Alliances in construction
Investigating initiatives and barriers for long-term collaboration

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Abstract
Purpose – This paper aims to prove that alliances in the construction industry can be used as vehicles to achieve sustainable competitive advantage.
Design/methodology/approach – The paper first sets out a theoretical proposition through a literature review and synthesis, then details an empirical case study in the construction industry to investigate the theoretical proposition.
Findings – The findings indicate the existence of the “project based mindset”, within the working practices of the different players in construction alliances. This overly narrow project focus constrains the process of achieving sustainable competitive advantage for alliances.
Research limitations/implications – This research, in broad terms, provides insights on the value of long-term orientated collaboration in construction alliances and specifically target practitioners by identifying benefits of balancing alliance tasks and activities among senior executives and project managers in an appropriate way.
Originality/value – The paper makes an original contribution to the general body of knowledge on alliances and specifically to construction alliances by identifying the core value addition in the process of long-term orientated collaboration so that the processes are carefully designed, interpreted and nurtured in practice. Also, recommends initiatives by the alliance management to redesign tasks and activities such that collaboration becomes part-and-parcel of senior executives and project managers’ daily routine, rather than considering collaborative encounters as extra activities that need “slack” time.
Keywords Strategic alliances, Partnership, Culture, Management strategy

Paper type Research paper

Introduction
Alliances between organisations are becoming an increasingly important way of creating corporate competitiveness and client value (Inkpen, 1998; Doz and Hamel, 1998). Indeed, Contractor and Lorange (2002, p. 14) assert that “the alliance phenomena is here not (only) to stay but is set to grow rapidly”. An alliance is defined, for the purposes of this paper, as any voluntarily initiated cooperative agreement between firms that involve exchange, sharing, or co-development, and it can include contributions by partners of various resources (Gulati, 1998). According to Doz and Hamel (1998), alliances provide opportunities for individuals, teams and firms to gain mutual benefit from sharing skills and resources, combining insights and understanding to reduce uncertainties and accelerate learning. In the construction industry, too, where firms are project based, the concept of alliancing is gathering momentum (Walker and Johannes, 2003; Dainty et al., 2001; Holt et al., 2000; Walker et al., 2000).
The central point of departure for this paper is that although the volume of alliance activity is growing, the potential benefits of such organisational arrangements are not being realised because participating firms are emphasising short-term profit sharing and accountancy procedures to the detriment of the more long-term and, ultimately, core value-added, dimensions of knowledge creation and organisational learning. Kanter (1994), for instance, argues that alliances often neglect the development of rich, collaborative advantages coming out of deep, sustained relationships as a consequence of framing and managing the relationship from the outset in contractual and financial terms. This emphasis has resulted in the majority of alliance collaborations being short-term focused, at the cost of sustaining and developing their relationships for more long-term benefits (Ohmae, 1989). The myriad obstacles to developing enduring alliance relationships are amplified in a construction setting by its project-based nature. This mode of organisation requires the effective management of discontinuous flows of resource, especially personnel and information across time and space, from one construction project to another (Bresnen et al., 2003; Sexton and Barrett, 2003). The challenge of creating and maintaining a more long-term perspective for alliance development in a project-based environment is the main focus of this paper.

The paper is structured as follows. First, the relevant literature is synthesised. Then the paper articulates the research problem of this study. Third, the research methodology is set out. Fourth, a construction industry case study is presented which investigate the utility of developing a long-term orientated core capability centred on knowledge sharing. Finally, conclusions are drawn.

