

The Soft Power of Construction Contracting Organisations

Edited by

Sai On Cheung, Peter Shek

Pui Wong and Tak Wing Yiu

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First published 2015
by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

and by Routledge
711 Third Avenue, New York, NY 10017

Routledge is an imprint of the Taylor & Francis Group, an informa business

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British Library Cataloguing-in-Publication Data
A catalogue record for this book is available from the British Library

Library of Congress Cataloging in Publication Data
The soft power of construction contracting organisations / edited by Sai On Cheung, Peter Shek Pui Wong and Tak Wing Yiu.
pages cm

Includes bibliographical references and index.
1. Construction industry—Management. 2. Construction contracts. 3. Negotiation in business. I. Cheung, Sai On.
HD9715.A2S555 2015
692'.8068—dc23
2014033646

ISBN: 978-1-138-80528-6 (hbk)
ISBN: 978-1-315-75246-4 (ebk)

Typeset in Sabon
by FiSH Books Ltd, Enfield



Printed and bound in Great Britain by
TJ International Ltd, Padstow, Cornwall

The Soft Power of Construction Contracting Organisations

As is true across the industry, the non-technical skills possessed by construction organisations are key to their overall performance. In this study, the particular importance of optimising the so-called 'soft power' of organisations is addressed. Things like organisational culture, corporate learning behaviour, and building trust-based relationships with other stakeholders are seen as facets of a broader organisational capability, and the advantages of this strength are also explored.

The internationally conducted research behind this book identifies the importance of soft power to construction contracting organisations, and also shows what actions an organisation can take to improve its soft power. Readers of this book will gain new insights into effective management, from both inter- and intra-organisational perspectives. This unique and important book is essential reading for researchers and advanced students of construction management.

Sai On Cheung is a chartered quantity surveyor by profession. Before joining academia, he had substantial experience in contract administration with both consultant office and construction contracting organisations. Building on these experiences, Professor Cheung established the Construction Dispute Resolution Research Unit (CDRRU) and has developed research programmes in organisation issues in construction, contract and dispute management. He has also published widely in these areas. He has received two CIOB awards for his research in construction partnering and use of information technology to minimise dispute. A collection of his research in dispute management was published as the research monograph *Construction Dispute Research* in 2014. In addition, Professor Cheung is a recipient of the 2010 City University of Hong Kong Teaching Excellence Award.

Peter Shek Pui Wong is a Senior Lecturer at the RMIT University, overseeing the quantity surveying-related courses the university offers in Australia, Singapore and Hong Kong. Before embarking on his academic career, Dr Wong worked as a quantity surveyor with Rider Levett Bucknall Ltd, and was involved in a number of prestigious construction projects. He has a proven track record of publication in reputable construction management journals. He is a founding member of the Construction Dispute Resolution Research Unit (CDRRU) and the cluster leader of the greater China region of the Research Centre for Integrated Project Solutions of the RMIT University. He fosters a strong linkage between applied research and the industry.

Tak Wing Yiu is a Senior Lecturer in the Department of Civil and Environmental Engineering at the University of Auckland, and previously he worked in the field of quantity surveying. He is a founding member of the Construction Dispute Resolution Research Unit (CDRRU) and has conducted construction contracting, negotiation and mediation research for more than 10 years. He has built a proven track record, and most of his research outputs have been published in the top journals of these areas. Dr Yiu was a recipient of the 2012 ASCE JIADR Best Forum or Synopsis Paper Award and recognized as 2013 ASCE JIADR Outstanding Reviewer.

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To members and supporters of the Construction Dispute
Resolution Research Unit, with heartfelt thanks

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Contributors

Chung Wai Keung is a chartered quantity surveyor and worked in an international consultant firm before City University of Hong Kong. His main research interests are in construction project networking and BIM management. His research aims to improve construction efficiency and cooperation through BIM deployment and promote collaborative project network to enhance BIM management.

Pui Ting Chow is a member of the Construction Dispute Resolution Research Unit. She received her PhD for a study in withdrawal during dispute negotiation from the City University of Hong Kong. The study won the Hong Kong Institute of Surveyors Best Dissertation Award (PhD category) in 2011. She has published in topics of negotiation strategies, trust development and dispute behaviour modelling. Her current research focuses on land use, innovation and sustainable development.

Wei Kei Wong is a chartered quantity surveyor. In 2004, she joined the Construction Dispute Resolution Research Unit of the City University of Hong Kong and completed a research study on trust for a Master of Philosophy. The study won the Hong Kong Institute of Surveyors Best Dissertation Award (MPhil category) in 2006. Miss Wong is now a contracts engineer in a railway operator in Hong Kong.

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Ka Ying Chan had solid experience in quantity surveying practice before joining the Construction Dispute Resolution Research Unit of the City University of Hong Kong. Her principal research is on ways to build trust in construction contracting. Her current research studies include organizational capability for innovations. She is a co-editor of a catalogue of Hong Kong construction innovations published the Unit.

Hoi Yan Pang received her Master of Philosophy in 2010. The study examines the occurrence likelihood of construction disputes and won the Hong Kong Institute of Surveyors Best Dissertation Award (MPhil category) in 2011. In addition, she has worked on research in trust inventory, organisational culture and construction dispute. She organized an urban design competition and published a handbook for the topic.

