its survival [5]. The construction enterprises being a vital part as the backbone of economic growth, its mobilization, smooth performances, and linking it with the national economic development agenda became indispensable. Ultimately the prosperity of construction firms requires a supportive environment along with the sound economic condition of a nation, accessible competent human capital, and an innovative supply chain condition that contributes to the sustainability of construction enterprises.

Nepal as a developing nation holding a status of geographical variation, inadequate infrastructural profile, mild pace of industrialization, obstacles associated with capital formation however halted the rapid and professional development of construction enterprises. Similarly, it covers an area of 147,516 square kilometers and is broadly categorized as a mountainous country. Recently, the total population of Nepal has been 29.19 million, and 66.86 percent of it resides in urban areas [7]. Moreover, Nepal has a short history of formal planning and development as it commenced merely in 1956 A.D. forming and introducing the first five-year planning with an endeavor of Nepal Planning Commission (NPC, 1956). Thus, this initiation gave a ray of hope that emphasized foreign commerce, transportation, communications, and the growth of the agricultural and industrial sectors. Particularly, the economic development of neighboring countries also revealed receiving a substantial investment during the same period. Additionally, the evidence of Nepal showed that the construction sector utilizes around 35 percent of the government budget and denotes approximately 10 percent of the GDP of the country. Civil construction projects have increased in cycles with increases in public funding. An estimated one million individuals are expected to find employment opportunities in this industry. Similarly, construction companies account for over 60 percent of the development expenditure in Nepal [8].

Additionally, evidence showed that a major obstacle found in Nepal is capital spending for construction sectors. The capital expenditures are mostly spent in the last quarter of the fiscal year to meet its spending targets showing sluggish in the first few months. Thus, capital expenditures encompass expenses related to construction, infrastructure development, and other sectors that support the country's capacity to generate tangible capital. Civil works projects and the purchase of land, buildings, furnishings, vehicles, plants, and machinery are funded by the government's capital budget. However, countries like Nepal indicate inadequate infrastructure, human resources, supply chain mechanisms, economic conditions for development, and better performance of construction enterprises are not properly materialized whereas low capital investment imposes a hard limit and complexity on economic growth, postponing the improvement of people's living standards [7].

Importantly, Nepal is starting a new stage of development to create a more wealthy and better country for which development operations must speed up for rapid progress ensuring inclusive growth and fair employment possibilities, which will reduce poverty as well. A country's economic development depends heavily on the construction sector, which includes building roads, airports, irrigation and hydropower projects, real estate and housing, and public-private partnerships (PPP). In regards, Nepal's construction industry has a lot of scope and responsibilities that also present several opportunities for growth and advancement in construction business sectors. Next, construction business enterprises, and government system requirements for its setup, procedure, classification, and registration of construction enterprises are

reflected through the Nepalese Industrial Enterprise Act IEA, 2020 which facilitates to comply the legislative requirements stimulating the better performance of the construction sector. Thus, this research aims to examine the key determinants of performance investigating the influence of economic conditions, human resource conditions, and supply chain management.

## II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This section of the literature review focuses on the study's theoretical underpinnings and also finds and organizes the empirical evidence from previous studies. Therefore, the theoretical foundation of this study aligned with the resource-based view (RBV) doctrine, which was first presented by Birger Warnerfeld in his 1984 work on a resource-based perspective of the firm. A business may be viewed as a collection of material resources, including human resources and other organizational resources, according to this approach. Thus, this study's theory promotes the idea that organizational resources that are uncommon, valuable, and impossible to copy are the main building blocks for gaining a competitive edge and achieving notable results for the firm's sustainability. Furthermore, the following empirical findings are presented below:

### *1. ECONOMIC CONDITION (EC)*

Construction enterprises are now widely recognized as crucial to a country's socioeconomic development. Construction companies are required to build and maintain infrastructure projects, which are essential to the functioning of a modern economy. Infrastructure projects include roads, bridges, schools, hospitals, and other buildings as the foundation for economic growth. Furthermore, construction companies usually have large human resources and contribute to the economy through taxes and wages. Therefore, construction enterprises may have a beneficial impact on a country's economic growth through the projects they undertake and the economic activity they generate. It also reveals that infrastructure projects' direct and indirect effects on the economy may encourage more economic growth and development.