**Key issues from the literature**

Bleek and Ernst (1995) have pointed out that on a global scale the volume of alliance activity has increased at a rate of 25 per cent per annum during the first half of 1990s. The popularity of alliance as a method of building up new sources of competitive advantage has resulted in the involvement of companies from many different countries collaborating together in various diverse settings. This is confirmed by Harrigan (1986) who suggests that alliances have been important in international business since 1975, particularly in technology intensive industries such as semiconductors, computers, software and commercial aircraft. More recently, Grant and Baden-Fuller (2004) have noted the increasing alliance activity is a global trend that promotes collaboration between independent companies. The diverse settings brought about by alliances create unique knowledge sharing and learning opportunities for the partner firms (Inkpen, 1998; Naphiet and Ghoshal, 2005). Although research into alliances in the construction industry have addressed opportunities for knowledge management and learning (Holt et al., 2000; Bresnen and Marshall, 2000; Barlow and Jashapara, 1998), focus on the value of long-term orientated collaboration is inadequately dealt with. Fong (2003), quoting D’Aveni (1994), argues that participating firms within alliances which move towards arrangements that encourage and support the continuous production of new knowledge are better positioned to achieve competitive advantage. The reality, however, is that many alliances are plagued with high degrees of instability and poor performance (Inkpen and Beamish, 1997; Parkhe, 1993), which prevent or significantly reduce the creation of alliance climates which bring about this knowledge production (Gibbons et al., 1994). This effect seems to be more pronounced in the construction industry, where activities are conducted by project teams. Gann and
Salter (1998) argue that construction, by its very nature of being project based, results in discontinuous learning and feedback loops among project teams. prencipe and Tell (2001) add further impetus into this argument by stating that project based firms generally lack organisational mechanisms for the knowledge acquired in one project to be transferred and used by other projects. The project-based arrangement therefore has pushed construction industry away from long-term learning and has forced it to focus on short-term productivity (Dubois and Gadde, 2002; Miozzo and ivory, 2000).

In the construction industry the term “partnering” has been used interchangeably with alliance (li et al., 2000). according to the National Economic Development Council (1991, p. 5) “partnering” within the construction industry is defined as “a long-term commitment between two or more organisations for the purpose of achieving specific business objectives by maximising the effectiveness of each participant’s resources”. Black et al. (2000) add that the aim of partnering is to eliminate adversarial relationships between the various participants and encourage them to work towards shared objectives and achieve a win/win outcome.

Construction industry alliances (or partnering) can be differentiated depending on the longevity of project team interaction (based either on a one-off project or a continuous form of project to project). Barlow and jashapara (1998), for instance, make a specific reference to construction industry partnering arrangements to highlight that:

In the construction industry, a distinction is often made between long-term partnering, lasting the duration of several projects and one-off project partnering (Barlow and jashapara, 1998, p. 88).

Addressing this differentiation, Walker and Hampson (2003) show that in long-term partnering, the degree of cooperation within project teams increase with time. The teams start off competing with one another, and through time, re-orientate their collaboration from competition to coalescence (Walker and Hampson, 2003; Thompson and Saunders, 1998). This supports the view that long-term partnering contracts in construction are better positioned to focus on achieving sustainable competitive advantage.

Use of specific partnering methods, such as long-term or a one-off project per se, would not lead to effective knowledge production outcomes. Bresnen and Marshall (2000) argue that partnering is associated with a number of other factors that stem from the shared understandings of the participants. Foremost among them is the moving away from traditional client – contractor relationships to a more shared culture, which is considered as the “ethos” of partnering. The element of culture becomes more critical in knowledge production in alliances, as the partners belong to different companies. Managing good relations across different cultures is an essential pre-requisite for managing projects effectively. Therefore, sometimes alliance participants have to engage in a continuous process of building trust, mutuality, openness and alignment to “mould” together (Langford, 2000; Hall and Hall, 1990) while progressing towards knowledge production, and achieving sustainable competitive advantage. Although long-term partnering alliances are arguably better positioned to achieve the transformation of developing rich collaborative advantages coming out of deep sustained relationships, Bresnen and Marshall (2000) note that the process can be engineered within a shorter time scale. Therefore, tenure of alliances, i.e. long-term partnering or one-off project partnering, impacts at a lesser extent on
enabling collaborative work between alliance participants as behavioural changes among alliance participants can either be engineered or left to be evolve naturally (although some authors such as Saunders (1998) favour the natural evolvement of shared culture). However, March et al. (1991) postulate that if projects exhibit one-off characteristics it might increase the barriers to learning from the previous experiences of others. Therefore, even if steps are taken to promote a shared culture and build up trust among the various project participants, the discontinuous project-based environment inhibit knowledge production and learning. The theory of exploration and exploitation routines (March, 1991) provides a theoretical vehicle for reconciling the apparent dichotomy between the unsustained short-term tasks observed in construction alliances and the long-term perspective advocated by many theorists in the field. According to March (1991), the strategy of seeking significant short-term benefits reduces opportunities for alliance project teams to engage in explorative work that adds more value in the future. The rationale for this behaviour is linked to certainty of results, speed at which results are gained, proximity and clarity of feedback with exploitation rather than exploration of new opportunities, new skills and capabilities. Warglien (2000) aligns this behaviour with project based firms by referring to them as “population of projects that compete for limited resources” as all efforts are directed usually towards exploitation strategies. Therefore, the skewed emphasis results in explorative activities, which have longer time horizons to foster continuous collaboration with partners, becoming continuously ignored as feedback coming from the environment is delayed. Tasks classified under exploration in alliances therefore receive relatively poor consideration from alliance management. This argument leads to the theoretical proposition, underpinning this paper.

