Summary

This dissertation considers characteristics of the Indonesian construction industry and host government requirements as an important input into the formulation of an appropriate corporate strategy of foreign construction and design consulting firms seeking opportunities in Indonesia. The objectives of the study are thus to provide background information on the construction industry in Indonesia in general, and international construction projects in particular; to provide guidelines on host government policy in Indonesia regarding foreign investment, legislation for foreign firms in the construction industry, planning and building control, and procurement procedures in public projects; to explore the approach to the management of the design aspects of international construction projects in Indonesia; and to recommend an effective project management framework at the design stage for implementing international construction projects in Indonesia. On the basis of the objectives, the general hypothesis that forms the foundation of the research is that the trends relating to important aspects of international contracting in developing countries at the design stage (as outlined in this study) also apply in Indonesia, in general, in spite of the specific characteristics of the country.

This dissertation, first, briefly reviews works on important aspects of international contracting in developing countries, in Chapter two, followed by the nature of the construction industry in Indonesia, in Chapter three. It then discusses the application of aspects of international contracting in developing countries to Indonesia, in the next two chapters: the host government policy in Indonesia regarding foreign construction and design consulting firms.
participation in the country, in Chapter four; and the design aspects of construction projects, in Chapter five, including local government requirements, involvement in client's pre-investment considerations, briefing and design, project organization, building procurement, contract documentation, and design-stage project management. Four newly completed construction projects involving foreign participation are outlined in Chapter six, as an empirical analysis of host government policy on design aspects. Next, the empirical study is analyzed in Chapter seven. Finally, Chapter eight highlights summary of findings, followed by the measures for the management of international construction projects at the design stage in Indonesia, as conclusions.

Tested through literature and empirical investigation, it can be concluded in this dissertation that the three hypotheses (as refined from the general hypothesis), which formed the basis for this study, provides justification that this research is valid. The protectionist policy, the requirement for transferring knowledge, and the close relationship between financial proposal and the selection of the construction firm as normally take place in developing countries in general, are also applied in Indonesia. As a conclusion, this dissertation also recommends an effective project management framework at the design stage for foreign construction and design consulting firms in implementing international construction projects in Indonesia. It covers various issues including requirement for local presence, entry strategy, competition, need to find associates, issue of technology transfer, trends in financial engineering and conglomerations, preferred project organization system, building procurement, selection of contract documentation, and local authority submission.