Moreover, Small and medium-sized construction enterprises play an equally vital role in the growth process [9, 10, 11] Similarly, [11] stated that construction enterprises are at the heart of the economy and significantly play crucial roles in urban and other construction areas for economic growth and prosperity. Conversely, previous research showed that institutional impediments and challenges are associated with financing in the construction enterprises sector, which limits their growth and overall economic development in the country [12, 13]. It was stated that the main barrier to implementing sustainable practices in construction projects is the lack of enthusiasm among decision-makers as a result of poor communication and information [14]. Moreover, collaboration among construction stakeholders is essential, emphasizing the importance of supplier engagement and the design team's expertise in sustainable practices [6].

It discovered that developers' reluctance to adopt sustainable construction principles stemmed from their ignorance and financial worries [15]. Next, the socioeconomic issue was given the least amount of attention in the sustainability performance reports of the 87 projects that were reviewed in China [14]. Moreover, stakeholders in the building business were less knowledgeable about sustainability, and larger firms and infrastructure projects were more ecologically conscientious. Both industries' developers were thought to be the least skilled [16]. Further, strategic initiatives including government assistance, R&D support laws, demolition rules, and a fund to create sustainable construction capabilities are essential for construction enterprises [17].

Several previous studies have shown that obtaining bank loans is a major factor influencing construction enterprises' expansion in developed and underdeveloped countries [18, 19, 20, 21, 22]. Similarly, construction businesses in underdeveloped nations also frequently face this problem, which hinders their capacity to hire experts and experienced human resources and to buy or rent the necessary equipment, eventually keeping them from landing more lucrative contracts. Because of these conditions associated with construction enterprise, including high economic downturns in which banks see financing to construction enterprises [23]. However, construction has to improve its performance and achieve its goals and objectives in terms of predictability, cost, time, and quality [24]. Moreover, construction enterprises are confronted with three primary financial conditions. The first concerns the construction enterprise themselves, including their lack of

human resource expertise and abilities, undeveloped corporate culture, blending personal and professional affairs, poor economic conditions, and investigation of accessible funding sources. The absence of a regulatory framework, national identity systems, and credit reference bureaus is the third issue, followed by the lack of competent human resources [8, 25]. Therefore, the various conditions include things like business expertise, collateral, networking, and management abilities, macroeconomic environment, the legal system, criminal activity, and moral standards.

Next, the major issues revealed in the construction business is financial support and technical support from banking institutions indicating the worse financial support condition [26]. The finding of previous studies discovered that the construction businesses in South Africa reported a lack of human skills that hindered their ability to secure credit; they were expected to provide security, a cash flow statement, an audited financial statement, and business strategies, but they were unable to do so; the loans were hard to obtain and it was expensive [27]. Similarly, it was discovered that getting funding is due to the unavailability of audited financial documents and collateral from construction enterprises while processing for loans and these obstacles are unbearable to construction enterprises hindering their financial performance [28, 24].

The evidence also showed that sociocultural, economic, and operational characteristics effect on performance of construction business referencing to Saudi Arabia case and strict Islamic culture, tradition, and economic conditions are major factors [29, 30, 31]. Further, fluctuating costs of safety-related supplies used in building projects, such as PPE, boards, signs, alarms, and demarcations, can also make waste management more difficult hindering the performance of the construction business [29]. Additionally, found that the nature of the construction, conventional contractual arrangements, construction participants, organizational features, and construction management approach were the five main obstacles to construction enterprise [32].

Moreover, the construction enterprise is confronted with challenges in coordinating with its stakeholders hindering its performance that comprises mainly five distinct dimensions of challenges: conventional contractual arrangements, construction participation, organizational characteristics, and construction management strategies. Further, issues in the delay of construction services also link with its performance reflecting the series of challenges: project duration, cost, quality requirements, and various factors affecting project management, including cost, quality, quantity, and time. Similarly, human resources, materials, financial condition, equipment, and project delays are major factors determining the overall performance of construction enterprises [33].