Foreword

Construction is a huge business around the world with approximately one in ten people earning their living by working across the value chain in the delivery of new projects, ranging from small housing extensions to megaprojects, such as the upgrading of the Panama Canal or the building of the Kingdom Tower in Saudi Arabia over one kilometre high. Whilst the big projects grab the headlines, there is a huge amount of work in maintaining the existing built environment facilities. Construction is changing very fast, construction companies must react quickly to change or they face extinction. Clients want their projects cheaper with better value for money, they also want faster delivery, more certainty, higher quality, improved attention to safety and health, and to minimise their risk exposure. Technology has changed the materials used in the industry, and information and communication technology has changed the way projects are designed. Building information modelling is helping to improve the way information is used and will be transformational. Regulations must continually adapt to new realities of governance and standards. But, it is the people and the soft skills that make the companies and the industry work. Pieces of paper and regulations do not build projects or companies, they are necessary, it is the people that ensure projects can be delivered to meet the client expectations.

Because of the complex and diverse nature of construction, things do go wrong and disputes occur. Settling disputes takes a long time and is costly in financial, emotional, relationship, and business terms. Understanding aggressive behaviour and conflict means that a better understanding of people and organisations is needed.

Against this backdrop, this book on soft power meets a valuable need, it stimulates new ideas and new approaches to the management of a construction business, it suggests ways to improve and be more competitive. Most importantly, it encourages us all to think differently about what we do and how we do it. It is well written by a variety of authors who show they have really thought about the topics of performance, productivity, relationships, disputes, and trust in the industry. People are the backbone of the industry, there is a realisation of the importance of the soft factors that shape an organisation and influence behaviour, values, and ultimately, performance.

Soft power is an interesting term that reflects the importance of putting people and the soft issues at the heart of a business.

The keywords that describe the book are competitiveness, collaboration, culture, co-operation, understanding, creativity, learning, and trust. The authors are well known for their work in the area of trust and relationships. Competitiveness is very complex and multi-faceted. Twenty years ago being the lowest bidder on a project secured the work; in the changing construction industry of today that is not enough. Companies must prove they are ethically responsible, care about the environment, have safe working practices, and have employees who behave professionally and deliver on their promises. The best companies in the world are acutely aware of the need to become more professional in project delivery and relationship building. Organisational culture plays an important role, as does driving out inefficiencies and minimising disputes.

The book is a good balance between theory and practice. It uses research results to back up some of the ideas being put forward in the chapters. It will help the practitioner and the student to think again about how soft skills and power can be better understood. It is multi-disciplinary and uses economic theory with psychology, sociology, combined with the traditional construction disciplines.

The chapter on analysing aggressive cooperation drivers in construction organisations is fascinating. All companies think of themselves as fair, reasonable, harmonious, and collaborative, yet the chapter makes the reader think again. Contracts are fine when everything is working as planned, yet when something goes wrong, companies reach for the contract to settle any disagreements and aggression can manifest itself. With more international joint ventures, this could be a very important factor in the decision to joint venture with a company from overseas. The chapters on organisational learning provide an interesting insight into how companies really do learn. Companies need to recognise that theory can play an important role in shaping their ideas; catastrophe theory and complexity theory may not be in their everyday vocabulary, but it is when projects do not go according to plan.

I commend the book and the authors, I hope that this is the first step in a journey to understand how soft power is such an important factor and influence in the construction industry around the world.

Roger Flanagan
University of Reading, UK
Past President of the Chartered Institute of Building

Preface

The construction industry is well known to be very competitive. In recent years, construction costs have risen significantly, particularly for complex projects and environmentally friendly designs. To be competitive, many construction contracting organisations (CCOs) adopt a short-term approach of cost-cutting through outsourcing. However, this approach gives little incentive to enhance the long-term competitiveness of their organisations. This hampers the ability of construction contracting organisations to cope with new challenges. Other than technical competence, non-technical skills possessed by an organisation play an important role in project delivery. Thus it is important for CCOs to optimize the use of their resources. This book posits to identify the non-technology-based competitive edges of CCOs. These areas are called 'soft power', signifying the organisational strength of CCOs that differentiate them from other competitors. Soft power is not costly and would be treasured by project clients who value the ability of CCOs in delivering projects amicably.

This book is a collection of studies focusing on the ways construction contracting organisations can enhance competitiveness by developing organisational strength that distinguishes them from their competitors. Three types of ability are discussed: (i) ability to work collaboratively in a competitive environment; (ii) ability to be a learning organisation; and (iii) ability to minimise non-productive use of scarce resources. These abilities are collectively termed as 'soft power'. Each chapter can also be read as a stand-alone research study. This book has four sections.

In the first section, competitiveness is examined from an organisational capacity-building perspective. The construct of soft power is discussed. CCOs with exceptional soft power will have a competitive edge over their competitors. Three types of ability are discussed: (i) ability to work collaborative in a competitive environment; (ii) ability to be a learning organisation; and (iii) ability to minimize non-productive use of scarce resources. Each type of ability is examined seriatim in three sections.

In the second section, whether collaborative working is feasible in competitive contracting environment is explored. Project performance is inevitably negatively affected by protracted disputes. The resulting deterioration of the