Trust in Construction: Achieving Cultural Change

Forward

Trust is considered to be a vital ingredient in the management and delivery of construction projects. It has been at the core of many reviews on industry performance over the last few years, and we are continually exhorted to develop more of it, in order to improve the reputation of our industry.

Whenever people stop to think about trust, however, it can seem a bit nebulous; what is it and how do we get more of it? On a simple level, we intuitively know when we trust an organisation or an individual working with us. Although we all rely on others to do what they say, in reality we are often let down. Is there an easy recipe that we have been missing to create this elusive 'trust'?

This Interim Report is an important step towards improving trust on our projects. In the words of Stephen Covey 'first seek to understand'! This report helps us to understand what trust is, what factors influence it, and what are the things we can do to build and improve levels of trust. Quite importantly, it also recognises some of the limitations and 'bigger picture' factors which can sometimes limit trust. Some of these barriers are real, for example how an organisation behaves commercially on a project. Forewarned is forearmed; at least if one knows these things in advance, then one can put in place the necessary steps to remove or work around such challenges.

Lack of trust is damaging to your business. We all inherit the industry we deserve – so it's up to all of us to change what we do and build trust.

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Perspective

"If anyone thinks that you can enter into a partnership by contract, then forget it. As a lawyer I can tell you that it can’t be done. If partnering is to work it must be based on trust. Do it properly, don’t pretend. If you do it by contract, you are pretending.”

(Edward Davies, Masons, Partnering Debate, May 2001)

"These initiatives will only achieve improvements if there is sustained commitment across the whole industry to bringing about change built on mutual trust between client department and construction firms.”

(National Audit Office, Modernising Construction 2002)

"...client should set up collaborative relationships rather than purely contractual ones. Long-term relationships can create continuity and trust and help develop new and better ways of working together”

(Rethinking Construction, Rethinking the Construction Client 2002)

"How partners in the supply chain behave towards one another is important in developing the relationship of trust that underpins successful integrated teams”

(Rethinking Construction - Accelerating Change)

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Executive Summary

Scope
• The data was gathered during 2 pilot case studies.
• All levels within the supply chain were interviewed.
• The case studies looked at the roles and relationships within project teams.
• The interviews about trust have informed the development of a trust inventory.

Approach/Methodology
• The interviews were designed to find out perceptions of trust: what it is, what builds it, how does it impact the way people work on projects?
• Identify if projects are trusting and link these to performance?

Who Involved?
• There were 40 interviews in total. These were confidential. The participants were from main contractors, sub-contractors, clients, consultants and end-users.
• A full range of individuals - trade, super, manager, senior managers, and directors - were interviewed to see different project perspectives.

Findings
• Trust can lead to faster, cheaper projects.
• Trust is about reducing risk and uncertainty through better communications.
• Communication and ability to work in teams seen as important for trust building.
• Trust forms part of relationships. People build it by working on projects.
• If relationships are successful (i.e. trusting), then they should be seen as valuable and it is important to preserve and develop them.
• Preservation of trusting teams is not always possible, due to the short-term nature of project teams.
• Trust leads to people being able to be flexible, which is seen as important on construction projects, where information is often incomplete, and changes arise.
• Enlightened people are starting to realise that short-term opportunism works against trust, which itself reduces the likelihood of repeat working relationships and, therefore, longer-term profitability.
• Trust is influenced by a number of factors
  - An individual's organisation (reputation) is an important starting point, although tend to trust people rather than organisations.
  - Communication is vital, especially in the management of conflict.
  - Trust is fundamentally connected to money, trust can make savings in cost & time.
  - Trust can be impacted by contractual arrangements and the perceptions of the parties involved of “fair” outcomes of the project.
  - An individual’s view of trust depends on where his focus is, i.e. Directors vs. Trade.
• How is Trust Built?
  - Experience - working together
  - Problem solving
  - Shared goals, and an understanding of individual companies goals.
  - Reciprocity and support for each other’s trusting behaviour.
  - Reasonable behaviour.
• Trust is easily broken
  - Not fulfilling obligations or “telling lies”
  - Doing the opposite of the trusting behaviours identified.
  - What happens when circumstances are outside of our control?
  - Understanding that mistakes can happen.
• Relationships can be repaired if the latter two occur.
  - Through ‘fair representation’ and ‘fixing the problem’.
• Other factors impacting on Trust:
  - Company factors - culture and ‘money’ or commercial behaviours.
  - Project factors - project size and complexity.
  - Contracts - form and fairness.
  - Macroeconomic factors - market conditions/dynamics.

