Civil Engineering Construction Projects Strategic Alliances: Managing the Alliance Communications

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Abstract

The objective of this paper is to present a topic of Inter-strategic alliance communications in the Greek construction industry.

What presuppositions underlie the conceptions concerning the communication process? What effects are produced by such representations? How are subjects constituted within the communication?

The questions were answered by persons from different levels of the hierarchy chain of the all departments of the strategic alliance enterprises.

Keywords: Strategic alliance; Project Management, Communication.

Introduction

The objective of this paper is to present a topic of Inter-strategic alliances communications in the Greek construction industry.

In summary, the view taken in this report is: (a) in every organization a particular kind of communication is expressed (b) the communication is prevailing the organization and, (c) in each organization the values and the forms of communication are combined in a unique “pattern” of communication.

The research focuses on the construction industry in Greece and more specifically, the organizations that have developed strategic alliances, and examines the way the
members of different companies communicate with each other in order to achieve the set goals and how they view each other.

Theoretical framework

Strategic alliances

In periods of crisis, companies demand a competitive advantage one source of which can come from other companies by the development of alliances. In this paper the term 'strategic alliances' is used to describe all kinds of collaborations between independent companies. According to Grant and Baden-Fuller (2004) the alliances is synonym to cooperative relationships developed agreements such as outsourcing, technical collaboration, and joint research projects. Li et al. (2000) argues that there is need to distinguish strategic partnering, which refers to "a long-term commitment beyond a discrete project" from project partnering that explains all kinds of interfaces established just for a single project. The formation of alliances involve a sharing of resources and according to Inkpen (1998) gathers firms with different skills and know-how in order to create learning opportunities for the partner firms.

Strategic alliances are integrated groups linked together to form one organization (Simon 1965), to increase the managerial efficiency (Granovetter 1973), or due to groups grow and interactions among actors cannot be sustained at levels high enough to integrate each actor directly into the common international enterprise (Robinson 1981). Subgroups may be areas of strong subcultures (Sackmann 1992) within an organizational culture.

The Construction Sector

The implications of strategic alliances have renewed interest in the concept of the construction industry. The concept of strategic alliances applied in construction has numerous advantages (Li et al., 2000); including major reduction in costs, litigation and everyday stress. However, this concept is relatively new to the construction industry in contrast, for example, to the manufacturing industry which offers a more stable environment to companies. Matthews undertook a research in order to identify the possible benefits of strategic alliances in construction that could create organizational assets for the firms collaborating.

These benefits are (Matthews et al., 2000, p.496):

- Mutual trust leading to transparent contractual situations.
- Suitable communication and information flow, as well as an increment in level of understanding.
- Resources that can be efficiently used, producing higher profits and better quality in construction deliverables.
Communication

In this paper as Kamsaris (2007) argues, communication is defined as the flow of information in order to share the meaning. Every company has a unique approach of transmitting information throughout the formation, and communication may assume a form in terms of verbality, formality, and direction and these categories should not be considered as mutually exclusive (Bovee and Thill, 1992). Furthermore, Kamsaris (2010) states that oral communication is used for discussions and to share information and it is equally important to written communication (notes, memos, training manuals, newsletters, bulletin board announcements, or policy directives) which may also be used to prescribe a certain course of action.

According to Sifianou, (2001) communication is not always clear and well structured so, in order to communicate people do not just produce statements, questions and requests but, features of context such as, who communicates with whom, why, when, where and how, contribute overt and covert information to the exchanges produced and have to be taken into account for the decoding of the intended message. Therefore, a powerful non-verbal aspect may be involved in a communication process which is less structured, more intense and spontaneous and has a greater impact and efficiency than verbal communication (Bovee and Thill 1992). According to this view, “if a person says one thing but transmits a conflicting message non-verbally, the non-verbal signal is believed”, motions and kinesis may overshadow the verbal message (Bovee and Thill, 1992, p. 31). Furthermore, Bovee and Thill (1992), argue that employees accumulates facts and intuition that contribute to the collective understanding of the outside world, Hodgers and Luthans (1991) suggest that the communication effectiveness depends on the closeness of meaning that the two parts give to the message.

Bovee and Thill (1992), state that communication requires perception, concentration and appreciation of the communication followed by the communicating parts process taking into account the culture, knowledge, objectives, news and gossips pass among the organisation’s individuals. These activities are links in the chain of events broken into five phases connecting the sender to the receiver, as described in Kamsaris (2007).

