

## **Comparative Study of Partnering Practices in Hong Kong – A New Research Initiative from CII-HK**

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### **Abstract**

Greater interest in construction partnering has been detected in recent years. Some of the interests follow the success of partnering in non-construction fields such as manufacturing and professional services. Hong Kong has followed this trend and partnering arrangements can be found among some of the major players and authorities. Building works have been procured in a traditional manner where clients appoint design consultants to represent them to produce design and supervise the construction work. The adversarial relationship between clients and construction contractors inherited in this delivery system has been criticized by the Construction Industry Review Committee (CIRC, 2001) as one of the major stumbling blocks to endanger the success of the construction industry. Partnering, which aims to generate an organizational environment of trust, open communication and employee involvement, has been advocated as an effective means to achieve value for construction procurement.

To respond to the CIRC's recommendation the Construction Industry Institute of Hong Kong (CII-HK), a research institute established by the practitioners and academia in 2001, initiates a research study to compare the project partnering practices in both the public and private sectors. The study is supported by the Hong Kong Housing Society (HKHS), the Hong Kong Land Ltd. (HKL) and the Mass Transit Railway Corporations (MTRC). It aims to compare the partnering practices in the public and private sectors of the Hong Kong construction industry.

The aim of this paper is to provide an interim report of this research study. A concise review of the partnering practices in Hong Kong will be discussed, followed by an outline of the research framework. It is anticipated that useful and practical conclusions will be drawn from this comparative study. Lessons learned from this study will be broadly disseminated to help improve the well being of the construction industry.

### **Keywords**

Partnering, Hong Kong, Comparative Study, CII-HK

### **1. Introduction**

Building works have for long been delivered in a traditional manner where clients appoint consultants to act on their behalf, i.e. to produce the design and supervise the construction phase. Traditional general contracting and other forms of procurement like 'Design-and-Build' and 'Build-Own-Operate' are highly

structured and susceptible to adversarial relationships that can last the life of a project. This type of adversarial relationship can give rise to construction delays, difficulty in resolving claims, cost overruns, litigation, and a win-lose climate (Moore et al., 1992). In the late 1980s, professional bodies started to recognise that if the construction industry were to compete for investment funds, particularly internationally, both the methodology and the public image of the construction industry would have to be improved. Various inquiries were conducted into the practices and productivity of the building and construction industry, upon which some reports were based like Gyles (1992) in Australia, Latham (1994) and Egan (1998) in the UK, and Construction Industry Review Committee (2001) in Hong Kong.

Many of these issues reflect a lack of communication amongst project participants, and epitomize the adversarial relationships existing at all levels and on many instances in the construction industry. Many new management techniques have gained popularity to help solve these hurdles e.g. Eckert (1994). Partnering is one such technique, which attempts to create an effective project management process between two or more organisations. It aims also to generate an organisational environment of trust, open communication and employee involvement (Sanders and Moore, 1992).

The aim of this paper is to provide an interim report of this research study. A concise review of the partnering practices will be provided; the aim and objectives of the research study will be discussed, followed by an outline of the research framework.

## **2. Review of Previous Research**

Since partnering was developed by the US Army Corps of Engineers as a project delivery strategy (Cowan, 1991), research into partnering has grown in many parts of the world, some of which are highlighted here. An investigation (Cooper, 1999) conducted with BOVIS Construction, discovered that partnering was already in full implementation for project delivery in the UK. It is however noted that the implementation of partnering in the Hong Kong is not as widespread as in the UK. Therefore the proposed investigation will, among other things, appraise the current practice of partnering in the Hong Kong construction industry.

Through another project in the UK in which key industry representatives from Taylor Woodrow and Thames Water Utilities were involved, Walkers (1999) observed that there were no formalised processes for the routine inter-organisational review of partnering projects. The investigators then developed a review process for partnering projects. It will be useful to review the partnering process in the Hong Kong context.

