

CULTURE IN INTERNATIONAL CONSTRUCTION

WILCO TIJHUIS
AND
RICHARD FELLOWS



Spon Press

Culture in International Construction

Despite the wide range of technologies involved, the construction industry still relies very heavily on people. Clients, managers, designers, investors and a whole host of other stakeholders are all involved in a crucial series of relationships that may be more important for project success than technical know-how. As construction projects become increasingly international, as well as interdisciplinary, the risks and costs of disharmonious working become ever larger. The growth of IT and the increased occurrences of mergers and joint ventures have created new problems, which require new solutions.

Recent research has generated profound insights into international differences in business culture. This new work presents up-to-date theory and practical guidance, identifying situations in which cultural differences present challenges. A focus on ‘critical incidents’, demonstrated in a range of case studies, will help readers to foresee situations in their own projects and processes, and so improve strategic and operational decision-making in construction collaborations. Detailed examples are taken from the Netherlands, Germany, Poland, Turkey, the UAE and China to explore a variety of problems in very different economic and cultural surroundings.

A range of professionals (contractors, developers, investors, architects, engineers, governments and public/private clients) will find this book highly valuable, as will researchers and students.

Wilco Tijhuis is a construction professional and entrepreneur. After starting his career in international positions in construction and development, he founded his own company. He is also active as an Assistant Professor at the University of Twente in the Netherlands on a part-time basis, specializing in international construction processes. His main research interests are strategy, management and risk, procurement and culture in construction. He is a joint coordinator of the international platform CIB W112 ‘Culture in Construction’.

Richard Fellows is Professor of Construction Business Management at Loughborough University, UK. He has taught at a number of universities in the UK, Hong Kong, China and beyond. He is a founder and joint coordinator of the international platform CIB W112 ‘Culture in Construction’. His main research interests are economics, contracts, organization and project management, and culture in construction.

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and
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For our beloved families

Men's natures are alike; it is their habits that carry them far apart.

Confucius

Chinese philosopher and reformer (551–479 BC)

Since we cannot know all that there is to be known about anything, we ought to know a little about everything.

Blaise Pascal

French mathematician and physicist (1623–1662)

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Preface

About the book

In the international world of the construction industry there is continuing dynamic movement, transforming (huge) amounts of capital, energy, materials and so on into magnificent results: houses, bridges, tunnels, offices, skyscrapers, highways, dams, dikes, pipelines and the like. In short, today's construction industry influences many parts of the economy and the environment, with all the pros and cons, regarding improved living circumstances, hygienic sanitary facilities, better road connections, reliable power supply, but also environmental influences, legal disputes, quality problems, cost and time overruns and so on. Nevertheless, the centre of this worldwide industry, with its local roots, is still the human being: clients, employees, managers, contractors, architects, engineers, users, investors and other stakeholders. Especially because all these individuals, and the organizations to which they belong, play their own roles, pursue their own interests, and do so within their own business-cultural backgrounds, this makes construction business a real people business. That also explains the central theme of this book, *culture in construction*, which considers the importance of business-cultural backgrounds and how business culture influences people and their organizations within the daily international construction business.

This book includes extensive insights from hands-on experiences in selected case studies, combined with a state-of-the-art overview of latest results from leading research, collected and conducted on a global scale.

About the readers

Because of its thorough description and mix of practical experiences and theoretical analyses of national and international aspects of culture's influences on modern construction processes, this book provides essential reading for professionals in the construction business (e.g. executives, managers, consultants, clients), for academics and for students. The subject 'culture in construction' is handled not just from the viewpoint of problems and threats, but especially pointing at opportunities and strengths in national

and international business environments. Through its extensive list of useful references, it provides a valuable source for further study and improving awareness of this challenging topic.

About the authors

Dr.ir.ing. Wilco Tijhuis, BSc, MSc, PhD, has worked in the international construction industry since around 1987. After his bachelor's degree in construction technology, he began work in Germany and the Netherlands as a project coordinator for the contractor company Wessels Group. After his master's degree in construction management and development from Eindhoven University of Technology (the Netherlands) in 1992, he worked until 1997 as a project manager and business and market developer in the Berlin region for Kondor Wessels Group NV, an international contractor company at that time listed on the stock exchange (the present-day company Volker Wessels). Parallel to that professional period he also graduated as a PhD from Eindhoven University of Technology (the Netherlands). In 1997 he founded his own holding company, WT/Beheer BV (www.wtbeheer.com), and he is also a shareholder in NTGroep (www.ntgroep.com) and internationally active in concepts, processes and projects. Being a board member, he was and is regularly involved in development and construction projects in, for example, the Netherlands, Germany, the Middle East, Central Europe, South Africa and China. Since 1997 he has also been a part-time assistant professor at the University of Twente (www.utwente.nl), specializing in international construction processes, procurement and business culture. As a management professional and entrepreneur he regularly supervises post-doctoral MBA students at TSM-Business School (the Netherlands) in the field of construction and development processes, strategy and risk management. Since 2004 he has been a joint coordinator of the international research platform CIB W112 'Culture in Construction' (www.cibworld.nl). Wilco is a member of the Dutch Royal Institute of Engineers (KIVI). He has written several papers, reports, book chapters, journal articles and contributions to international conferences, and has lectured and presented to students, academics and professionals in the worldwide academic community as well as in the international construction industry.