**Setting out the theoretical proposition and variables**

The discussion so far has set out the dilemma faced by alliances in general that certainty of results, speed at which results are gained, proximity and clarity of feedback tend to focus alliances to secure short-term commercial advantages rather than longer term strategic opportunities through sustained collaboration. To a certain degree in construction alliances this situation is exacerbated as a result of more short-term orientated project based outcomes compared to alliances in other non-project based industries. However, this very reality means that the construction industry presents alliance project teams with a unique opportunity for first mover competitive advantage by harnessing core capabilities through collaboration between project team members and the transfer of knowledge and learning from project to project.

The above discussion can be represented by the following proposition:

Alliances in the construction industry are eroding potential long-term sustainable competitive advantage by not developing and leveraging collaboration as a core capability by concentrating on short-term, contract-driven commercial advantages.

This proposition underpins the empirical investigation into alliance short-term and long-term tasks and activities and their resulting outcomes as it raises the question of why alliances do not leverage collaboration as a core capability to achieve potential long-term sustainable competitive advantage. To contextualise this proposition, the overall strategic direction of construction alliances is investigated. This involves
exploring of both short-term and long-term contract driven strategies as well as short and long-term team building and other activities promoting a shared culture. For the purpose of detailed empirical investigation, the activities conducted by alliances are categorised and grouped under the headings of “strategic priorities”, “formulation of targets” and “shared culture”. The process of coding is further explained under the methodology adopted in the paper.

Methodology

Research approach

The exploratory nature of the research justifies the adoption of the case study approach (Yin, 2003). The adoption of this approach was efficient in the use and triangulation of multiple sources of data (Johnston et al., 1999). Based on this methodological framework, a detailed case study into a construction alliance operating in UK was carried out to test the theoretical proposition articulated earlier.

Case selection and unit of analysis

Based on the two main types of alliances that exist within construction, a long-term partnering alliance (continual relationships for executing many projects) was selected to investigate the theoretical proposition. The case study targets cross cultural relationships and transferring knowledge and learning from project to project, within the construction industry. The unit of analysis was articulated as follows:

[...] collaborative links between the alliance participants across time and space over any project or organisational boundaries of the construction alliance.

The articulation and representation of the unit of analysis helped in the next stage of identifying the interview sample in the case study.

Summary of case study alliance

XY alliance (the name is withheld for purposes of confidentiality) is an alliance between a petroleum retail company (X Company) and a construction project management company (Y Company). The alliance started in 1996 in the UK and currently operates in twelve countries. The expansion has been fuelled by its success in cost savings in the building and maintenance of petrol stations. The overall intent of the alliance agreement is to create a relationship to develop innovative business solutions to progress their objectives of cost savings and productivity improvements by adopting a target costing approach (see Nicolini et al., 2000). Since 1996, the savings made as a result of the alliance performance have been reinvested by X Company in the construction of more petrol stations.

