THE INFLUENCE OF CULTURE ON INTERNATIONALISATION OF CONSTRUCTION

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ABSTRACT

The construction technology used in one part of the world is easily replicated I another part, so long as the necessary infrastructure is in place. Often the physical infrastructure can be acquired in one way or another, but the human dimension of the technology has been a persistent puzzle over the years, especially in the unfolding globalisation era.

This keynote address seeks to highlight the cultural problem that encounters the management of construction firms that operate in places whose cultural context is different from theirs. It concludes that although some studies have been carried out on the various aspects of management, there are various implications of culture upon future research agenda.

Introduction

In the last ten years there has been a massive increase in internationalisation and globalisation of business. This process of internationalisation of trade has been institutionalised by various international agencies such as:

    GATT (General Agreement on Tariffs and Trade)
    GATS (General Agreement of Trade and Services)
    WTO (World Trade Organisation)
    EU
    NAFTA (North American Free Trade Area)

Whilst these institutions exist they do so primarily to the advantage of the developed world; developing countries have largely been excluded from these fora.

Construction has been included in this phenomenon and an RICS document 'QS 2000' identifies "threats from foreign contractors increases as Europe becomes more integrated".

This phenomena is repeated internationally - global organisations dominate brands and brands dominate trade. In this context it is tempting to say that we are seeing globalisation pushing aside local concerns.

Is it a world which is getting smaller, moving towards what Marshall McLuhan called the 'global village' in which national cultures are disappearing? Moreover do a pervasive set of management ideologies deracinate individual and national behaviours? Do the iron laws of science apply also to the practice of management wherever we are in the globe?

I am of the view that culture does matter in creating good management practice, no more so than in construction where labour, materials, plant, management and money are often brought together from sources which are international rather than local.

It is tempting to think that we live in a converging world, we will all be wearing Levi's, Nike trainers, Tommy Hilfiger T-shirts whilst tuning in to CNN with a Carlsberg beer and a MacDonald's in front of us. An appalling thought but the pressure to converge has released new pressures to diverge.

I live in Scotland; now with its own parliament, the first since 1707. Searchers for separate cultural identities exist in Ireland, Spain, France, Belgium, West Africa, the former Soviet Union and most depressingly the

former Yugoslavia. This diversity of cultural identity also influences management practice which is often locally based. In consequence most international construction organisations will recognise that managing good relations across different cultures is an essential pre-requisite for managing projects effectively.

Much of the early work on culture and its influence on international business was developed by Hofstede (1984). He asserted that cultural differences of a country can have a significant influence on the effectiveness of international companies' operations. In Hofstedes' earlier studies the pattern of trade involved the movement of resources used for construction.

Historically the pattern of international construction has been for trade between developed, newly industrialised and un-industrialised countries to have the following model of transactions.
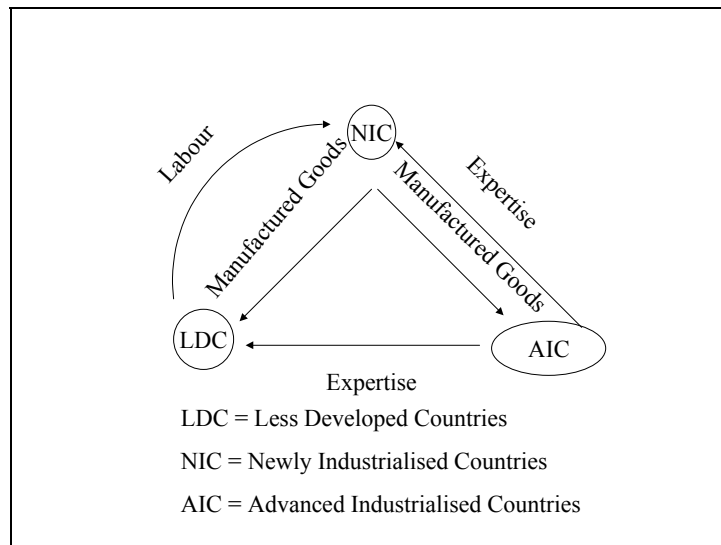

Figure 1. Trades between countries

Understanding the human dimension amidst these transactions we can postulate that
- Cultural values are different in different parts of the world
- Behaviour is shaped by these cultural groupings
- How organisations operate will be shaped by the **culture?**

What is culture in the context of construction?

