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## Research on China Construction Project Management Paradigms Change and Development in the Last 30 years

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### Abstract

China has been developing very fast for more than 30 years. Its construction industry played a very important role in the whole developing process. In order to find out the reasons and processes that make China construction industry developed so fast in the last 30 years, we started two research projects that are funded by China Ministry of Housing and Urban-Rural Construction and China Ministry of Education. We found that there are three management paradigms or dominate modes changes in the last 30 years' fast development for China construction industry and its project management. At the first management paradigm change in 1980s, they mainly use the internal contract management of their own companies instead of the old planning economy construction management method to increase the productivity of construction projects. At the second management paradigm change, they mainly use the marketing mechanism and competition in the construction industry to raise the efficiency of construction industry. In the last management paradigm change, they mainly relied on the innovation of the technology and management for construction projects in order to enhance the efficiency and effectiveness.

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**Keywords:** China Construction Industry, Project Management Paradigm, Internal Contract Mangement, Marketing Competition, Technology and Management Innovation

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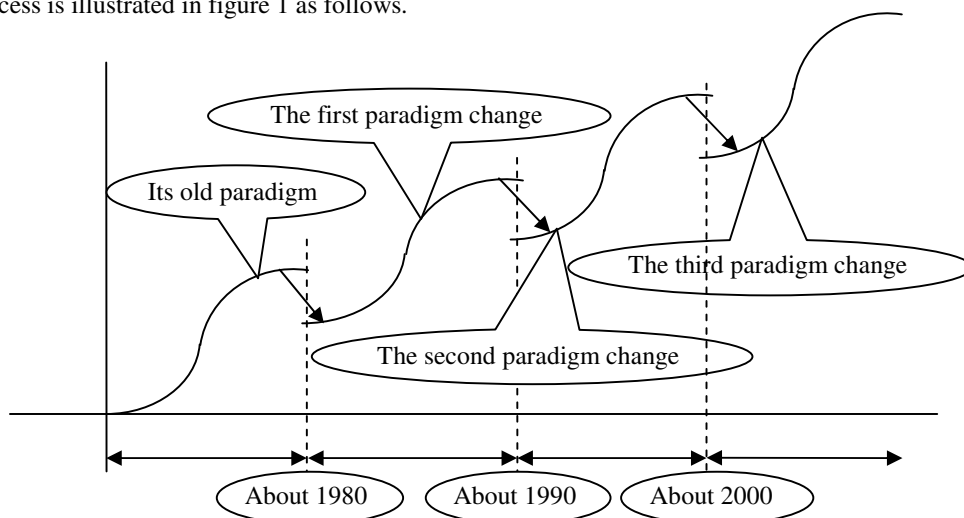
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## 1. Introduction

Since China starts to carry out its “reform and opening” policies, its construction industry developed very faster in the last 30 years. According to the national statistics, its total output value in 2011 is CNY 11.77 billion. And it has increased 22.6% than that of 2010. Its profit of 2011 is CNY 0.42 billion and that has increased 24.4% than 2010 (MHURC, 2012). The added value of China construction industry has increased 20.6% for each year from 2006 to 2010. It is about 6% of the whole GDP of China created by China construction industry in 2006 to 2010 (MHURC, 2011). During the last 30 years, the average increasing rate of China construction industry is more than 20%. And that is double of the China national GDP increase rate. Its proportion in the whole national economy is raised from 3.8% of 1978 to 6.6% of 2011(China State Council, 2012). According to the Global Construction 2020 (GCP, 2009), total output value of China construction market will be US\$ 2.4 billion and will be the No.1 in the world. And what is more, the total output value of China construction market will surpass that of USA in 2018. Why China construction industry developed so fast and what happened to China construction project management model and method. All these derived us to do this research.

According to ERN’s top international contractors, there are 54 construction contractors from China in the list of 2011(ERN, 2010), there are 51 contractors from China in the list of 2011(ERN, 2011) and there are 52 contractors from China in the list of 2012(ERN, 2012). That is more than 22% of the top 225 construction contractors in the whole world construction market. And there are 3 China construction contractors in the top 5 of the list of 2010. Especially, China Railway Construction Corporation Ltd is the No.1 in that list, and China Railway Group Limited is the No.2 and China Communication Construction Company Ltd is the No.5 in that list. Therefore, China has not only become the largest construction market in the world, but also become a powerful competitor in the world construction market after 30 years development. How China construction industry can develop so fast and what happened during this change process. These are also reasons that derived us to do the research.

In order to find out why, how and what happened in China construction industry development of the last 30 years, we started and have done a research project funded by China Ministry of Housing and Urban-Rural Construction from 2006 to 2009 (Qi, 2006) and another research project funded by China Ministry of Education from 2010 to 2013(Qi, 2010). We have done several surveys and studies in these research projects and finally we find that China construction project management paradigm has three main changes in the last 30 years. During 1980s, they use the first paradigm that mainly relied on the internal contact management within all construction companies of China and that supplements with subdividing social division of labor to increase the productivity of construction projects and industry. But during 1990s, they use the second paradigm that depended on making a good use of the marketing mechanism and competition for raising the efficiency of the construction projects and industry. At last 10 years, they use the third paradigm that is dominated by the innovation of the technology and management for construction projects and industry. The whole China construction project management paradigms change process is illustrated in figure 1 as follows.



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