XY alliance is a long-term partnering alliance and the contractual agreement between X and Y company is structured in a mutually beneficial way. Under the initial five-year agreement between X and Y companies, X company was set a target of 30 per cent in the construction and maintenance of petrol stations over the period. The initial benchmarks for these cost savings were based on X company’s average performance in the past as an independent company. The structuring of the contract to achieve the targets is driven to an employee level by the setting of individual employee targets.

The study investigated the collaborations/sharing of knowledge within the UK-based alliance team in their progress towards achieving these cost reduction
targets. The overall successful performance of XY alliance had influenced X company to renew the contract with Y for further a five years. The alliance is headed by the global alliance director based in the USA, to which all country managers report. Functional areas are organised globally through managers responsible for global functions of health and safety, commercial, procurement, design and project management. Country operations and global functional operations have a matrix relationship as shown in Figure 1. These functions have a mixed representation from both X and Y companies.

Data collection and analysis techniques
Face-to-face semi-structured interviews were held with respondents and the interviews were recorded and transcribed for analysis. The interview results were triangulated utilising senior executives (SEs) and project managers (PMs) occupying two different levels in the managerial hierarchy (triangulation of data sources). Triangulation was also achieved utilising two different forms of interview guidelines (triangulation of data collection methods) and utilising two different forms of data analysis methods (triangulation of data analysis techniques).

The text transcripts were coded based on key issues identified in literature. As mentioned earlier in the paper the key issues vary between strategic priorities, shared culture, and formulation of targets. In the context of this case study, strategic priorities highlight the type of activities that mainly SEs consider in their progress towards achieving alliance business goals and objectives. Developing of a shared culture groups activities that align positively or negatively with the developing of sustainable collaborative relationships among the alliance project teams. Formulation of targets deal with alliance activities that deal with operationalising of the financial targets within the alliance.

Figure 1.
The organisation chart of XY alliance
The SE interviews were structured and analysed utilising the cognitive mapping technique. Cognitive mapping was used to structure, organise and analyse data by creating a map indicating the perceptions of people being interviewed (Brightman et al., 1999; Eden and Ackerman, 1992). Software known as “Decision Explorer” was used to aid the mapping process. The constructed maps helped in understanding some of the key issues and identifying emerging patterns of people’s perceptions on knowledge sharing. The PM interviews were grouped into themes and tabulated for comparison purposes.

Table I provides a brief outline of the alliance and the data collection process.

**Interviewee sampling strategy**

The senior executives (SEs) consisted of the UK country manager (SE1), the network support manager (SE2), the global health and safety manager (SE3) and the maintenance manager (SE4). The four project managers consisted of two PMs working for the market launch section (new build) and the other two for the maintenance section. Out of the SEs one represented X company and the other three SEs represent Y company. Out of the PMs, two represented X company and the other two represented Y company.

**Discussion**

The three key themes defined under the methodology were utilised to categorise the interview responses of SEs and PMs. These key themes were then utilised for the building up of the cognitive map shown in Figure 2. The concepts in Figure 2 are explained in Table II. PM themes identified in the interviews were aggregated and tabulated for comparison purposes (see Table III).

Figure 2 displays how SE and PM activities trigger the high level intended outcomes of the XY alliance. Table II describes the concepts and explains the two strands of intended outcomes displayed in Figure 2. One of the intended outcomes is to have an element of shared knowledge in their output (see concept 4). The senior executives have regular interactions with their colleagues and anticipate continuous improvement and innovation of the design and construction process of petrol stations to reduce costs without degrading quality (see concepts 5, 10, and 11). The second

