

# BUILDING ON TRUST: A CO-OPERATIVE APPROACH TO CONSTRUCTION PROCUREMENT

Graham Wood, School of Management, and Peter McDermott, School of Construction and Property Management, University of Salford, Salford, M5 4WT. U.K.

## Abstract

The central argument of this paper is that the key to successful implementation of relationship-based procurement strategies lies in trust. Trust is essential to relationships because it is the glue that binds co-operative relationships together. It is a multidimensional, multifaceted social phenomenon, which is regarded by some as an attitude, by others as a personality trait and by yet others as a vital social lubricant. We focus on those particular aspects germane to partnering approaches to construction procurement. Trust is defined as the willingness to rely upon the actions of others, to be dependent upon them, and thus be vulnerable to their actions. Others argue that collaboration can be achieved, not through trust, but only through trading *power* or *incentives*. The paradox here is that the one industry, which has most extensively developed subcontracting, should prove to be so resistant to the collaborative approaches to procurement. How to move forward in an adversarial sector is described. Increased co-operation is only possible if we accept increased vulnerability; that is why we need trust. The greater the risk to which we are exposed in co-operating with others, the greater our need for trust. Partnering is an attempt to gain the benefits of increased co-operation, and in seeking that, any individual firm must increase its vulnerability to the potential for others to harm them. Interview data presented demonstrates that moves are already taking place to working practices and processes to make it more likely that trust will develop. To establish any relationship, a minimal degree of trust has to be offered. Trust deepens only where the co-operation of the other parties gives evidence of their *competence*, their ability to *keep promises*, to *communicate openly* and *honestly*, *sharing information*, to produce *mutually beneficial outcomes*. *Confidence* increases, the relationship becomes closer, more *open* and *more trusting* so that the partners are in a virtuous cycle. Finally, theoretical justification and some empirical support for the contention that culture change is possible in construction, notwithstanding its unenviable record for adversarial relations, is offered.

**Keywords:** Culture change, partnering, trust, co-operation

## Introduction: Co-operation and Trust in the Construction Sector

Many construction firms have eschewed competition in favour of some forms of co-operative behaviour, either in response to their own business or ethical drives, or in response to client or government encouragement. The most frequently discussed institutional form of co-operative behaviour is Partnering. The Partnering literature refers frequently to trust as being one of the principles or foundations of partnering, yet no clear conceptual view of what is meant by trust is put forward.

Indeed the literature on partnering frequently cites trust, or rather the lack of it, as the main cause of the adversarial relationships in the construction sector. In the UK in 1993, Sir Michael Latham was told during his investigations into contractual and procurement relationships, that there was no trust in the industry any more. Latham commented: "...disputes and conflicts have taken their toll on morale and team spirit. Defensive attitudes are commonplace...."(Latham, 1993, p.5). The launch of his final report (Latham 1994) was seen by many as a watershed for the industry. A major thrust of the report was an attempt to re-build trust in the construction industry both through the advocating of partnering at project level and through encouraging the re-structuring and realigning of the existing client, contractor, sub-contractor, supplier and consultant institutions at industry level.

In the wider literature trust is seen as one key element in engendering cultural change (McDermott, 1999). Egan (1998) chose to highlight the need for cultural change - a key part of which was the establishment of "*a no blame culture based on mutual interdependence and trust*" - if construction was to match the advances achieved in other sectors of the economy.

Partnering has a growing band of sceptics, fuelled by failures of, or poor performance on, partnered projects. Yet with no common, clear, conceptual or practical understanding of one of the key facets of partnering - trust - it cannot be clear what has actually failed or under-performed. The sceptical view

of partnering is also proving to be the stumbling block for the policy initiatives that are being put in place in support of the Latham and Egan reports. Prime Contracting – the approach by the Ministry of Defence to changing its construction procurement policies – has been open to criticism as the sector seeks to respond to the changing face of demand. Mike Burt, then head of procurement practice at the Treasury, described the lack of trust in the sector as 'the stone on which prime contracting is foundering' (Anon 1999, p.7)

The pull from clients and the push from government for the construction industry to undertake radical cultural change is not confined to the UK. The changes to procurement systems and methods in construction are forcing industries the world-over to change from a reliance on adversarial, win-lose, contractual relations, to reliance on co-operative, trust-based, win-win, relationship-based procurement (Walker, Hampson & Peters 2000).

It is the central argument of this paper that the key to successful implementation of relationship-based procurement strategies – such as partnering or the UK Ministry of Defence's Prime Contracting - lies in trust – and a thorough understanding of it.