1 Introduction

The Trust in Construction Project is an EPSRC (Engineering and Physical Sciences Research Council) study dedicated to investigating the issues surrounding trust in construction projects.

The presence or absence of trust within project teams has been highlighted in both the Latham (1994) and Egan (1998) Reports as a major factor leading to the success or failure of construction projects. Recently the National Audit Office highlighted the importance of trust in their report, “Modernising Construction”(2001).

“These initiatives will only achieve improvements if there is sustained commitment across the whole industry to bringing about change built on mutual trust between client departments and construction firms and a common appreciation of their respective priorities.”

The industry has a reputation for being adversarial. Poor relationships between the client, main contractor and sub-contractors leads to problems that affect time, cost and quality, as well as damaging long-term relationships between the parties involved.

This Interim Report is based on interviews undertaken in the 2 pilot case studies. The interviewees were asked:
• What is trust?
• What are the benefits of trust?
• How is trust built or managed?
• How is trust damaged?
• What factors influence out ability to work in a trusting way?

The findings of the pilot studies are designed to inform the next stage of the research project which is to investigate 4 more case studies. These cases seek to map relationships, measure trust within these relationships and tie these back to project performance. These are detailed contextual studies that look at how project teams develop and manage trust within their teams.

“Integrity is the most important thing. You have to have integrity in what you say. I think it is about having a relationship, not just doing business, looking upon this person as another human being. You have to take the time to build the relationships.”

The following sections highlight some of the main issues identified in the semi-structured interviews addressing the general issues surrounding trust and its relevance to construction.
What do we understand by trust?

One of the initial questions put to the interviewees was to ask them what they understood by trust. The main issues that ran through all the interviews were,

- Honest communications - can they be trusted?
- Reliance - what do you do when you trust someone?
- Outcomes - what happens when you trust?
- Building trust - trust in relationships.
- Levels of trust - different understanding of trust.
- Reputation - trusting people and organisations.

People understood that trust was a complicated issue and many factors had an influence on trust in relationships. It can be viewed as a by-product of people working together.

2.1 Honest Communications

The majority of interviewees agreed that trust was concerned with the way people communicated with each other. People had to be open, willing to share important information with the rest of the team, and be honest, giving information that reflected the real situation.

People stated that trust could only exist where these types of communications existed. It was felt to be important that people gave information when it was needed. It is probable that when there are clear communications between people on a construction project, people can more effectively put across their requirements to one another, ensuring better delivery of the final project.

2.2 Reliance

When people trust they are relying on the information that they are being given. They have to trust that the people they work with will get things done when they say they will and to the expected standard. If they are behaving as if they think people are not going to deliver, then there is no trust.

People understood that trust was a complicated issue and many factors had an influence on trust in relationships. It can be viewed as a by-product of people working together.

“Someone having a problem locked up in their head for two weeks and not coming out and discussing it can cause total mayhem, or at least additional cost.”

“To believe the facts that they produce.”

“Someone makes a decision and they stand by it. You get good clear information in a reasonable amount of time.

“Whether they are open or honest and they are proved to be honest.”

“People are aware of how much you have to trust people. Even where there is mistrust, there has to be something there to deliver, otherwise you would do the job yourself.”