Methodology

This paper uses an exploratory, qualitative research methodology. An interpretative approach will be assumed by mixing the facts resourcefully in order to stimulate explanatory suggestions to the issue (Remednyi, Williams, Money, Swartz, 1998). According to Kamsaris (2007) the use of an interpretative approach is appropriate to determine the link between understanding and action, which is seen as indirect, mediated through people’s thinking, values and relationships with each other. Semi-structured Interviews is the technique used for the present paper.
Company’s Activities and Strategic Alliances

‘A’ Company is a privately owned Greek construction company founded on September 2000 in Athens. Since September 2007, the positioning of ‘A’ company’ has changed sensibly and its responsibilities by now include augmented organizational learning through strategic alliances for the needs of complex construction projects.

Discussion

The majority (71%) of the productive personnel have undertaken relevant studies that finally assist them to enter the construction company, while the studies undertaken by the supportive employees are irrelevant with their present occupation and did not assist them enter the international enterprise. One possible interpretation is that the productive departments are employing people with relevant studies, while the supportive employees do not seem to have any similar practice.

Most employees (79%) see that they are working for their company, not the common task. This may indicate a separation in operations. One possible interpretation of this difference is that, as Hall and Taylor (1996) imply that the employees prefer and behave so as to maximize the attainment of these preferences and have strategically calculated behaviors and expectations.

Furthermore, all employees believe that their company provides the necessary modes of communication, the communication should be interactive and they know the communication is very essential for the operations of the strategic alliance. Pacanowsky and O'Donnell-Trujillo (1982) argue the strategic alliance develops organizational culture with a mode of distribution of information taking into account the duality of the communication.

There are differences, concerning the forms of communication between the companies of the strategic alliance, which is in accordance to the Festinger’s (1950) view, that one of the basic feature of most international enterprises is that actors influence one another through interaction, for example through face-to-face contact, as informal communication.

There are non-significant differences (37% versus 35%), concerning the way the communication forms affects the efficiency of the companies, by resulting into confusion and misunderstanding, as each company has its own approach to transmitting information throughout the international enterprise (Bovee and Thill, 1992).

Also, the prioritisation issue is important as one department is not aware of the information that other department has (Macdonald, 1995) and proposes that it may not be wise to argue that departments as pursing pieces of information to which they know others have, but they pursue the potential information that might be gained through an
interaction. The flow of information is prioritized, and the priority protocols are different. One possible interpretation is that, since there are different priorities in communication, resulting in confusion and misunderstanding, those working in one company cannot understand those working in the other and vice versa.

There are non-significant differences (35% versus 37%) concerning the cases that communication results to conflict resolution between them. It is very interesting to observe that there is a significant difference in the view of the employees of the “time for real communication”. On the one hand, one company employees argues that “time for real communication” can be achieved in the form of informal communication. The aim of communicative planning is to empower groups, and to democratize the processes within which they may participate. In addition, Foucault (1992) states, planning could be associated with the dominator power of systematic reason pursued through bureaucracies. In bureaucratic strategic alliances learning is based on institutionalized experience and the international enterprise expects to continue more efficiently the same behavior that worked in the past. One possible interpretation is that the strategic alliances existing conflicts, could be resolved through real “time for real communication”. In order to limit the communication problems between the strategic alliances companies, communication requires perception, concentration and appreciation of the communication process (Bovee and Thill, 1992).

Since the problem with communication is obvious, a new communication structure has to be developed. The choice of the communication structure depends on the communication imperfections to be considered. In other words, communication imperfections take the form that the message transmitted has a noisy component, making the interpretation of the message less accurate. Furthermore, an optimal communication structure coincides here with a structure that maximizes the chance that no message is lost at every level of the communication process.

There are some significant differences between the departments concerning the view that the different level employees have about the strategic alliances communication smoothness between the companies. All employees agree that in the cases where there is lack of communication the result is lack of cooperation. This happens because there are close function situations within the companies, which are obvious to the employees. The awareness of that situation makes them agree that in the cases of limited communication the cooperation is low as well.

There are some significant differences between the departments, concerning the international enterprise communication process assumptions. It is assumed that the communication between the departments is well established but, simultaneously, they agree that the language used is different.

One possible interpretation is that the employees do not blame the communication system but the other and vice versa. Deetz (1995) proposes an “open participatory
democracy supersedes all other goals of communication. From a communication perspective, efficiency, effectiveness and information transfer cannot stand alone, but are interpreted within the promotion or demise of participation. Communication research is thus about the creation of more participatory communication practices and the critique and/or deconstruction of control processes.”.

There are some significant differences between the departments, concerning the international enterprise communication. The support states that the forms of communication results is adequate, while the production, de to the fact that has the results of their work present, sees that the communication process is not good.