### **Towards an Understanding of Trust**

Lewicki & Bunker (1996) when discussing the competencies crucial for managing networks see the interpersonal dynamics between the parties in a network as critical elements and "trust is central to this list..." (p114). Organisations seeking to develop collaborative relations need to develop trust, which is recognised as a major issue in building supplier relations and as a key outcome of building relationships prior to the start of large projects (Creed & Miles 1996: p11). This view finds support from Powell (1990: p305), trust functions as "a remarkably efficient lubricant to economic exchange [that] reduces complex realities far more quickly and economically than prediction, authority or bargaining": and, Etzioni (1988) who argued that a level of trust is a fundamental element of the social fabric and a factor in all transactions. We are arguing that trust is essential to relationships because it is the glue that binds co-operative relationships together. "The key value in networking, and the one that is most problematic for Western managers is trust...High levels of trust help reduce transaction costs....Trust reduces uncertainty about the future and the necessity of continually making provisions for the possibility of opportunistic behaviour among participants" (Limerick & Cunnington 1993: p95)

Trust is a multidimensional (Sako 1992, Ganesan 1994, McAllister 1995), multifaceted social phenomenon (Fukuyama 1995, Misztal 1996), which is regarded by some as an attitude (Luhmann 1979, Flores & Solomon 1998), by others as a personality trait (Wolfe 1976) and by yet others as a vital social lubricant (Gambetta 1988, Fukuyama 1995). In spite of the large literature on the subject, Gambetta still saw trust as an elusive concept, and Misztal (1996) noted ten years later the continuing conceptual confusion. It is not within the scope of this paper to review the whole of the extensive literature on trust, but there are good reviews in Mittal (1996) and Misztal (1996). Rather, we wish to focus on those particular sections germane to partnering approaches to construction procurement.

We define trust as the willingness to rely upon the actions of others, to be dependent upon them, and thus be vulnerable to their actions. Trust always involves an element of risk, that a partner will abuse the trust placed in them. Trust does not imply blind loyalty; rather, "it is deliberate and studied" (Powell 1996: p52). But, where there is no vulnerability, there is no need for trust - a point we shall return to, later. We are mainly interested in trust as it affects the willingness to co-operate. Gambetta (1988) and his contributors see trust as a precondition of co-operation because partners need some assurance that the other parties will not defect.

## Co-operation, Trust and the Construction Sector

Cox & Thompson (1997) criticise the view that partnering or similar approaches can be successful in the construction sector, and they cannot envisage any approach based on trust meeting with success. Their paper sets out to demonstrate that partnering is not the panacea for all of the construction industry's ills, as indeed, it is not. They continue, "...it is unlikely that trust (based on dependency) will be volunteered in such a deep-rooted traditionally adversarial culture as that of the construction industry" (p132). They point to the unique features of construction: each project is site specific, tends to be one-off with little repetition, and is associated with a high degree of uncertainty. They warn against the application of models drawn from manufacturing which has very different characteristics from construction as a process. Their paper argues that collaboration can be achieved only through trading *power* or *incentives*, and as they argue that the only viable form of incentive is future business and this is absent in construction, then collaboration can only be enforced through power. Trust is not a viable option, since they cannot conceive of it ever being volunteered.

There is a paradox here, in that the one industry which has most extensively developed subcontracting should prove to be so resistant to the collaborative approaches to procurement which have swept much of manufacturing (Sako 1992, Womack et al 1990). As Groton (1997) observed, "it is ironic that the one industry in the country [USA] that more than all others depends upon co-ordination, co-operation and teamwork among multiple participants should be the country's most adversarial industry"

This irony is further emphasised by the views of Myerson (1996) and her colleagues, that temporary groups exhibit behaviour that presupposes trust, even though the "traditional sources of trust—familiarity, shared experience, reciprocal disclosure, threats and deterrents, fulfilled promises, and demonstrations of non-exploitation of vulnerability—are not obvious in such systems" (p167). Their description of temporary groups as "interdependent strangers" (p169) fits construction projects perfectly. Goodman and Goodman (1976) define a temporary system—and therefore a construction project—as "a set of diversely skilled people working together on a complex task over a limited period of time" (p494). The point about temporary groups is that they need to co-operate to be able to complete their task, indeed, each member of a temporary group has a vested interest in co-operating with the others. The group is formed on the assumption that all members are required, as is illustrated by the construction project.