2.3 Outcomes

Relying on individuals is important, but the ultimate outcome of a project is to deliver a functioning product to the client. When people trust, there are always consequences. When people decide to trust they take a risk on what the outcomes will be. They are more likely to trust those people they think that are competent, or “up to the job”.

Figure 1 shows how trust is linked to communications, actions and outcomes. Trust emerges where information is reliable, people stand by their promises and the outcomes match or exceed people’s expectations. When people’s expectations are not met, suspicion rather than trust, emerges.

2.4 Building Trust

The interviewees understood that trust is not an isolated incident. Trust is built up over the course of a project, or many projects in some cases. People build relationships with others over many exchanges (see Section 4).

In the same way trust can break down. Even if there have been situations where trust has been built, things can happen to break trust, and it is not always easy to rebuild it (see Section 5).

2.5 Levels of Trust

Interviewees had different views of trust, and the way it was built or broken, based on their position within the organisation. The more operational the individual, such as foremen or tradesmen, the quicker trust needs to be established. At the same time, however, these individuals had a more limited view of trust, focussing on tasks or projects.

Directors and senior management that were interviewed focussed on relationships at a more strategic level as illustrated in figure 2.
2.6 Reputation - Individuals and Organisations

Most of the individuals interviewed stated that they tended to trust people rather than companies. However, the role of an organisation’s reputation was important for two main reasons.

Firstly, construction was considered a “small world”, where people constantly worked with the same people over many years. Organisations built reputations and this had an impact as to whether people felt comfortable about working with them in projects.

Although most of the interviewees said that they trusted individuals and would always give them “the benefit of the doubt”, they revealed that an organisation’s reputation would cloud the decision as to who to trust on a project. For many of the interviewees reputations were important indicators of who could be trusted, which is why many companies regarded their reputations as an important intangible asset.

Secondly, trusting relationships are not just inter-organisational, but also intra-organisational. Effective teams are built when people have authority to make decisions and the information that they are passing between one another is honest and accurate. If an organisation does not trust its own people, its ability to build trusting relationships with other companies can be severely hampered.

3.1 Uncertainty

“We have worked together for quite a while and things are solved. It is about people making it easier for each other and not messing about. We have worked together for quite a while and a lot of the unknowns are removed. We have done jobs like this and there shouldn’t be that many unknowns, but we should be able to handle them properly when they come along.”

Construction is susceptible to more uncertainty than many other industries. Information can change, or new information can be discovered, that can have an impact on the way that work is carried out. If team members can produce information that is clear and accurate, and the other members can rely on it, then uncertainty will be reduced.

Two interviewees highlighted that trust was important in addressing this uncertainty.

3.2 Risk

Where there is uncertainty there is risk. If uncertainty is reduced then outcomes can be more effectively ascertained. With better understanding of risk, contingencies in costs and programme may be reduced. This indicates that a potential financial benefit that may be generated from a trusting approach.

“Is it wrong not to trust?”

When considering how and why people take the decision to trust it is important we consider how the decision to trust impacts the running and outcomes of a project. The main benefits could be considered to be:

- **Uncertainty**: with better communication uncertainty of outcomes is reduced.
- **Risk**: risk can be better managed between people working together on projects.
- **Flexibility**: trusting relationships mean people are more able to respond to new information and approach work in a more flexible manner.
- **Time and Money**: time and money can be saved.

3. What are the benefits of trust?

““In this type of project, information can change on an hourly basis. I need to know that the people I am working with are willing and able to help address these changes. I think building trust helps in this sort of project.”

“How they [sub-contractors] react to change is important, because change is a big thing in construction. It is not as simple as producing a drawing and then working to that drawing. There are external factors and it is how the contractor reacts to that is important.”

The benefit to be gained is that we can drive the risk out of the contracts through the relationships because the contractors trust us. If there is a problem then we would like to help them. The relationship means the price the sub-contractors would give other contractors is the price they would give us plus a few percent, because of the risk that they have from not having that relationship. Those cost benefits get passed up the line. We are constantly reducing the costs and times on the project because everyone is more confident working with us.”
3.3 Flexibility
Honest communications and a reliance on the other team members “fairness”, aid problem-solving in the project. If the problem falls outside the scope of contract, trusting teams can quickly resolve the problem on the ground and deliver a solution that is best for the project team as a whole, rather than for specific individuals.