The first issue in unpacking this question is to ask what is culture? Culture will be recognisable in two areas; firstly large construction organisations will have a corporate or business culture which distinguishes it from its competitors. This corporate culture will be shaped by the national, regional and local culture in which the firm operates. Spanning these two territories it has often been difficult to define culture. Numerous definitions have been assigned. Simplistically, culture may be defined "as the way we do things round here". More complexly it is the synthesis of attitudes, values, beliefs, behaviours, work ethic, business ethics, attitude to environment, interaction with others, religion, stereotypes which have been passed on or learned. Mead (1994), (not the classical anthropologist) defines culture as comprising the factors shown in Figure 2.

Culture may be transmitted tangibly as well as behaviourally. The tangible cultural symbols may be related to built form in vernacular architecture: the wearing of the cross, the crescent, the turban etc or a patterned way of thinking or feeling. However it is perhaps not fruitful to anatomise culture into constituent parts but more to see culture as an expression of a search for meaning in attitudes, behaviour and customs.
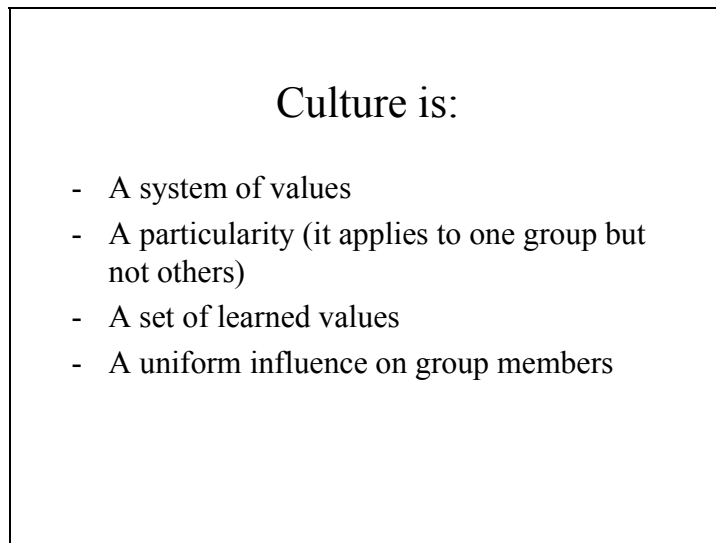
Culture is:

- A system of values
- A particularity (it applies to one group but not others)
- A set of learned values
- A uniform influence on group members

Figure 2. Dimensions of Culture

The implications of culture for international construction managers

Many construction managers have worked around the world. Historically not only managers moved but craftsmen were moved around the world. This practice has been reduced (if not eliminated) and local tradespeople have been supervised by expatriate managers. This, for me is not a comfortable conjunction. It smacks of colonialism and globalised exploitation. The question is how the cultures of those countries, collide or mould together for the benefit of the construction project.

Lets look at this situation from two perspectives. Firstly the expatriate manager. Oberg (1960) coined the phrase 'culture shock' to describe an expatriate reaction to a new cultural environment. The stresses created by this culture shock can elicit one of three types of responses (Craig 1971). Figure 3 shows this.