In construction emphasis tends to be placed upon the contract, and not on the project relationships. Yet, this legal view of a contract as an isolated event, which is made and performed, or is broken – but then is over, has been long criticised elsewhere. McNeil (1985) has argued that many, if not most contracts, are not like that. Many contracts are part of longer term relationships in which there have been past dealings, and will probably be future dealings. McNeill, describes these relationships, in which not everything is worked out at the beginning – and the understandings and obligations of the parties changes over time – as relational contracting. Thus, even in temporary group or contract formation, there may well be existing relationships which lend themselves to speedier trust formation than a first consideration may reveal.

To achieve the required level of co-operation *swift trust* is necessary (Myerson, Weick & Kramer 1996): and, this "trust must be conferred presumptively, or *ex ante*" (p170). Given their temporary nature and pressing deadline these groups have neither the time nor the opportunity to engage in the normal trust-building exercises. Rather they have to wade in and see who can be trusted. Where you have high interdependency, as in construction projects, everyone is comparably vulnerable, so each has the same urgent incentive to trust the others and get the task done. This suggests, that the construction industry has reservoirs of trust, possibly due to the relational contracting mentioned above, on which to draw as it seeks to adopt a more co-operative culture. However, in the past the industry has shown a stronger preference for distrust rather than the full benefits of co-operation.

Traditionally organisations have looked to the institutions of property rights, contracts and commercial law as a mechanism for sealing-in the benefits from relationships. However, Williamson (1975) observed that because of bounded rationality, and, the cost of negotiating, writing and implementing a contract, no totally comprehensive contract is possible. If confidence between partners is to develop they need to build trust in each other. Fukuyama (1995) argues that transaction costs can be lowered by social capital and trust. Trust and other forms of social capital are particularly interesting because they are moral resources (Hirschman 1984) that operate differently from physical capital. Trust, as with other forms of social capital increases with use, not decreases. Latham (1993/1994) and Egan (1998) are two among many commentators who have pointed to the lack of trust in the UK construction industry.

### **The way forward**

How can trust be introduced into antagonistic situations? Game theory demonstrates that though it may be hard, under certain conditions even enemies can co-operate. (Axelrod 1984). Where people are likely to meet again they are more likely to co-operate. When parties have common interests co-operation is easier. In construction, as in all other forms of business activity, everyone has at least one common interest, that of making a profit. Only through co-operation can they achieve that. Given the ubiquitous nature of construction activity, within any given locality, it is likely the parties will meet again and perhaps have met before.

Increased co-operation is only possible if we accept increased vulnerability; that is why we need trust. Baier (1986) defined trust as "accepted vulnerability to another's possible but not unexpected ill will (or lack of good will) toward one" (p235). Baier's definition is based around the concept of vulnerability and the grounds for believing that one will not be harmed by those entrusted with valued items (reputation, conversations, health, safety and political position in Baier's terms). She argues that there are situations we get into where we cannot avoid making ourselves vulnerable to the actions of others. This is certainly the case in construction. Gambetta (1988: p219) adds that trust is necessary when one party is free to disappoint the other, but the relationship remains potentially beneficial and attractive. Again the application to the construction project is clear. Uncertainty and disappointed expectations are coincident with increased co-operation and the need for trust. The greater the risk to which we are exposed in co-operating with others, the greater our need for trust. To this extent the criticism of partnering in Cox & Thompson (1997) is misplaced. Partnering is an attempt to gain the benefits of increased co-operation, and in seeking that, any individual firm must increase its vulnerability to the potential for others to harm them.

Alliances formed to engage in partnering in construction procurement may lack the more "natural" forms of trust to be found in kinship networks or those based upon a common geography or culture, in such a context the establishment of trust is not easy. Alliances are a form of co-operation which is calculatively formed. The lack of information and high levels of uncertainty, demand governance structures that allow for constant monitoring. This constant monitoring increases the contact between parties, making consultation and communication easier, which in turn helps minimise errors and mistakes. Lorenz (1988) points out that the costs of promoting trust, in terms of risk and vulnerability, are high. However based on his study of subcontracting in France, the costs of not trusting are even higher. Bromiley & Cummings (1992) argue that trustworthy behaviour actually reduces transactions cost. Trust also positively influences investment decisions, by assuring partners that their increased vulnerability will not be abused.