It was indicated by the site personnel that people would often be asked to do things outside the scope of the project or without supporting paperwork in the face of new information. It was felt that trust could allow these things to be done.

“I have a verbal instruction given to me by the design team asking me to do something. I trust that sometime in the future will there be an instruction to cover that action.”

“It is the same with the guys on site. I ask them to do something and they do it. I will always sign the instruction. I won’t say I didn’t want it done. I don’t think that is the way to do it.”

In one of the case studies, the project team reduced time and contingency measures due to the problem-solving capacity that trust gave them. The team members felt confident that all the parties in the team would look to solving the problem rather than apportioning blame.

3.4 Time and Money
The importance of developing trusting relationships can be boiled down to one main reason, profit. People are in business to make money and building trust should be undertaken because it saves time and money in carrying out construction projects.

“I think clients are coming round to see value rather than cost. To extract value you have to trust. You have to remove sharp practice and using documentation to catch people out. People help you extract value and you need to trust them.”

“Profit is the driver for all businesses. We are working in a trusting manner because it helps generate secure business for us. We have reliable and repeatable business with the companies that we work with. We are not about making one-off massive margins, because this does not create security for our company in the long-term.”

People are engaging or wanting to engage in trusting relationships because they can see that the cost of conflict, of not sharing information and adversarial relationships, damages their businesses. In addition they can see the benefits that are brought about in reduced uncertainty, improved risk management and increased flexibility. Ultimately, all businesses within the construction industry are engaging in business to make a profit. Trusting behaviour removes costs brought about by poor communications, adversarial approaches to problems, and the results of these problems, which may end in expensive litigation.

4 How do we build trust?

The building of trust is important. It is clear from the interviews that many individuals do start from a ‘baseline’ level of trust, where they are prepared to put their faith in someone, but there are factors and instruments that enable trust to be built and allow for more effective working. The main ways of building trust are:

- Experience - working with people on a day-to-day basis.
- Problem solving - how sharing and solving problems helps communications.
- Shared goals - a joint understanding of the roles and aims of project work.
- Reciprocity - team members supporting and rewarding each other’s trusting behaviour.
- Reasonable behaviour - working fairly and professionally with the people in the project team.

4.1 Experience
People build relationships by working together. All interviewees stated that they learned to trust or not to trust people that they work with. Repeated fulfilment of communications through action and outcome creates trust. If people consistently prove themselves to be reliable they will be trusted.

One client stated,

“Spending time with people and working with them is important. Even if I have no experience of working with someone, there is trust, but obviously the proof of the pudding is in the eating. If you have worked on a project and you have been let down, you may not use that contractor or consultant again.”

4.2 Problem-Solving
Construction can be unpredictable. As time goes by problems can arise. New information or changes to the project are not uncommon. The nature of trust is not just about how people work together when things are going well, but also about how they work together to solve problems. The ability of project teams to solve problems together is vital.

Problem-solving to mutual satisfaction is easier when project teams trust each other. Site personnel saw problem-solving as an important element in building trust, especially if it is solved at point of the problem, rather than being referred to their superiors. This approach was seen as beneficial as it built a positive experience of working together. At the more senior level, when people could solve problems without referring to contract, it was seen as something that could build relationships. The alternative experience could create real problems in the long term.

“… basically the problem came from a verbal instruction which, further on down the line, caused a problem. The problem came to light and it was causing massive difficulties. All the different players in that problem were brought together. They were all there with their defences. I think everybody was ready to point the finger. I found a solution and tried to minimise it. The problem was being blown up out of all proportion ...” I presented the problem in its minimum form with a solution. When that was tabled all the defences went back in the briefcases. If the problem had been blown up and the fingers been pointed and then the relationships would have been soured for the rest of the project. … I think everybody was trying to cover themselves without incriminating anyone else. Everybody has to work together. I think it helped build trust within the team.”
4.3 Shared Goals

Both of the case study project teams looked towards team building as forming a basis for trust. This is highlighted as important for two main reasons.