Culture Shock

- The encapsulator
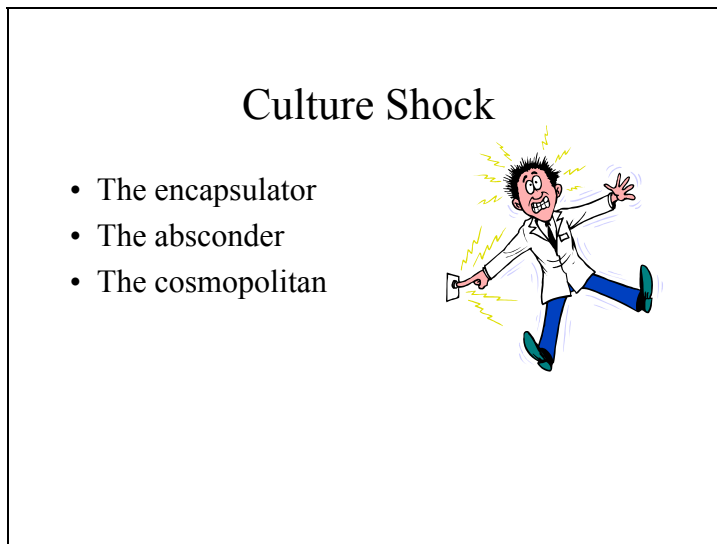- The absconder
- The cosmopolitan

Figure 3. Responses to Culture Shock

The encapsulator - withdraws from the local culture. Hangs out at the expat club.
The absconder - becomes deeply involved in local society.
The cosmopolitan - keeps a foot in both camps.

The cosmopolitan is said to be the most successful - a genuine interest in the country, its customs and history and can act as a cultural bridge. McCormick & Chapman (1996) chart expatriate acclimatisation through 7 steps. This is shown in Figure 4.
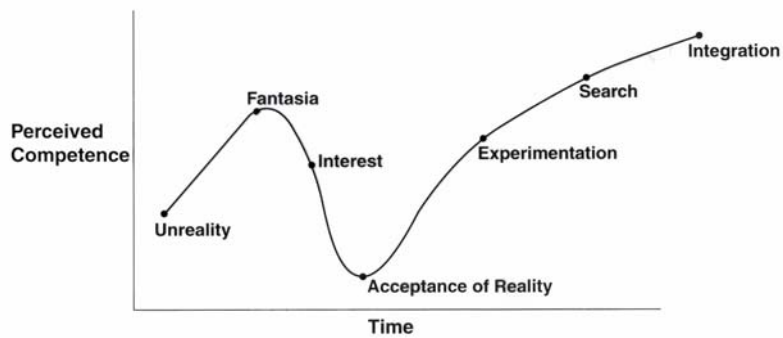
The Relocation Transition Curve (McCormick & Chapman, 1996.)

Figure 4.

Through the other end of the telescope lets look at the issue through the eyes of the national where the multinational is working. It is likely that in developing countries the workforce will be drawn from the location of the project. This very configuration, ex-pat managers with a local workforce may lead to cultural tussles being played out in a number of work related practices.

One issue which emerges from the literature is that of quality of the work produced. I do not identify it as a problem but an issue and varying conceptions of standards will be visible. The issue results from a combinations of factors:
- Cultural
- Technological
- Educational

The issue seems to arise in that Western technological traditional standards are imposed. If quality means 'fitness for purpose' then how much quality is embedded in a high tech infrastructure being used in a setting where more appropriate technology is required.