Concerning the view of the way the subjects are constituted within the communication of the international enterprise, the production argues that the support does not have a common origin. The support, posits the view that the production does not understand the support issues.

The top management and the low managers argue that the production and the support should operate as one team. One possible interpretation is that it is obvious to the production as outsiders, and the support as insiders, that the support do not have common background. That fact makes the coordination of the support more difficult, with respect to communication with the production aspects.

One should not forget that international enterprises as a function of communication can be defined as large social groups in which the leadership hierarchy and role-differentiation have become formalized into fixed ranks and offices, norms have become rules, and in which methods of communication and work are prescribed.

One possible interpretation is that change is a taboo word. The idea of change, involves movement between some discrete and rather fixed ‘states’. As proposed by Argyris (1977, p.115) organisational change through organisational learning is “a process of detecting and correcting errors”. Furthermore, according to Amburgey and Rao (1996, p.1270), the purpose of organisational change is nothing else but to improve the efficiency of an international enterprise.

Negroponte (2000), studied the relation between innovation, as a factor of change within a culture and sees “innovation as inefficient, undisciplined, contrarian, and iconoclastic, and it nourishes itself with confusion and contradiction. Yet without innovation we are doomed to decline”. Furthermore, Negroponte (2000), suggests that “diversity is one of the basic components of a good innovation system. The more powerful a culture is, the less likely it is that it encourages the innovative thought. Rules and models of behaviours are enemies of new ideas”.

There are differences concerning the possibility of communication issues that should remain unchanged in the international enterprise all of the respondents answered that
additional communication is needed. This suggests that combining the forms of communications and the steps taken within a communication process one may arrive at a pattern of communication that characterizes an international enterprise and concords with the values embedded in its organization culture.

There are four company information processes: (a) information acquisition, (b) information transmission, (c) conceptual utilization, and (d) instrumental utilization processes.

Communication is preformed only through the top managers. Quirke (1995, p.78) argued that “the role of communication becomes not the top-down dissemination of management thinking, but the bottom-up means of connecting those who know what needs to change to those who have authority to make change happen”.

Strategic alliance is defined as “a voluntary, formal arrangement between two or more parties to pool resources to achieve a common set of objectives that meet critical needs while remaining independent entities” (Serrat, 2009, p.63). Strategic partnering was also defined, in the literature review chapter, as a long-term commitment beyond a discrete project. The second research objective regards the necessity of Greek construction firms to form strategic alliances. An analysis within the Greek construction industry’s formation of strategic alliances is depicted by the answers given for the next three interview questions (Q4 – Q6):

In this question 40% of the engineers answered that ‘A’ Company’s most significant milestone since its foundation has been its new positioning on September 2007 where the firm initiated multi-floor building construction among other challenges. Also, 33.3% engineers stated that the alliance with ‘Roadway’ opened new horizons for ‘A’ Company in the public sector as well, and the rest of the engineers 26.7% believe that the ‘Alliance of Four’ has been the most important agreement for ‘A’ since its foundation.

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<th>A: 40%</th>
<th>The first settlement project as it changed ‘A’ company’s positioning.</th>
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<td>B: 33.3%</td>
<td>The strategic alliance with ‘Roadway’ Firm.</td>
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<td>C: 26.7%</td>
<td>The ‘Alliance of Four’.</td>
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Table 5: In your opinion, what is ‘A’ Company’s most significant milestone since its foundation?

Summing up, according to 60% of the interviewees, ‘A’ Company’s most significant milestones since its foundation are believed to be its strategic alliances, while 40% support its new positioning that took place on September 2007 due to the undertaking of new and more demanding construction projects. These findings confirm the argument of
Groák (as cited in Chan et al., 2005, p.747) that “construction is essentially organized around the project”.

Consequently, for research question number 4, strategic alliances within the Greek construction industry are considered essential due to the variety of solutions they provide to contemporary complex projects.

Conclusions

The results of this study showed that there are differences in the background, the level of education, understanding of the enterprise participating in a strategic alliance, internal strategic alliance communication, the affects it has on the communication between the enterprise participating in a strategic alliance, the perception of the forms of communication developed within the different companies participating in a strategic alliance, in the perception of the communication smoothness, of the communication process assumptions, of the results that representation produce, of the change in the communication, of the same in the communication, of the way to be benefited, when comparing the two departments. However, there are also differences suggested in the perception of the one department with respect to the other and self-perception when comparing the enterprises participating in a strategic alliance that deserves further study.
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