The first is that it allows for the creation of shared goals. Shared goals mean that everyone can be seen to fulfilling a joint task, rather than viewing their own role as separate from the rest of the project team. The understanding of a shared goal means that the communication is improved.

The second is the creation of ‘mutual understanding’, which is inextricably linked to the idea of shared goals. This means that the project team understands the position of other members of the project team, or their individual or organisational goals, and appreciating the requirements and difficulties they may experience.

When people treat you as a member of the team you can begin to communicate. They will understand what you need from them and vice versa.

In one of the case study projects, the main contractor made a conscious effort to build teams, organising an “away-day” prior to contract, with a mixture of work and recreation. The members of the team felt this was useful, as relationships were created prior to work. The other case study project uses a less formal mechanism by giving repeat business to the same close “knot” of contractors and consultants, as a means of developing shared goals and mutual understanding.

Interviewees noted that it was important for the team members to be brought in as soon as it was relevant to do so. If they are involved early, they can build relationships and bring their expertise to bear on the early stages of the project. However, one client noted that to bring people in too early could give rise to the problem of “wasting time” and damage rather than build project relationships. One client noted that there was no general rule and involvement of team members should be varied as the project requires.

4.4 Reciprocity

Another builder of trust is the idea of reciprocity, or “one good turn deserves another”. Respondents felt that if they had put themselves out for people, making sacrifices to make the other people’s lives easier on the project, then it was important that the favours were returned. Failure to do so can stop a relationship before it starts.

Reciprocity is vitally important. If I am going to go out of my way for someone, it is nice to know that when I need them to, they will go out of their way for me. It helps build the relationship.

Interviewees stated they were more likely to respond to people who they liked, but this did not guarantee trust. If they did not personally engage with someone, it did not mean they would not trust them.

4.5 Reasonable Behaviour

The idea of behaving reasonably was raised by many of the interviewees. For the more senior interviewees it was felt that it was about behaving “professionally”. At the production level people talked about being “easy going” and “pulling their weight”.

The idea of reasonable behaviour is not necessarily about being non-confrontational, but it is about understanding what the people that you are working with understand as reasonable.

“Building relationships depends on the individual. Some people can engage in conflict and some people can’t.”

Interviewees noted that it was important for the team members to be brought in as soon as it was relevant to do so. If they are involved early, they can build relationships and bring their expertise to bear on the early stages of the project. However, one client noted that to bring people in too early could give rise to the problem of “wasting time” and damage rather than build project relationships. One client noted that there was no general rule and involvement of team members should be varied as the project requires.
People were very clear as to why trust broke down. It concerned people not fulfilling their obligations or “telling lies”. It represented the opposite of the trusting behaviour we have talked about. However, many interviewees were willing to look beyond the event itself. The issues that arise when there are difficulties in relationships,

- Circumstances beyond our control – what happens when outcomes are affected by external factors?
- We are all human – understanding that mistakes can happen and can be learned from.
- Fair representation – making honest and open assessment of what problems are and why they have occurred.
- Fixing the problem – how the interviewees felt problems could be solved and relationships repaired.

5.2 We’re all human
A comment often heard was “we are all human”. People understand that mistakes can be made. There may be misunderstandings or incorrect choices made. These were generally considered to be part of learning, and trust enables this, as people are able to communicate what has happened more effectively.

“We should consider mistakes a consequence of being human. If we have someone make a mistake we should take it as an opportunity to learn and try to avoid it happening again. We should also be prepared to own up to our own mistakes, if we have done something wrong we should own up to it in the same way.”