A critical area where construction technology must be appropriate is the structure. Is it appropriate to use lifts and air conditioning where a reliable power supply is not available? But more than this construction technology has a relationship to culture. The different types of construction technology are a product of culture. Certain types of technology flourish in a particular milieu and culture. This condition is particularly strong in the sense of environmental management. Taking as an example, Civil Engineers see their mission as "direct the great forces of nature for the use and convenience of man" (ICE): This view sees man (and it usually is a man) astride the globe and is shown in Figure 5.
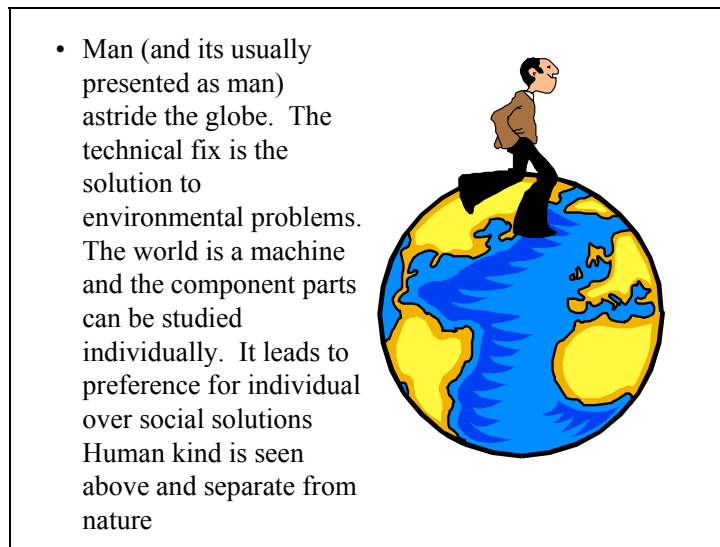
- Man (and its usually presented as man) astride the globe. The technical fix is the solution to environmental problems. The world is a machine and the component parts can be studied individually. It leads to preference for individual over social solutions Human kind is seen above and separate from nature

Figure 5. Human Kind & Nature

In contrast holism and communalism is affirmed by the contribution to the success of a group. (Figure 6)

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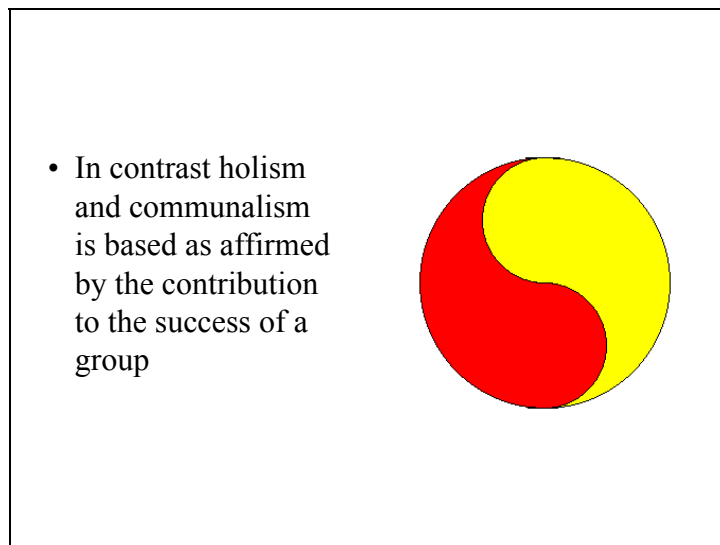
Figure 6. Human Kind & Nature

In such societies the technology is developed in which nature is part of the technological culture rather than seeking mastery over nature.

I remember being told a story by an Ove Arup engineer who worked in the Middle East. The client was a public authority which was charged with providing permanent housing for Bedouin tribes. The client laid out the brief - high rise blocks on a desert road with European style sanitation. The engineer argued that the brief was wrong for it did not consider the customs, traditions and culture of the user. He argued that what was required was a more national replication of the users patterns of living. This involved stand pipes and communal laundry areas, low rise courtyarded buildings - in essence vernacular architecture. He won his case - the development was considered a success. In other cultures the construction of vernacular housing in traditional styles will be interpreted as insulting and a continuity of historical patterns of colonialism and imperialism. Again culture, history and power shape the acceptability of various built forms.

The mix of the international manager working in developing countries requires an adaptive approach and problems are resolved by forming a shared corporate culture that will transcend national cultural differences.

I recall many years ago being involved in a construction claim which contained a highly combustible mix
- The US Navy (the client)
- A Japanese contractor
- A project on a South Sea Island which was the site of WWII battles in the Pacific.

