



# Cross-cultural project management for international construction in China

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## Abstract

The need to recognise and manage other cultures is an important component in this era of globalisation. With China poised to take on a more dominant role in the world economy, there is a pressing need to understand the Chinese style of management. Likewise, foreign project managers who deal with construction projects in China should be fluent in cross-cultural management. This paper examines key concepts in cross-cultural management as well as key functions in construction project management with specific reference to China. A real life case study of the New Chinese Hotel project in China will be presented to show how the interaction between cross-cultural management and construction project management can affect the outcome of a project. Lessons on the Chinese style of management will be drawn from the case study for international construction firms. © 2000 Elsevier Science Ltd and IPMA. All rights reserved.

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## 1. Introduction

There is no one single definition which encapsulates the term ‘culture’ wholly. It has been referred to as shared values, expectations and norms found within countries, regions, social groups, business firms and even departments and work groups within a firm[1]. Culture is also that complex whole which includes knowledge, beliefs, arts, morals, customs and any other capabilities and habits acquired by man as a member of society. It is a distinctive way of life of a group of people which forms their complete design for living[2]. It comprises “the behavioural norms that a group of people, at a certain time and place, have agreed upon to survive and co-exist”[3]. Cross-cultural management then refers to the control and organisation of two or more cultures. The involvement of frequently large organisations in construction outside

their national boundaries, including the establishment of subsidiaries in other countries, is classified as ‘international construction’[4].

Each country in which such organisations operate in can have a distinct economic, political, legal, cultural and competitive context which businesses must respond to positively. The problem of integration will obviously occur for a construction firm which operates in many different countries. Integration can, however, be a daunting task as it involves maintaining a balance between global efficiency and being responsive to local cultural difference in the host countries. Consequently, to succeed in the international marketplace, construction businesses must deal effectively and efficiently with the diverse cultures encountered. International construction is not an entirely new concept. It has its genesis in the numerous military installations and public works projects undertaken by colonial governments even before the 20th century. This is particularly true between the two world wars when infrastructural projects were undertaken either by an agency of expatriate engineers who occupied the senior echelons in public

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works departments, or by consulting engineers who sent their representatives to direct and supervise the works of local labour. The operations undertaken by the British Colonial Office in Africa, Asia and the Caribbean are good examples of overseas construction works undertaken in the past. In the period following the end of World War 2, international construction activities followed very much the same pattern witnessed between the two world wars. As colonies gained independence in the 1950s and 1960s, new governments were formed who realised the need for major infrastructural development. This fuelled the demand for experienced builders and designers, the bulk of whom came from developed countries[5]. The scope for international construction in developing countries was also boosted considerably following the emergence of international funding institutions such as the World Bank and the Asian Development Bank. Many contractors from the developed world were involved with construction works funded by these agencies in developing countries. The petrodollar boom in the Middle East and elsewhere in the 1970's also witnessed a marked expansion in international construction activities[6]. International construction also gained prominence in the newly industrialising economies of Asia, at least until mid-1997 when the Asian currency crisis set in[7].

It is clear from the above history of international construction business that modern-day construction firms no longer operate solely in their domestic markets. Consequently, they have to increasingly deal with individuals from other cultures. Project managers from these firms must therefore develop skills to interact with individuals whose behavioural attributes are influenced by other cultural priorities. The following skills are important for project managers in the international marketplace:

- effective communication skills;
- effective leadership skills;
- good interpersonal skills;
- adaptability and flexibility;
- functional/technical strengths

Without these skills, project managers on overseas postings may be hindered by cultural problems which can lead to unnecessary costs/losses to their companies. Nevertheless, while effective cross-cultural management can make or break a building project overseas, it is not the only one significant factor which determines the success of the venture. Other factors which are equally significant may include the demand level for construction services in the host country; supply of capital, materials and labour; activities of competitors; national and international economic trends; laws and regulations as well as organisational culture.

This paper focuses on two areas. It will examine key

concepts in cross-cultural management as well as key functions in construction project management with specific reference to China. With this background in mind, a real life case study on the New Chinese Hotel project in China will be presented to show how the interaction between cross-cultural management and construction project management can affect the outcome of the project. Lessons on the Chinese style of management will be drawn from the case study for international construction firms. The main areas to be covered in this paper are shown in Fig. 1.

## 2. Cross-cultural management

Personal relationships are very important in Asian cultures. Asians have a tendency to first develop personal relationships with their business partners before getting down to the specifics of negotiation. Family ties and kinship, in particular, feature prominently in Asian business dealings. There is also a tendency to keep relations harmonious by not talking directly about problems. Confrontations are avoided and human relationships are highly valued in Asian societies. In contrast, personal relationships to the Americans are less important when doing business. Americans like to get to the point more quickly and directly even though such an approach may embarrass someone personally and publicly[8]. Cultures with a high social conscience, as in China, prefer to work in teams and to make decisions through group consensus. Other cultures, as in North America, place a high premium on individualism and individualistic reactions. People in these cultures are not inherently team players[1]. Some cultures such as those in Asia, Northern Europe and South America also emphasize social status which is reflected, among other things, in seating arrangements and other protocols based on positions. On the other hand, the North American culture tends to place more emphasis on competence. In cultures where status is important, as in Japan and China, talking about problems directly with a person in public is avoided so as not to embarrass the person or downgrade his status[3]. The time element also holds different connotations in different cultures. A monochronic time perspective refers to the treatment of events in an orderly fashion where things are done separately and time is compartmentalised, organised and controlled. It also tends to focus on the present or immediate future and believe that an individual can affect future outcomes. Monochronic cultures are prevalent in North European and North American countries. On the other hand, a polychronic time perspective is endless and where there is plenty of time which has no beginning or end. More importantly, many events can all happen at the same time. This perspective is preva-

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