The performance of construction enterprises is affected by several factors including project efficiency, security, human resource intelligence, technology, and others [34]. Thus, these hindrances can be mitigated by construction enterprises managing their working environment, and organizational policies, and with better management of projects [35]. Similarly, the construction process and enhancing the transparency and efficiency of a construction project requires identifying and eliminating obstacles or restrictions for smooth performance [36]. Next evidence also demonstrated financial condition as a major factor influencing the performance of construction enterprises [39, 40].

Concerns including rising investment prices, lengthy payback times, profitability, worse economic conditions, and ignorance of long-term costs are a few issues that make enterprises extremely difficult to raise their sound performance [21]. Similarly, payment delays from its contractor and ineffective payment from several parties hinder the entire performance of construction enterprises [35]. Next, project dispute and payment issues are major factors [41], even found similar payment-related issues in USA construction enterprises [15] revealing the payment delay issues in Australian cases delaying payment from 30 to 90 days and compatible payment delay revealed in Newzealand and in the UK based construction enterprises [42]. A similar delay in payment schedule was found in Malaysian construction enterprises that ultimately hindrances the performance of businesses [43, 40].

### *2. HUMAN RESOURCE CONDITION (HRC)*

The human resource management employed by construction enterprises refers to the acquisition, development, utilization, and maintenance of resources in which only competent human resources can

positively contribute to the better performance of the enterprise [33, 44, 45]. Similarly, the availability of professional and skilled human resources significantly impacts the quality, timeliness, cost, expenses, and output of a construction enterprise [4]. On the contrary, skilled shortage negatively affects both the sector and the country's economic and performance of the enterprise [3]. Therefore, construction enterprises frequently utilize internal training, better compensation with better working conditions, and longer hours with extra pay to make the most of their core employees to overcome skilled human resource shortages [46].

Furthermore, the trend of outsourcing has tremendously progressed at a rapid pace but the development of human resources is not being major concern in several organizations including construction enterprises consequently hindering the performance of the construction business. Evidence revealed in China showed a similar and critical condition association with human resource management and construction businesses and design institutes have not given sufficient training to their human resources. Therefore, training to leaders, managers, technicians, engineers, and workers who perform the job must get training and development programs from their entities to operate more successfully in a global environment [47].

The problem of a skills gap affects the ability of construction businesses to lead the human resources and manage the risks in construction enterprises. This skills gap can be fulfilled with acquisition of competent human resources. A scene depicted in the Swedish construction field was diverse languages and culture associated with human resources. This evidence revealed the limits in communication skills among human resources isolating the efficiency leading to accomplishing the projects of construction business [47]. Next, the recent management of human resources is inclined toward proper management of the diversity of the workforce which is crucial in all sorts of business entities [36].

Moreover, a lack of skilled personnel has been identified as a significant cause of schedule delays and cost overruns in such cases the trained and skilled individuals might be employed but were not budgeted in advance for their recruitment. Nonetheless, it is acknowledged that a lack of workers is one of the major issues in the construction businesses that ultimately hinders the performance of the entities [17].

### *3. SUPPLY CHAIN CONDITION (SCC)*

Globalization and outsourcing emphasize tightening the supply chain which has led to an increase in the complexity of supply networks in recent years. The likelihood of supply chain disruptions has grown even though these methods have enhanced performance. Serious financial repercussions, including a company's closure, might result from a disruptive event. It was stated that delays in delivering material, equipment, and machinery or services to clients and increased operational costs are the most significant effects on construction enterprises' performance [48].

The performance of construction enterprises mainly depends on proper and effective supply chain management. Similarly, 80 percent of government projects are delayed due to improper supply chain management [1, 49]. Additionally, the supply chain is converging, bringing all the materials to the construction site where the finished product is put together. Thus, construction businesses will be able to enhance their performance and foster business growth with the support of supply chain partnerships [50].

Moreover, evidence from China showed that a supply chain mechanism is a collaboration in the supply chain that is a sustained connection between players, exchanging information and collaborating on a shared strategy to boost the chain's effectiveness which directly enhances the performance of the construction business [51]. The mechanism of the supply chain mainly consists of four elements: the first is its increased market share and next one concerns with enhanced relationships among the stakeholders, the third, is improved financial performance, and finally, minimizing hindrances and consequently exerting improved organizational performance [50].