The Construction Industry Institute of Australia (CIIA) and CSIRO have been engaged in research into partnering and project alliance. Walker et al. (2000) provided descriptions of project alliancing and project partnering in relation to the Australian National Museum project. In an investigation in the UK, Black et al. (2000) studied the implementation of partnering, and issues considered included the perceived failings of traditional adversarial relationships, factors responsible for success in partnering and appropriate conditions for the use of partnering. They observed that consultants were less positive about the use of partnering, as they thought that this form of arrangement would diminish their level of control over projects. On the other hand, clients and contractors were more upbeat about partnering, given its benefits. Therefore, partnering will receive an increasing usage in the coming years, as it has benefits for the construction industry (Chan, 1996; Chan & Chan, 2002a; 2002b; Chan et al, 2002a; 2002b). Hence the current study evaluates the perceptions and satisfactions of the project participants involved in the partnering process in Hong Kong.

### **3. Aims and Objectives of the Study**

#### **3.1 Aim of the Project**

The overall aim of this research project is to conduct a comprehensive comparative study of partnering practices between public and private sectors based on some cited partnering projects recently completed in Hong Kong. The researchers will analyse the partnering process, the roles of the parties involved, and identify the significant elements that make up a good partnering venture in the Hong Kong context. A more structured procedure and a set of criteria for monitoring and evaluating the success of such projects will be formulated. Best practices and potential pitfalls for partnering implementation in both public and private sectors will be developed for reference to all CII-HK members.

#### **3.2 Objectives of the Study**

The following objectives will facilitate the achievement of our aim:

- (i) Investigate the partnering process in the cited public and private sector projects in terms of organisational structures; duties and responsibilities of the parties involved; lines of communication, control mechanisms and types of partnering charter(s) used.
- (ii) Evaluate the perception of clients, consultants, contractors, suppliers, and subcontractors on their satisfaction criteria, and why project partnering is favoured.
- (iii) Provide a means to measure and evaluate the performance of partnering with respect to the criteria of satisfaction.
- (iv) Compare project partnering practices in both public and private sectors.
- (v) Provide effective guidelines on successful partnering implementation to suit the Hong Kong construction industry. The guidelines will include best practices and potential pitfalls.

### **4. Major Deliverables of the Project**

The project will deliver a set of practice reports and guidance notes (e.g. leaflets in form of an executive summary) on partnering to enhance its effectiveness. The deliverables will be of significant relevance to the collaborating firms, public and private sector clients' group and the construction industry in general. In particular, they will benefit in the following manner:

- Provision of a more structured procedure and a set of criteria for evaluating partnering arrangements.
- Provision of a means to monitor and evaluate the success of partnering projects.
- Comparison of project partnering practices in both the public and private sectors.
- Provision of useful and practical conclusions from this comparative study for reference by all CII-HK members.
- Provision of the contents of research outcomes for subsequent dissemination at the discretion of the CII-HK.

### **5. Methodology for the Study**

This research study, initiated by the CII-HK and supported by the Hong Kong Housing Society (HKHS), the Hong Kong Land Ltd. (HKL) and the Mass Transit Railway Corporations (MTRC), aims to compare the partnering practices in the public and private sectors of the Hong Kong construction industry. HKHS, HKL and MTRC would provide access to and available data of completed projects where a partnering approach had been adopted to researchers, as stated in the Research Synopsis provided.

The partnering study comprises the following projects:

- Chater House - a prestigious rental commercial development in Central by Hong Kong Land.
- 1063 King's Road - also a rental commercial development by Hong Kong Land.

- Housing Redevelopment Phase 2 at Kai Tak by HKHS
- Housing Development at Tuen Mun Area 4C by HKHS
- Relevant contracts at the Tseung Kwan O Extension by MTRC.