The Japanese contractor was required to employ a certain proportion of local labour. The project was falling behind. The client was upset. The Contractor sought to escape the local labour clause and claimed that the local labour "did not understand that work meant being incarcerated (sic) for 8 hours a day". The islanders wanted no more than a time and place to make babies. The cultural difference was stark!

The purpose of the story is to illustrate the divide between business cultures between industrialised and developing countries. Crudely put, it can be represented as a great divide in business cultures. This great divide may be encapsulated by these countries which are relationship centred and those which are deal-focussed. The vast majority of developing countries are relationship orientated. They are countries where work gets done through intricate networks of personal contacts. Business is done between friends, relatives and people/groups well known to one another. The industrialised world is populated by a wider circle of business contacts. Each will have defining characteristics and are more prominent in various parts of the world Gesteland (1999) sees three types of business behaviour; (Figures 7, 8, 9 & 10).

- Deal Focussed Cultures
- Moderately deal focussed
- Relationship focus

Figure 7. Types of Business Behaviour

Deal Focussed Cultures

- Northern Europe
- North America
- Australia & New Zealand

Figure 8. Deal Focussed Cultures

Moderately Deal Focussed

- UK
- South Africa
- Latin Europe
- Central & Eastern Europe
- Chile, Southern Brazil, Northern Mexico
- Hong Kong
- Singapore

Figure 9. Moderately Deal Focussed Cultures

Relationship focus

- Arabic Countries
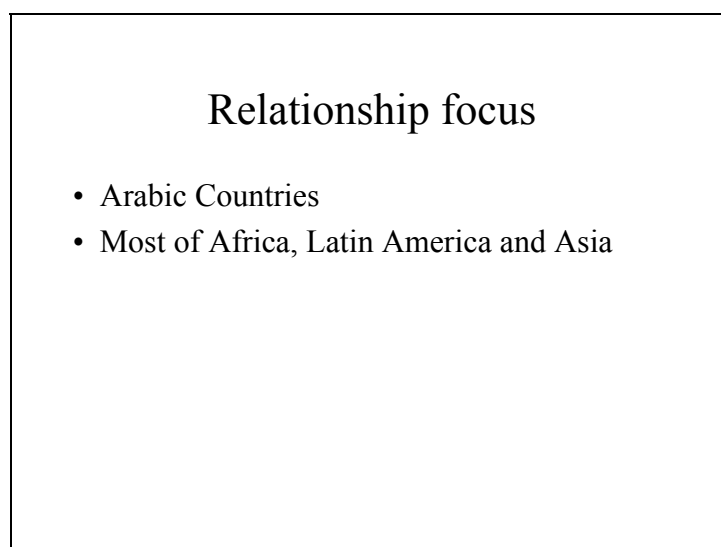- Most of Africa, Latin America and Asia

Figure 10. Relationship Focus Culture

The implications of these differences are that the international project manager in business relations with companies in developing countries should be started with an intermediary. In Asia such people are called 'Guaanxi'.

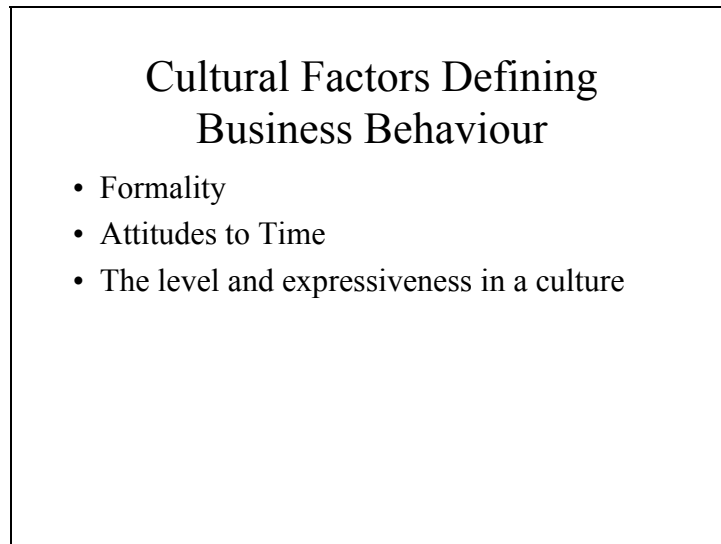Other dimensions will also be important. These can be seen as those shown in Figure 11.

