

# A CASE STUDY OF ORGANISATIONAL CULTURE OF CONSTRUCTION JOINT VENTURES IN HONG KONG

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# Organisation:

‘a nexus of transactions’ (Williamson, 1985)

- ‘a transaction is the exchange of ***values*** between two parties’ (Kotler, 1972)
- ‘essentially, business is about appropriating value for oneself’ (Cox, 1999)
- ‘because of incompatible organizational routines and cultures, partner firms often do not work together efficiently’ (Das and Teng, 1999)

# JV “Culture”

- Embedded in parents
- Embedded in the environment
- Negotiated
- Power-dependent

# JVs as formal alliances

- Oligopolistic: hypothesis of qualified joint profit maximisation (e.g. Lipsey and Chrystal, 1995)
- Minimise transaction costs (Williamson, 1985)
- Opportunistic behaviour (Williamson, 1985)

# JVs:

- How "***JOINT***"?

# Organisational 'mergers'

- 'Usually the corporate culture of the most powerful or economically successful company dominates.'

(Furnham, 1997)

# ‘Cultural distance / Cultural compatibility’

■

$$CD_j = \sum_{i=1}^4 \{(I_{ij} - I_{id})^2 / V_i\} / 4$$

(Kogut and Singh, 1988)

# Project Case Study

- Route 8 – Highways Department
- Local partner – Parent A
- Overseas Partner – Parent B (Japanese)
- Project Director – Parent a – much decision autonomy



# Alliance control

- Equity
- Contractual
- Managerial (people, systems)

# Parental influence

- Personnel
- Systems (n.b. decisions)

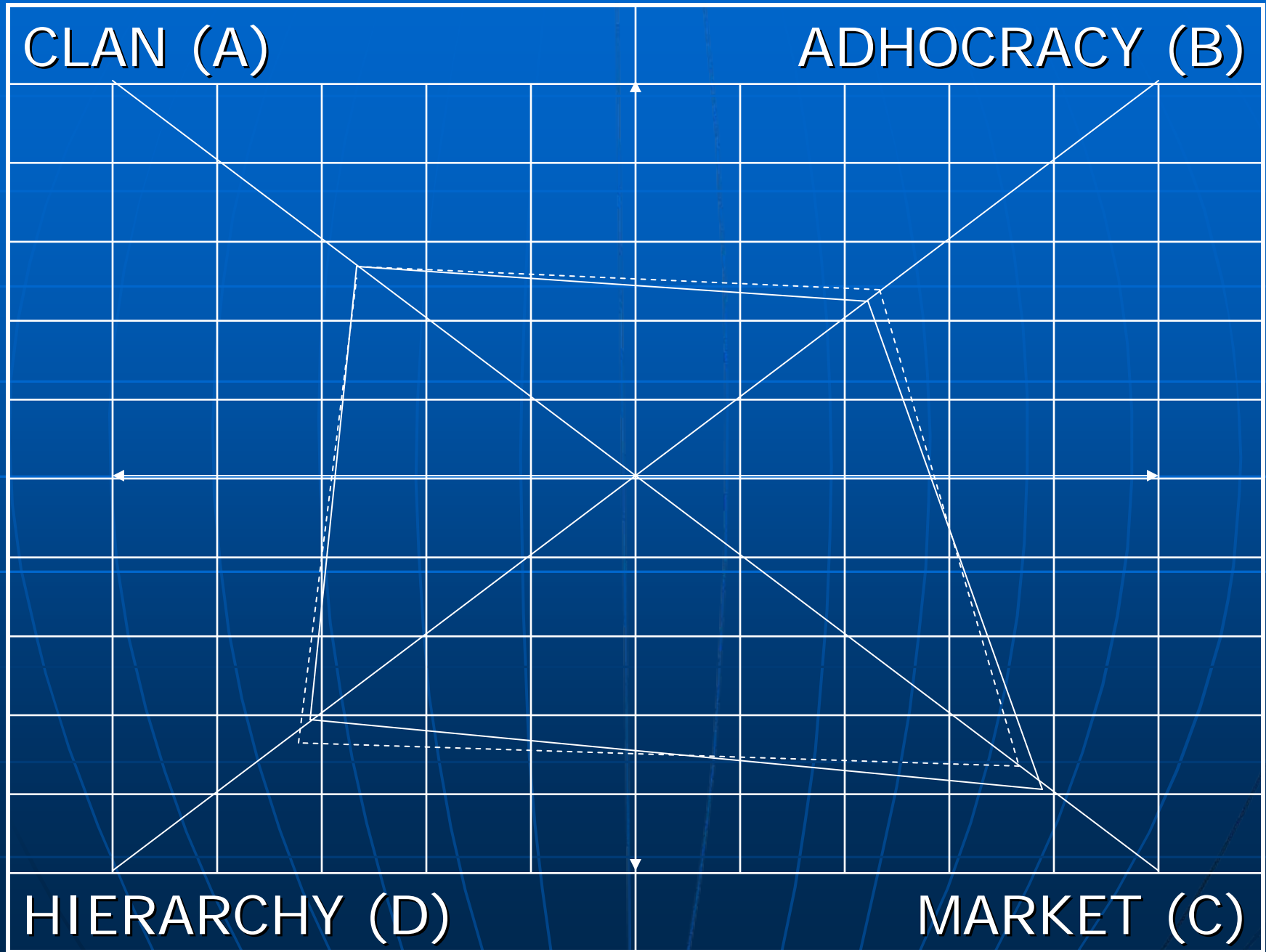
# Data – collection and analysis

- Organizational Culture Assessment Instrument (OCAI) (Cameron and Quinn, 1999)
- Key dimensions of Organisational Culture:
  - Dominant characteristics
  - Organisational leadership
  - Management of employees
  - Organisational glue
  - Strategic emphasis
  - Criteria of success

# Respondents

- IJV project director
- Project staff from parent company  
(n=9)
- Project staff from the new IJV  
(n=11)

# Organisational culture profiles of the IJV and parent company



# Personnel

- Project director: seconded from the dominant parent company – so, bring the norms (how) and values (hierarchy of importance)
- IJV staff: perceive IJV organisational culture profile is similar to that of the parent company

# Conclusions

- Case research is a very suitable method to study a complicated concept such as joint venture control

(Kamminga and Van Der Meer-Kooistra, 2006)

# Conclusions (cont'd)

- Parental control inevitably exists in IJVs as the parent companies may want to achieve their own objectives especially in the project-based CJV.
- A parent may be able to influence the relative allocation of control by staffing.



# Conclusions (cont'd)

- The relative power and how conflict is managed by IJV general manager is an important factor influencing the organizational culture and management style of the project-based CJV.