<table>
<thead>
<tr>
<th>Heading</th>
<th>XY Alliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alliance type, partners and purpose</td>
<td>Strategic partnering alliance between a petroleum company and a construction project management company for the construction and maintenance of petrol stations in UK and worldwide</td>
</tr>
<tr>
<td>Methods used to collaborate within and across teams</td>
<td>Face-to-face meetings, web conferencing, peer assist workshops, intranet, e-mail</td>
</tr>
<tr>
<td>Number of employees in the case study context</td>
<td>Around 20 senior, middle and project managers and other sub contract companies and sub contract labour</td>
</tr>
<tr>
<td>Senior executives interviewed</td>
<td>4 senior executives were interviewed with each interview lasting 1½ hours</td>
</tr>
<tr>
<td>Project managers interviewed</td>
<td>4 project/middle managers were interviewed for an hour each</td>
</tr>
</tbody>
</table>
intended outcome, according to Figure 2, is the formulation of targets to satisfy X company to continue the XY alliance (see concept 13). This is driven by the SEs to achieve the key project milestones and cost savings. The SE perspectives set out in Figure 2 indicate the critical role of financial targets in creating a positive knowledge-sharing climate within the alliance. The detailed targets set by both X Company and Y Company for the alliance, initiate collaborative activities among the alliance participants on two fronts. While the SEs at the strategic level conduct a number of collaborative activities, the PMs interact within their individual project teams in isolation and concentrate on their individual short-term project targets.

The detailed tasks that SEs and PMs conducted in their day-to-day operation of the alliance are indicated in Figure 3.

The activities detailed in Figure 3 locate the specific knowledge sharing capability within the XY alliance. SE activities are significantly long-term orientated, whereas PM activities, which are driven by the targets, do not contribute to the developing of relationships with a longer-term orientation. The PMs’ knowledge and understanding of the project activities are very much limited to their interactions among their project teams and do not extend to the broader knowledge sharing activities conducted by the SEs. The knowledge sharing and learning is discontinuous between the various teams. While the SEs benefit from the interactions between their colleagues in different countries, the PMs do not get opportunities to interact with similar teams in other countries, although technologies and infrastructure is available within the alliance to facilitate such processes. The current activities indicated in Figure 3 and the process framework is acting as a major barrier in sustaining knowledge sharing between the alliance participants as a whole. The transfer of knowledge from one project to the other (and the resultant benefits in terms of rich alliance project knowledge) is hampered to a large extent due to this limitation.
<table>
<thead>
<tr>
<th>Concept number</th>
<th>Concept</th>
<th>Key issue category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Detailed targets set for the alliance team by X Company and Y Company</td>
<td>Formulation of targets</td>
<td>The SEs believe that the targets that they have to achieve in the project which are linked to the overall alliance targets, triggers the process of collaboration.</td>
</tr>
<tr>
<td>2</td>
<td>Lack of time to engage in activities that add value in the long-term due to emphasis on achieving targets</td>
<td>Formulation of targets</td>
<td>Although the targets trigger the process of collaboration, they result in activities that do not add value in the long-term.</td>
</tr>
<tr>
<td>3</td>
<td>Financial targets can be sensitive for knowledge sharing as people strive at hitting targets</td>
<td>Formulation of targets</td>
<td>SEs believe that knowledge sharing is the basis for achieving targets.</td>
</tr>
<tr>
<td>4</td>
<td>Knowledge sharing is part and parcel of the alliance end product</td>
<td>Strategic priorities</td>
<td>This concept describes the value addition to their deliverables as a result of knowledge sharing.</td>
</tr>
<tr>
<td>5</td>
<td>Regular brainstorming sessions and prioritizing ideas among senior executives</td>
<td>Shared culture</td>
<td>SEs engage in a lot of brainstorming sessions targeted at prioritizing ideas, which lead to long-term orientated knowledge sharing and learning.</td>
</tr>
<tr>
<td>6</td>
<td>Priority of communication is to achieve projected targets rather than to build up relationships</td>
<td>Strategic priorities</td>
<td>This refers to communications between SEs and PMs, which are targeted at achieving short-term project targets. This aligns with concept 2 above and displays the short-term orientation within the alliance.</td>
</tr>
<tr>
<td>8</td>
<td>Project managers do not have any “slack” time in their job to engage in relationship building exercises.</td>
<td>Strategic priorities</td>
<td>This concept builds up the argument further, following concept 6 that collaborative advantage as Kanter (1994) argues is not recognized as an opportunity in the XY alliance.</td>
</tr>
<tr>
<td>10</td>
<td>Web is used to start up discussions and key issues are taken forward face-to-face</td>
<td>Shared culture</td>
<td>Concept 10 provides further argument that at SE level they engage in long-term orientated collaboration.</td>
</tr>
<tr>
<td>11</td>
<td>At the strategic level a lot of collaborative activities are conducted</td>
<td>Shared culture</td>
<td>This concept further supports collaborative activities conducted at the SE level and aligns with concepts 4, 5 and 10.</td>
</tr>
<tr>
<td>12</td>
<td>Symbiotic relationship between X company and Y company</td>
<td>Shared culture</td>
<td>Concept 12 shows the complementarity of the alliance partners in their collaboration and builds up the context for knowledge sharing at the SE level.</td>
</tr>
<tr>
<td>13</td>
<td>Achieve financial goals of the alliance</td>
<td>Strategic priorities</td>
<td>This concept is aligned with the short-term objectives of the alliance, and demonstrates the short-term perspective of PM activities.</td>
</tr>
</tbody>
</table>
The SE comments did not identify any diversities of culture between X and Y companies that affect alliance knowledge sharing. The SEs shared knowledge with their colleagues irrespective of which company they belonged to. One of the SEs stated:

"The companies that we represent are irrelevant. We share knowledge between our colleagues and there is no reason for us to hoard knowledge."

This indicates the commitment on the part of the SEs to share knowledge among their peers. Next, the PM perspectives were investigated. The aggregated PM perspectives were tabulated and compared, adopting a different analytical technique when compared to the analysis of SE results for purposes of triangulating the analytical techniques. See Table III for PM results.

Table III. PM perspectives on collaboration within the alliance team

<table>
<thead>
<tr>
<th>Concepts initiated through the role of targets</th>
<th>PM1</th>
<th>PM2</th>
<th>PM3</th>
<th>PM4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Unrealistic targets considering the level of PM resources available</td>
<td>Haphazard post project reviews are conducted amidst time constraints</td>
<td>1. Unrealistic targets considering the level of PM resources available</td>
<td>Needs for peer collaboration hardly ever arise</td>
<td></td>
</tr>
<tr>
<td>2. Routine work not allowing for opportunities for peer collaboration unlike SEs</td>
<td>2. Routine work not allowing for opportunities for peer collaboration unlike SEs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Lack of opportunities for the use of available technologies unlike SEs</td>
<td>3. Lack of opportunities for the use of available technologies unlike SEs</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 3. SE – SE tasks and PM – PM tasks carried out within the XY alliance

<table>
<thead>
<tr>
<th>SE tasks</th>
<th>PM tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Discuss key issues affecting long term performance</td>
<td>1. Keeping up to KPI targets during quarterly evaluations</td>
</tr>
<tr>
<td>2. Roll out new initiatives</td>
<td>2. Agree on target revisions</td>
</tr>
<tr>
<td>3. ‘Peer-assist’ workshops</td>
<td>3. Avoid slack resources and continuously engage in reducing costs for the alliance</td>
</tr>
<tr>
<td>4. Close monitoring of PM performance</td>
<td></td>
</tr>
</tbody>
</table>
PM perspectives indicate that they predominantly believe that pursuing targets have a negative influence attached to them, as they reduce their opportunities to sustain explorative collaborations, both in UK and other countries. Instead, they have to expend a significant amount of their resources carrying out exploitative tasks that are related to achieving targets. For instance, as identified in Table III, PMs are unable to contribute much to a number of post project reviews[1] that are conducted by the alliance to identify good practice within the alliance overall tasks. PMs also find lack of time to benefit from some of the technologies (e.g. web conferencing, intranet) that are available to them. They are aware that some of these technologies can effectively and efficiently enable collaboration and allow them to benefit from good practice elsewhere.

Overall, the SE and PM perspectives indicate that the current strategic priorities directing the alliance project teams do not allow reasonable “slack” (Johnson and Scholes, 1999) to allow the PMs to engage in lateral communication with their colleagues. The senior executives, in particular, believe that a unique opportunity through alliancing is left under exploited with their current direction. For example, one SE stated that:

>Sometimes we get caught up in the old story that we are too busy trying to achieve targets and hardly find any time to do things that add value.