5.3 Fair representation
A successful and trusting project team will have fair and free access to enable communication between all the parties, where people can communicate without fear of their message being distorted. Interviewees stated they had experience of projects where access has been controlled and they felt they were not getting fair representation and this often caused a breakdown of trust between team members. One contractor stated that this rigid flow of communication, often found in traditional approaches, could create problems.

5.4 Fixing the problem
“The main issue was to maintain communication. A problem was viewed as insoluble if there was no continued communication. ‘I think I would try to repair a relationship in any event … I would try some kind of communication. I think sometimes we shy away from being upfront with one another. I think you have got to try because some form of communication has to help.’

People stated that there were some cases where trust could not be fixed. This generally occurred where they felt the intention of the behaviour that caused the breakdown was malicious, if they felt they had been “stitched up”. However, in other cases they felt that things could be done to repair the damage.

“We need to rationalise communications. [Some parties] have deliberately kept communications in a traditional manner because it is good for them. They control the information flow; they control the ear of the client and pass it to the dumb contractor at the end who does as they are told. Because we have a relationship with the client [on this project] we can give and get information.”

“We had a situation where we were wondering whether to proceed with a contractor. We had a meeting with the contractor and said, ‘We had issues with you on the last project. Can you tell us what went wrong?’ The fact they had had a look at the project and asked themselves what went wrong, didn’t avoid the issues and put together an action plan, meant we were happy to proceed again using that contractor.”
6 Company Factors

In the final sections we will discuss other factors that lead to trust outside those of individual behaviour, which can have an impact. In this section we look at the issues of company culture and the effect financial position can have on how people behave on projects. Company factors that have an impact on trust are,

- **Culture** – what are the values that are important to companies and how to individuals express this in project work?
- **Money** – how does money affect an organisation’s ability to engage in trusting behaviour?

6.1 Culture

As stated before, companies have reputations and these are often based on people’s experience of working with them. Respondents noted that when individuals behave in an adversarial way they were often reflecting the “policy” of their organisation. Their way of working is dictated by the leadership of their organisation. At the more senior level of the interviewees there was a felt need for some cultural change throughout the industry.

“I think we have moved on with things like Egan. Higher up in management people have realised that you cannot go on just trying to make a killing... I think there are organisations that did have cutthroat reputations. A lot of them are now trying to rectify the mistake of having that reputation. The reputation can cost them money if people are wary.”

A company that is going to work in trusting teams needs to have the organisation’s leadership support for this approach. The majority of interviewees at the manager, senior manager and director level felt that any policy to pursue the trusting way of working had to come from the top, at director level. However, it was noted by one interviewee that this must be supported by an equivalent commitment to implement and support the policy at all levels.

6.2 Money

The financial position of an organisation is important. Companies who are in difficult positions tend to be forced into underbidding for work in order to gain it. If a company does this then it may be forced to make a profit through changes to the contract. In the worst circumstances this company may be forced out of the project team due to financial difficulties, hence it is usual to do financial checks at tender stage.

For trust to be built it is important that companies are financially stable. If a company is in difficulties it may be forced into untrustworthy behaviour merely to survive. This supports the argument that larger companies should look at protecting the long-term profitability of smaller subcontractors in order to allow relationships to be maintained.

7 Project Factors

All projects vary in scope, size and complexity. These factors have an impact on the levels of trust that can be maintained. In the case studies one project was approximately 10 times the cost and length of the other. What do these differences make to how trust impacts relationships and project performance? Project factors that can influence the need for trust are,

- **Project size** – does project size influence trusting behaviour?
- **Project complexity** – does technical and organisational complexity make it more important to trust?

7.1 Project Size

Smaller projects have less people, which most of the interviewees felt made it easier to manage the relationships, as people working on larger projects may not even meet. There are a limited number of relationships that people can maintain and time is required to build and maintain trust.

“I have a operational team I invest time in. The most important thing you can give anybody is time.”