A task force comprising the following members has also been formed to oversee and monitor this partnering study:

- Russel Clewes - Gammon Skanska
- Lewis Tsing - HK Land
- Nicolas Yeung – CII-HK
- Ringo Lo – MTRC
- Sunny Law – HKHS
- Victor Meakins - HK Land

The scope of the study is to be restricted to the cited projects completed recently with a partnering approach. It was agreed that further details of the cited projects could be obtained from the concerned task force members.

## **6. Overall Research Approach**

The research combines the use of interviews and a case study approach for the collection of information and data on partnering schemes. Similar research approach has been adopted by Chan et al (2002b) and Walker (1997).

Literature on partnering will be reviewed extensively. Books, journals, magazines, newsletters, proceedings of conferences, workshops, seminars and other sources will be reviewed. Past and current practice of partnering will be documented. The review exercise will also include the development of an instrument to conduct the case studies.

Data will be collected through face-to-face interviews and retrieval from collaborating firms. Relevant key participants with involvement in those cited partnering projects will be target of the interviews. Participants with hands-on experience in partnering will be interviewed, and such interviews will be fully documented.

This study will consist of 3 formal meetings with the task force members concerned. The first meeting is aimed at agreeing the overall research framework for the investigation, and establishing contact points for subsequent liaison with relevant staff involved in the cited projects. The second meeting is for briefing the task force members on the research progress and any issues arising. The last meeting is to discuss and verify the preliminary results and conclusions.

### **6.1 Qualitative Data Analysis**

The study will analyse approximately six case studies of partnering projects (as cited at the beginning of this section) in the public and private sectors of the Hong Kong construction industry on the basis of a common methodology. Each case study will be collated to extract information from all project participants on their organisational structures, responsibilities, communication, satisfaction, motivation, inter-relationships, risks and difficulties faced. Such information will enable us to explore the reasons why partnering is favoured in the construction industry; identify the criteria adopted by the industry to evaluate the success of a partnering project; and compile a list of essential factors contributing to the success of a partnering project.

We will analyse information from all the participants associated with the projects *vis-à-vis* the client group (building owner, consultants, users, statutory organisations) and constructors (contractor, operators,

financier, subcontractors and suppliers). Our approach in each case will be to examine the process by which participants make partnering deals to work. The approach adopted for each case study project will be mapped and the decision-making process in the selection of particular approaches and processes will be documented.

In our analysis we will be concerned both with procedural regularity and consistency together with the suitability of the procedure in relation to the objectives of the project. In essence, given a particular set of partnering project objectives and by comparing with contemporary projects, we will be able to determine whether the procedures adopted by the respective organisations in different projects are consistent, and if not, identify the reasons.

The case study projects will cover a range of project sizes, types and client groups. In each case, the researchers will look for patterns of approaches, processes, satisfaction, motivation, communication, relationships and difficulties within each project and seek similarities and differences between the cases for cross-comparison. The aim will be to look at the cases both individually and collectively with particular reference to the public and private sector projects.

## **6.2 Validation of the Results**

Research data and analyses will be triangulated from multiple sources to help improve the credibility of the findings. Results derived from the qualitative analysis will be cross referenced to the published literature. Appropriate task force discussions will be used to generate relevant information and to supplement and/or confirm outcomes of these analyses. A task force meeting will be scheduled to discuss (preliminary) conclusions with practitioners involved in the study to help understand the relevance of the research findings in the context of changing circumstances prevailing over the period studied. The input from the task force members to be constituted for the project, will be in the form of a discussion and moderation of the results obtained and confirmation of the conclusions drawn.

## **7. Conclusions**

Although many studies relating to the practice and development of project partnering have been conducted in other countries, little if not any, has been done in the Hong Kong context. To make up for this deficiency, empirical data on project partnering in Hong Kong will be collected and analysed. New understanding of the best practices leading to successful partnering ventures will be gained upon completion of the project. The research project could improve the delivery of construction projects using project partnering in both the public and private sectors. This could, in turn, increase value for construction money, enhance the international competitiveness of the industry, and encourage the level of investment in construction.

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