Research on the sustainability of the building industry is abundant globally. Some research focuses on sustainability's social component. Researchers claimed that although there are still information gaps, previous research has helped to advance our understanding of sustainability in the construction sector. Previous research has concentrated on the environmental [14] and social aspects [32] of sustainability in the building sector. The circumstances of construction companies' supply chains, finances, and workforce, however, were

not highlighted. Based on the literature review and previous empirical findings the following hypothesis has been formulated.

- H1: Economic conditions have a positive and significant impact on the performance of construction enterprises in Nepal.
- H2: Human resource conditions have a positive and significant impact on the performance of construction enterprises in Nepal.
- H3: Supply chain conditions have a positive and significant impact on the performance of construction enterprises in Nepal.

### *4. RESEARCH QUESTION*

This study attempts to address the research questions: Is there any association between economic conditions and the performance of construction enterprises? Is human resource condition associated with the performance of construction enterprises? Does supply chain conditions relate to the performance of construction enterprises in Nepal? Do economic, human resource, and supply chain conditions impact on performance of construction enterprises?

### *5. RESEARCH GAP*

Several empirical studies have been conducted in broader perspective in number of countries consisting the multiple areas but depicted inconsistency in the earlier findings [28, 32, 24]. However, the study of factors determining the performance of construction enterprises in Nepalese contexts need to re-investigate as this field is novel geographical and industrial field for the study. Thus, the investigation of construction enterprises and their performance in the Nepalese scenario is the distinct areas of research representing the construction enterprise from Nepal. The survey results of this research contribute to the existing theory and additionally offer the foundation to the policy maker, construction enterprises, and other stakeholders as findings depicted the scenario improving the business performance of construction enterprises based on favorable economic conditions, skilled human resources, and better supply chain management.

## III. METHOD

The investigation of factors determining the performance of construction enterprises embraced in the study's main purpose is to test the formulated hypothesis. Thus this study adopted descriptive and explanatory research design for compatibility with the research objective.

### *1. DESIGN AND SAMPLE*

A structured questionnaire was applied for the data collection. Moreover, the study has covered construction enterprises involved in the construction industry in Kathmandu, Nepal. The estimated sample size for the study was 384 as the population of the study was unknown and the exact number could not be figured out. Thus, a total questionnaires of 426 were distributed to the target respondents intending to accumulate 384 questionnaires. However, the total useful returned questionnaires from respondents were only 216 (50.70 percent). The sample size for the study was determined based on the international provision for choosing 384 sizes for the unknown population. Further, the employees working in the construction enterprises including the owner were the target respondents. Moreover, Kathmandu Valley-based construction enterprises operating in the nation were the sample organizations for the study. This survey included respondents holding different demographic profiles with educational backgrounds and marital status. The study employed descriptive and inferential statistical techniques for the analysis. The correlation and regression analysis was conducted to assess the strength of the association and the impact of predictors on outcome variables. The multiple linear regression model for the performance of small Construction enterprises is given by:

### *2. MODEL OF THE RESEARCH*

The research model illustrates how the factors relate to one another in order to better understand the direction and strength of the correlation, as well as how it affects the sustainability of construction companies. The framework's independent variables, which embrace the sustainability of the construction industry as an outcome variable, include the state of the economy, human resources, and supply chain. The model of the study aims to examine how supply chain, human resource, and economic factors affect the sustainability of construction companies in Kathmandu, Nepal, is also shown. Similar to this, the main independent variables (IVs) are the supply chain condition (SCC), human resource condition (HRC), and economic condition (EC), while the dependent variable (DV) is the sustainability of construction enterprises (SCE).

$$Y = b_0 + b_1 x_1 + b_2 x_2 + b_3 x_3 + \epsilon \quad (1)$$

Where Y is the performance of construction enterprises, $x1$ is economic conditions (EC), $x2$ denoted as human resource conditions (HRC), $x3$ is supply chain conditions (SCC) and $\epsilon$ denoted as error term.

Furthermore, the research questionnaires utilized in the study contained two different segments: the first segment reveals and accumulates basic information from respondents, and the second segment of the questionnaire was architected to gather the opinion-based views of respondents on factors determining the performance of construction enterprises. Thus, each construct of this research and items statement adopted in the study presented a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. Next, the construct human resource condition was adopted from the previous study [3]. Similarly, the construct economic condition utilized in this survey was adopted from the earlier research [43], and the next construct supply chain condition was derived from the previous study [8]. Finally, the construct performance was also adopted from the earlier study [15].

