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International construction contactors operating in developing countries: The case of Japanese contractors in Sri Lanka

The trend of International Construction has shown a dramatic increase in the recent past. As a developing nation, Sri Lanka too has opened the gates for foreign contractors

to carry out construction. These contractors have become more and more successful and competitive in the local construction industry.

This study explored the reasons for the Japanese firms to come to Sri Lanka and the way they have established their firm locally. For this, comprehensive case studies of five selected Japanese contractors on the basis of interviews and informal discussions were carried out.

According to the survey, Japanese would vie for local contracts due to the fact of high competitiveness in winning projects; cheap labour; less overhead component; very few restrictions; and lesser demand for civil engineering feats requiring advanced technologies. Also, Japanese contractors consider themselves more superior, thus, their conviction is that they could handle the local staff at their whims and fancies. Also Japan is one of the largest aid donors for Sri Lanka, hence with the aid contractors are Japan, get opportunities to involve in above work. They would be able to absorb a proportion of the money that is given as aid or loans.

Usually marking joint ventures among themselves or with a Sri Lankan firm the most common way of establishing Japanese firms here. Though they have better strategies; problems occurring through cultural differences, foreign exchange risks, low quality of local materials, insufficient local regulations etc. cannot be avoided when carrying out construction in Sri Lanka. However, they are handle local projects more effectively than Sri Lankan contractors. It would be concluded that like Japanese does, implementing proper safety practices, training procedures, effective schedule monitoring and controlling systems, etc. Can be adopted by local contractors as well, to complete projects on time and within the required budget to the required quality.