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Cultural Factors Defining Business Behaviour

- Formality
- Attitudes to Time
- The level and expressiveness in a culture

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Figure 11. Culture & Business Behaviour

Formality

Formal cultures emphasise status, hierarchies, power and respect.

Informal cultures emphasise an equality of status.

Australia and the USA would be examples of informal culture whereas much of the developing world would emphasise a formal culture. However subcultures can exist inside an informal culture. Botswana may be considered as having an informal culture yet at a University not far from here colleagues talk to one another by using the appellation of an academic title -
Will you have tea Dr X? Yes please Professor Y.

Attitudes to time

Hall & Hall (1990) bifurcated cultures into 'monochronic' and 'polychronic' societies. Monochronic cultures are time and schedule obsessed.

Polychronic cultures place less emphasis upon strict punctuality and are not obsessed with deadlines. Meetings in monochronic cultures are ordered and agenda driven. Meetings in polychronic cultures are likely to contain meetings within meetings.

As can be seen the developing world is set in the polychronic business culture and the developed world tends to the monochronic. Examples of the countries demonstrating these differences are shown in Figures 12, 13 & 14.

Expressiveness

Culture shapes how expressive we are allowed to be. We express ourselves in a number of ways
- Verbally - What we say
- Paraverbally - How we say it
- Nonverbal - body language

Monochronic Business Cultures

- Northern & German Europe
- North America
- Japan

Figure 12.

Moderately Monochronic

- Australia/ New Zealand
- Russia & East-Central Europe
- Southern Europe
- Singapore, Hong Kong, Taiwan, China
- South Korea, South Africa

Figure 13.

Polychronic Business Cultures

- The Arab World
- Most of Africa
- Latin America
- South & South East Asia

Figure 14.

Some cultures are very expressive and some reserved. For example in Asia speaking loudly and using a lot of hand expressions can be interpreted as anger. In Italy, for example, it may not be possible to make yourself understood without assistance from the body.

Conclusions

What are the implications of culture upon future research agenda's? Here a number of points may be identified.

As a generalisation the study of culture especially in developing countries has important implications for the construction industries for the developing world and industrialised countries. The difficulty is in stimulating and converting these implications into research themes. Much of the study of culture has been carried out by sociologists or anthropologists and when these have been transferred to construction applications they have been presented as 'cook books' - this is what you do to make them digestible. Individual companies can perhaps understand the implications of culture but little is understood of the wider implications of the importance of cultural differences in construction projects and international contractors working in developing countries. In order to move the debate forward and beyond ethical issues I have identified two research issues which may be useful:
>One for the present - cultural harmonisation of corporate and national culture.
>One for the present and the future - environmental evaluation.

An abiding theme often runs through the anecdotes of expatriate construction managers and that is how corrupt a country is in gaining permissions, licences, approvals etc to progress construction work. Yet it may be that these stories are signals of poor cultural alignment but what is evident is that ethical differences has dominated the discussion of cultural differences. Ethical differences do not universally manifest themselves as bribery and corruption but issues of nepotism may be seen as corrupt in the North & West and yet strongly rooted in family loyalty in the South/East. Gifts in one culture may be seen to curry favour yet in others are seen as a signal of trust. Perhaps a study of the boundaries of ethical values could add to the debate about developing countries.

A current issue for a research agenda could be studies of the link between corporate culture in the international construction firms and national culture in the locations where these companies work. How do the companies take control of the cultural dimension in management construction projects?

A major issue for the future is how a national culture evaluates environmental damage and benefits created by construction projects. Ways of evaluating harm and benefit in cultural as well as economic terms is a major challenge for the future.

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