Richard Fellows, BSc, PhD, FRICS, FCI OB, MCIArb, is Professor of Construction Business Management at Loughborough University, UK; previously, he was a Professor in the Department of Real Estate and Construction, The University of Hong Kong, and Professor of Culture in Construction at Glasgow Caledonian University, UK. He graduated from the University of Aston and has worked as a quantity surveyor for several major contractors. Richard has a PhD from the University of Reading, has taught at a number of universities in UK and other countries and was coordinator for research in construction management for the Engineering and Physical Sciences Research Council in the UK. His research interests concern economics, contracts and

law, and management of people in construction – especially cultural issues as drivers of behaviour and performance. He was a founder and for many years was joint coordinator of the CIB group, W112 ‘Culture in Construction’. Richard has published widely in books, journals and international conferences and is qualified as a mediator.

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Rijssen (the Netherlands)
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Acknowledgements

Working in the academic environment and in the international construction and development industry are challenging professions. As authors of this book, we both daily experience several actual challenges within both disciplines, as our readers will also do within their daily practices and backgrounds. This is often encouraged by working with colleagues and professional partners from several different cultural backgrounds, meeting them within international working activities and during travelling around the world. This makes every day still a challenge with continuously improving insights and experiences. The connection between these disciplines is in fact the central basis of this book:

The construction industry itself and the professional people working within it.

Without this (dynamic) construction sector and the daily input of its enthusiastic professionals, there is hardly any reason for an applied science such as a construction management discipline to exist. On the other hand, the construction industry has the advantage of the availability of (academic) developments and output such as education and training programmes, technological and process innovations. In general, and especially within the context of writing this book, the authors therefore wish to thank all the parties involved for their willingness to open their archives for us, and for sharing their experiences with us.

Although originating from a broad scope of available case studies and experiences, the selected case studies in this book focus on critical moments during construction processes, in order to learn from them. It is worth noting that all the case studies described resulted in more or less satisfactory positive solutions for all the parties involved. The analysed (parts of the) construction processes, in which those solutions were realized, were for us as authors indeed a valuable source of experiences and lessons, seriously acting as ‘food for thought’.

However, we do realize that lessons learned from these selective case studies are still just a small part of the quite complex world of (business)

culture: *the differences and dynamics related to habits and daily behaviour of human beings within their (working) environment*. Therefore, we, as authors, want to emphasize the continuing challenge and need for further academic building and improving of theoretical models and structures, but preferably not without also collecting experiences from the daily practice of industry; thus, following the famous British saying that ‘the proof of the pudding is in the eating’. We therefore wish that through this book we may give all our readers at least interesting ingredients for cooking their own pudding, which may possibly lead towards their own challenging recipe!

July 2011

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1 Introduction

Introduction

It is indisputable that construction constitutes a vital part of any country's economy. Perhaps more importantly, construction also constitutes an essential component of every society, no matter what its level of so-called development. Those two self-evident observations provide the rationale for this text; not really the former aspect, which has been addressed extensively over the years by many specialists, but primarily the latter, which, although not ignored, has received only scant, passing attention.

Of course, it would be foolhardy to suggest that the two aspects of economy and society are separate – they are inexorably intertwined, both with each other and with further aspects, notably technology, law and politics. It has long been acknowledged that construction is a labour-intensive industry, although measures of labour intensity, degrees of labour intensity and forms of labour intensity vary around the globe and over time. Not only are the physical artefacts output by the industry of great importance but so are the socio-economic processes involved in producing the infrastructure and buildings and in maintaining their stock in useful condition. What that suggests is that understanding the structure of the industry, and its inter-relationships with other social and economic activities and institutions, is essential to appreciating construction's roles and contributions at all levels – macro, meso and micro – as well as in relation to those individuals involved in, and associated with, the industry.

Generally, construction provides 'producers' goods', with housing being the notable borderline subsector; however, for all outputs of the industry, the demand is 'derived' – the goods are demanded not for their own sake but for what they contribute to other activities of, or close to, direct consumption. That means that the contributions which construction outputs make to final demand activities are really what is demanded: shelter, security and so on. That nature of demand means that performance of the industry in (producing and) assembling the final outputs is judged against what is really being demanded by the immediate consumer (usually, the 'commissioning client' or the 'employer' in a construction contract). Further, the activities of