Smaller projects will have less people in the supply chain, so they will understand one another’s roles and communicate with a greater percentage of people within the project team. However, smaller projects often run to shorter time frames and the money available for team building may be limited, unless there are a number of repeat projects.

Figure 4 – Project Size and Relationships
8 Contracts

Larger projects with more people involved may limit opportunities for working with some partners, but they offer more time and scope for developing long lasting key relationships.

"Large projects require different levels of trust. Small projects will have less people within the contract than a large contract, where there are more people to trust. You cannot be paranoid that everyone is out to get you otherwise you will not last. You have to put a certain amount of trust with the people you contract with."

"If you are on a smaller project there is not so much opportunity and you don't tend to get that kind of trust at all... you miss out on the relationships."

Individuals working on smaller projects noted that relationships were more oriented around tasks and problem-solving, rather than relationships built by design teams in longer projects.

Larger projects, generally, have a higher value. This means that the cost of decisions to trust can be higher. This can impact the decision to trust.

7.3 Complexity

The greater the level of complexity in a project, the greater the need will be for trust. There are three main reasons for this.

- Complexity makes the relationships all the more important.

Firstly, a complex project may contain many specialisms that all parties may not be competent in. This means they rely on the communications and actions of specialist contractors and suppliers to complete the project.

Secondly, a complex project will have more information. The communications aspect of trust is important, so the more information passing between people then the more important it is that people can rely on these communications.

Finally, at the site level there will be multiple interfaces between different trades and organisations. To limit conflict at this level there needs to be a high level of information exchange to ensure people are working together effectively. This kind of complexity can be mitigated through inclusive planning.

Contracts and agreements form the basis of the relationships that many individuals enter into. Interviewees highlighted that sometimes that contract types may influence the ability of parties to form trusting relationships. The factors may be,

- Contract form - does the type of contract influence trust?
- Is the contract fair? - what are the issues surrounding fairness of contracts between the parties?
- Formal vs. informal - how trust impacts formal and informal arrangements in relationships.

8.1 Contract Form

Contract form could be seen as a factor influencing the development of trusting relationships. Traditional approaches may be seen as supporting the adversarial approach to construction projects.

Partnering is seen as a useful instrument for building trust in project teams. Continuity of personnel and long-term relationships mean the consequences of relationships are placed in a longer-term context (see Figure 2). Partnering, although useful in promoting trust is not the only form of contracting in which trust can be built.

The client in one of the case studies noted that they had used management contracting, and though they had no formal agreement, often used the same companies again and again in a partnering type arrangement.

8.2 Is the contract fair?

For trust to be built it is important that all parties involved feel they are getting fair reward for the work they are putting into the project. If the profit level is equitable and, in some cases protected, then the partners do not feel the need to squeeze more profit through the use of claims, variations and-day rates.

"There is an element of mistrust whenever there is money. People are trying to get one up on somebody whenever there is a profit. You may make a quick buck on one job, but if you want repeat business you have to give a fair and reasonable price on each job. That is coming out more and more."

"There are individual instances where people make a mistake on pricing and they have to make the money back, so trust is a problem. Ideally you are trying to make sure people are putting in the right price and telling them when it doesn’t look right. You have to try to make sure that people are putting in the right price that they can afford to do the job for."

The contract price must reflect the work that has been done. It should not expect the client to bear inefficiencies, but it should not be onerous on the contractor. If the contractor has been forced to “buy” work then trust immediately becomes a problem, as they have to try to manage the contract in order to make a profit.

There was some concern that the time and cost savings required for contracts were becoming more difficult to achieve. Mainly the clients drove this, and some individuals, at all levels, felt this was putting pressure on project teams.

"We have created a dog eat dog environment. Whether the clients are being realistic or whether contractors are being greedy and unrealistic. You get a client who puts an unrealistic timeline on something and sees who goes for it, knowing that somebody will. They know they can’t do it in that time, but they [the client] is daft enough to go with them."
The issue of open book accounting was raised by some of the interviewees, stating that although it may help, it was not really about trust. If the project team organisations trust one another they should be entitled to a certain amount of privacy.