### *3. VALIDITY AND RELIABILITY OF DATA*

The research conducted Cronbach's alpha to assess internal consistency. The Cronbach's alpha value of all study variables was examined. The Cronbach's alpha value of overall score exceeds the threshold requirement of 0.70 revealing the actual value of alpha 0.822. This ensures that internal consistency is found for the study.

## IV. RESULTS

### *1. DESCRIPTIVE STATISTICS*

Table 1 shows the demographic profile of participants derived from 216 respondents. The majority of respondents having the age group ranging from 41 to 50 years remained 76 (35.20 percent) and the least group of participants belonged to the age group between 20 to 30 years 4 (1.90 percent). The participants representing the married group represent the leading portion of respondents 201 (93. 10 percent) and the least of them were divorced marital status of respondents 4 (1.80 percent). Similarly, the educational background held by survey participants shows that intermediate level of education holders remained the majority of respondents in the survey 60 (27.80 percent) and less of the respondents holding master degree remained as least group of participants 6 (2.80 percent).

**Table 1.** Demographic profile of the respondents.

| **Demographic Variables** | **Frequency** | **Percentage** |
|---|---|---|
| **Age of the contractors (in years)** | **Age of the contractors (in years)** | **Age of the contractors (in years)** |
| 20-30 | 4 | 1.9 |
| 31-40 | 64 | 29.6 |

| | | |
|---|---|---|
| 41-50 | 76 | 35.2 |
| 51 and above | 72 | 33.3 |
| Total | 216 | 100.00 |
| Marital Status | | |
| Married | 201 | 93.10 |
| Unmarried | 11 | 5.10 |
| Divorced | 4 | 1.80 |
| Total | 216 | 100.00 |
| Educational status of the respondents | | |
| Up to secondary education | 60 | 27.80 |
| 10+2 Level | 97 | 44.90 |
| Bachelor Level | 53 | 24.50 |
| Master and above | 6 | 2.80 |
| Total | 216 | 100.00 |

*2. REGRESSION ANALYSIS*

The regression analysis employed in the study investigates factors affecting the performance of construction enterprises based on economic conditions, human resource conditions, and supply chain conditions as predictors. The following results show the regression analysis:

**Table 2.** Regression coefficient.

| Description | Beta | T-value | P-value | VIF |
|---|---|---|---|---|
| (Constant) | 4.256 | 11.523 | 0.000 | - |
| Economic Conditions (EC) | 0.328 | 8.650 | 0.027 | 1.187 |
| Human Resource Conditions (HRC) | 0.412 | 10.814 | 0.015 | 2.716 |
| Supply chain Conditions (SCC) | 0.330 | 9.322 | 0.031 | 2.254 |

Table 2 shows the regression coefficient for investigating the impact of economic conditions, human resource conditions, and supply chain conditions on the performance of construction businesses in Kathmandu, Nepal. The beta coefficient showed a positive and significant impact of the economic condition on the performance of construction enterprises ($\beta = 0.328$, $p < 0.05$). It means as the economic condition improves it positively contributes to fostering the better performance of construction enterprises. Additionally, a one percent increase in economic condition helps to increase the performance of construction enterprises by 0.328 percent. Similarly, the beta coefficient for the human resource condition shows a positive and significant impact on the performance of construction enterprises ($\beta = 0.412$, $p < 0.05$). As human resource condition improves in the organization, it leads to an increase the performance level of construction businesses. It reflects that a one percent increase in human resource conditions increases the performance by 0.412 percent in construction enterprises. Finally, the beta coefficient for supply chain condition shows a positive and significant impact on the performance of the construction business in Kathmandu ($\beta = 0.330$, $P < 0.05$). It demonstrates that an increase in supply chain conditions positively fosters the performance of construction enterprises. It further reveals that a one percent rise in supply chain conditions enhances the performance of construction enterprises by 0.330 percent. Therefore, all the predictor variables consisting of economic condition, human resource condition, and supply chain condition positively and significantly impact the performance of construction enterprises. Thus, this evidence derived from the analysis of the data

contributed to the research questions, objectives, and research hypotheses revealing the consistent findings being compatible with formulated hypotheses.