The overall XY alliance direction is focused on short-term orientated commercial advantages (via annual targets), rather than long-term sustained collaboration.

**Conclusion**

By undertaking a case study in the construction industry, this paper demonstrated the value of leveraging shared knowledge in achieving sustainable competitive advantage. The XY alliance case study showed the effect of the discontinuous learning and sharing of skills and capabilities within a long-term partnering alliance. The results showed that there is a significant difference in the way knowledge is shared between senior executives and project managers. The senior executives benefited from opportunities to add value to their tasks and activities by engaging in web conferencing followed by face-to-face meetings and brainstorming ideas with their colleagues, not only within the UK office, but also with the rest of the senior XY alliance executives in other parts of the world. They were able to gain rich insights into various alliance activities, which they were able to prioritise and implement within the UK operations. They engaged in activities that involved group reflection, continuous improvement and innovation. The project managers, however, were subject to tight schedules, driven by individual performance targets. If these performance targets are not achieved, they affect the overall company performance and several cycles of such poor performance is likely to result in discontinuation of the alliance. The major problem for sustained knowledge sharing therefore was that a significant number of collaborative activities within the alliance were located at the senior executive level rather than being spread evenly across the management hierarchy. This is mainly down to the type of alliance and allocation of responsibility between SEs and PMs for knowledge sharing. The alliance drives the win-win relationship between the client (X Company) and the project management company (Y Company) by this uneven allocation of responsibility. The basis for this win-win relationship is that the client
offers a continuous workload to the contractor and the contractor in return guarantees total cost savings to the client over the period.

In practice, the number of PMs in an alliance is kept at the minimum level mainly to reduce administration costs of the alliance. Retaining more than the required number of PMs with a view to adding value to tasks and activities carried out to gain long-term benefits is a proposition that cannot easily be justified. However, the alliance management can design the PM activities such that collaboration becomes part and parcel of their routine. This will enable the management to extend the “population of projects” concept, discussed earlier, within a project based firm to have a “population of collaborative encounters” between the alliance project teams by engaging in redesign of both SE and PM roles. This will ensure that collaboration is part and parcel of the process rather than a series of activities requiring “slack” time.

Another barrier in maximising the actual amount of core capability that is developed through a strategy of balancing the SE and PM collaboration is unpredictability of various strategies. This aligns with the theory of exploration and exploitation of skills and capabilities discussed previously. When exploration and exploitation activities compete for scarce resources, due to the proximity and speed of results associated with exploitative endeavours, efforts are directed usually towards exploitation strategies. This rationalises the current state of tasks and activities carried out within the alliance, which has a negative influence on efforts to sustain knowledge sharing and learning and maintaining the discontinuous flow of resources, capabilities within the project teams in long-term partnering alliances.

The empirical investigation as detailed in this paper supports the theoretical proposition that “alliances in the construction industry are eroding potential long-term sustainable competitive advantage by not developing and leveraging collaboration as a core capability by concentrating on short-term, contract-driven commercial advantages”. The case study results provide added support to the claim that the short-term orientation existing within construction alliances has adversely affected the core capability development process and resulted in reduced scope in achieving sustainable competitive advantage. The study shows the existence of the “project based mindset”, within the working practices of the different players in construction alliances. This overly narrow project focus constrains the process of achieving sustainable competitive advantage. The study reveals that the longer-term aspects of collaboration in construction alliances are not adequately appreciated or understood in practice or in theory. This research addressed the value of long-term collaboration and improving effectiveness and efficiency of interactions between construction alliance participants to improve knowledge sharing. Although long-term partnering trends have emerged in construction, the research findings indicate that they have failed to fully break the “project based mindset” mould among project management teams in construction.

Note
1. Post project review is a formal review of the project examining the lessons that may be learned, which may benefit future projects (for a more detailed study on post project reviews see Von Zedtwitz (2002)).
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