### 8.3 Formal vs. Informal

Some interviewees felt that recourse to the contract was an indicator of a lack of trust. People should know their responsibilities and obligations without the need to refer to the contract. It was felt important to put the contract to one side and work on developing trusting relationships.

> “Once you have sorted out the nitty gritty of the contract we will put it in a drawer. We will now have to talk about how we are actually going to do the job. If you go back to the contract it is a failure. It’s also a failure if you have to go back to the contract and start beating each other in terms of price.”

Although the contract was considered important, it was felt by many that the contract should not be used as something to “beat each other over the head with”. The contract should outline what needs to be done and the project team should get on with achieving their joint goals.

> “I think it comes down to a lack of formality which cuts through the paperwork. When you have the trust between individuals you cut through the contract. It stays in the drawer. People understand where you are coming from and the reciprocal is true. People understand what they expect of you. You don’t want to let people down and they don’t want to let you down.”

The interviewees were divided as to how macroeconomic factors affected the development of trust within individual projects.

### 9 Macroeconomic Factors

The interviewees felt that the buoyant nature of the market at the moment created a strong base for building trusting relationships.

> “I think we should be doing [partnering] irrespective of market conditions. In some respects you could argue you have to try harder in a poor market because there are fewer jobs down the end of the road. In a recession or tight market you have to make efforts.”

However, other interviewees felt that trusting relationships should form the basis of working relationships regardless of the economic conditions.

> “The state of the economy is not relevant. It is about meeting client demands. People have to try hard to achieve this whether we are in a boom or a slump.”

It should be noted that the condition of the market could be considered closely related to the way contracts are pursued. In difficult market conditions price competition may become more intense and give rise to contractual arrangements that put contractors under pressure to squeeze out extra profit.
10 Conclusions

These initial interviews have been undertaken to help us with the next stage of the study. The individuals interviewed, who come from all positions within construction projects, understand that the role of trust is important in helping people work together.

Construction projects involve large numbers of people from different organisations coming together, working to very tight deadlines. The need to quickly build teams and establish clear and honest communications between team members is vital, and should be seen as an important part of communications policy as the implementation of IT infrastructure. Often, however, there is a sense that if we cannot see it, it has no value. The next stage of the Trust in Construction Project will attempt to look at different ways at to value this “knowledge asset”.

Once we have created these teams and these communications networks we should attempt to preserve them from project to project. If we build a team and then dismantle them after each job the shared experience of working with each other will be lost.

There is a sense that there needs to be a cultural change, a move from a “blame culture” to a “problem-solving culture”. The cost of problems and the ability of the team to adapt to new situations are greatly improved if there is a climate where people can give information freely and as soon as they are aware of the problem.

Any cultural change within a construction team needs to be at all levels, especially the middle managers, supervisors and foreman, who serve as a conduit for policy and it’s implementation at the “coalface”. Interviewees highlighted examples of the success and failure of this “buy-in” and the implications this had for projects.

This building of trusting teams must, ultimately, be about improved project performance. Construction is a business and operates for profits. Many of the senior managers of organisations stated they are pursuing this approach for one main reason, profit. Any approach in building trusting teams has to accept the commercial realities of the construction industry. It may be impossible to remove contracts, but it is also difficult for teams to be built if individuals are unwilling to adapt to changing information as construction projects progress.

The initial phase of the Trust in Construction project has given us an overview of how different people see trust and what impact it has on projects and the individuals working within them. For the next stage we will be investigating ways of measuring trust, how to increase levels of trust in teams and attempt to measure the time and financial implications for projects. The anecdotal evidence seems to point that there is an understanding that the industry needs to change.

The Trust in Construction project proposes to find clear reasons why the industry should change and give some ideas as to how to implement that change.

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Other publications in this series:

‘Web Enabled Project Management’ - Mustafa Alshawi and Bingunath Ingirlinge

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