**Table 3.** Summary of hypothesis.

| Hypotheses | P-value | Remarks |
|---|---|---|
| H1: Economic conditions have a positive and significant impact on the performance of construction enterprises in Nepal. | 0.027 | Supported |
| H2: Human resource conditions have a positive and significant impact on the performance of construction enterprises in Nepal. | 0.015 | Supported |
| H3: Supply chain conditions have a positive and significant impact on the performance of construction enterprises in Nepal. | 0.031 | Supported |

Table 3 shows the summary of hypotheses formulated for the study. The first hypothesis: H**1**: Economic conditions have a positive and significant impact on the performance of construction enterprises in Nepal which was found positive and significant as p-value < 0.05. Next, the second hypothesis: H**2**: Human resource conditions have a positive and significant impact on the performance of Nepal's construction enterprises, which was also supported by its p-value < 0.05. Finally, the third hypothesis: H**3**: Supply chain conditions have a positive and significant impact on the performance of construction enterprises in Nepal found to be supported by its p-value < 0.05. Therefore, this evidence from the data analysis helped to establish the study questions, objectives, and hypotheses by demonstrating that the consistent findings were in line with the hypotheses that were developed.

## V. DISCUSSION OF RESULTS

The research conducted in the Kathmandu Valley mainly aimed to investigate the factors determining the performance of construction enterprises consisting of the major factors: economic conditions, human resource conditions, and supply chain conditions as independent variables and performance of construction enterprises. The findings of the investigation showed a positive and significant impact of economic conditions on the performance of construction enterprises. It indicates that better economic condition is a key factor in fostering the performance of construction enterprises. This finding is in the same direction as the empirical findings of previous research [38, 33, 26]. Similarly, the findings of the research revealed a positive and significant impact of human resource conditions on the performance of construction enterprises. It depicts that better conditions of human resources foster the performance of construction enterprises. This finding is consistent with the findings of previous research [33, 47, 45]. Finally, the supply chain condition positively and significantly impacted the performance of construction enterprises. It shows that a sound supply mechanism is always a driver of better performance of enterprises. This result is in direction with the findings of previous research [1, 49, 7, 50].

## VI. CONCLUSION

The aim of this study was to examine the elements that influence the performance of construction enterprises in Nepal. The study's findings demonstrated that economic conditions have a favorable and considerable effect on the performance of construction enterprises. It can be inferred that the state's improved economic situation aids in the expansion of the construction sector's business performance, demonstrating the need of maintaining steady economic growth for the long-term viability of business organization. The findings of this study revealed a positive and significant effect of human resource condition on the performance of construction enterprises, implying that better performance in each enterprise is dependent on its sound human resource condition, which includes skilled, committed, motivated, and competent human resources,

which are the drivers of sound organizational performance. Finally, the supply chain condition was discovered to be favorable and substantial in the performance of construction businesses. It can be inferred that a systematic supply chain environment of its supplier and a supply chain system of its own business greatly contribute to improving the performance level of the construction organization. Furthermore, the discovery of this result adds to the current literature by identifying and exposing evidence from the Nepalese context. Furthermore, the study's findings can be used by construction business entrepreneurs to make strategic decisions that improve their performance and sustainability. Next, the findings can help policymakers and other stakeholders investigate underlying economic, human resource, and supply chain factors in order to improve performance and its seamless operation. However, this study has limitations because it used a small sample size, cross-sectional data, a less number of influencing variables, and only covered the Nepalese geographical region. Thus, further research can take place using larger sample sizes, variables, and approaches that encompass various geographical and organizational locations.

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## Author Contributions

Basu Dev Lamichhane: Conceptualization, Methodology, Data Analysis, writing –review & editing, Writing –original draft, supervision. Padam Bahadur Lama: Supervision, Methodology, Data Analysis, Writing –review & editing. Rita Subedi: Conceptualization, Methodology, Data Analysis, Writing –original draft, Design, Methodology, Surya Prasad Timilsina: Data Collection, Writing –review & editing, Resource Management, Data Analysis, Supervision

## Conflict of Interest

The author(s) declared no potential conflicts of interest concerning the research, authorship, and/or publication of this article.

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