Reciprocity is at the heart of the process. Managers enact the context within which trust is appropriate and this becomes embedded in the routines, symbols and processes of the culture. When exchanges are repeated parties learn to trust each other. They create a structure of mutual obligations and expectations, which alters the balance in the calculation of cost/benefit of further co-operation.

al  
5)  
a  
op  
de  
rg  
al.  
4)  
IK

However, one party needs to take that initial step. They can do so confident that in offering to trust, others are more likely to reciprocate that trust than exploit it (Myerson, Weick & Kramer 1996, Powell, 1996). Although modern concepts of agency theory and transactions cost economics start from a position of distrust, emphasising the likelihood and/or potential for opportunistic behaviours, trust begets trust. We are trusted by being trustworthy. If we want others to trust us, we must trust them. Just as competence is built through education and training, trust is built by trusting. In terms of investing in trust, being first mover in trust building entails being open to evidence of trustworthiness, to learning and overcoming cognitive inertia and biases for the familiar (Good 1988). In temporary groups, Myerson, Weick & Kramer (1996) note, people act *as if* trust were in place and that in itself may provide sufficient proof for trust to be given by all. We see others acting in a trusting manner, infer this is neither naïve nor foolish and reciprocate. In this way swift trust within the group accumulates. Essentially individuals are predisposed to confer trust unless they see evidence to the contrary, and then setting off cycles that build trust. Ogden (1999) suggests that resort to a contract is inimical to the development of trust, and thus criticises the view of Cox & Thompson (1997) that *explicit* trust must be contractually based.

it  
le  
o-  
st  
an  
et

Limerick & Cunnington (1993) warn, "...trust does not come naturally. It has to be carefully structured and managed" (p96). But once established, further co-operation becomes easier, as participants develop reputations as reliable partners. The key is that co-operation is supported by regular dialogue, sustained contact and constant monitoring. Social norms are reinforced through ongoing debate. Without mechanisms and institutions that sustain conversations, trust does not ensue. Partners can find themselves in a virtuous circle, where the increased monitoring leads to increased contact and communication, these in turn increase the level of trust which allows them to move onto the next level of co-operation, where contact and communication increase again to increase the trust and so on. It is now possible to move beyond calculus-based stage of trust to knowledge-based trust (Lewicki & Bunker 1996), and realise the potential to escape from the contractual bounds of *explicit* trust (Cox & Thompson 1997).

st.  
ill  
of  
ad  
as  
ie  
is  
ly  
id  
ie  
it.  
in  
st

### Empirical Support

ill  
of  
ad  
as  
ie  
is  
ly  
id  
ie  
it.  
in  
st

The theoretical case for importance of trust in co-operative relations has been made, but what empirical evidence is there for the practical possibilities for trust in the construction industry? Data was gathered through several in-depth interviews with a range of professionals in the construction industry, representing both public and private sector experience. The considerable data collected in this way has been supplemented through a series of discussions with members of a Movement for Innovation (M<sub>4</sub>I) cluster of demonstration projects. This data supports much of the theoretical argument developed in this paper, and demonstrates that moves are already taking place in terms of changes to working practices and processes to make it more likely that trust will develop.

ill  
of  
ad  
as  
ie  
is  
ly  
id  
ie  
it.  
in  
st

To build trust, requires action rather than motives or rhetoric. Trust is different from mere promise keeping (Baier 1986). Parties learn to trust by doing, thus allowing the common purposes and shared interests to emerge. We need to recognise the extent to which trust is learnt and reinforced through continued interactions rather than chosen or embedded (Powell 1996: p63). Trust is enacted (Weick 1979) through a generative process of actions (Luhmann 1988), which is cognitively rather than emotionally driven. It is not that motives and intentions are unimportant, more that we judge others on what they do. It is not surprising that respondents spoke of the need for those in trust-based relationships to demonstrate their competency and reliability. Initially the judgement must be on the basis of reputation but once the co-operation is under way action is the criterion for judgement. Any discussion of promise keeping is couched in terms of delivery: "*you should never promise what you cannot deliver nor mislead with false promises*". Trust is developed by actions and promise keeping not words and promised breaking. Any broken promise, a failure to deliver, is a *breach of trust*.

is  
a.  
al  
)-

As argued above, one party has to make the first move and be willing to trust the other to begin the development of co-operation and trust. The risk of doing so is recognised, it is "*a step of faith*", but the potential benefits make it seem worthwhile to some individuals in some organisations. The most

frequently cited example respondents gave was to "lay their cards on the table" by opening their books to reveal their costs, margins and required profit levels to the other, trusting them not to abuse this very sensitive information for their own gain. Others talked of their willingness to "make a sacrifice", not in any altruistic sense, but as a considered option, which involves some risk that it may not prove beneficial in the future and may involve both short-term and the long-term costs. It is done in the expectation of future gains. Thus the analogy is not with ritual or altruistic sacrifice, but with the "pawn sacrifice" of chess. This willingness to trust demonstrates how "open and honest" you are, that you are prepared to place "confidence" in the other, and that you will "keep your promises" Moorman et al (1993), Ganesan (1994) and Morgan & Hunt (1994) reinforce the point that only where vulnerability and uncertainty are high is trust needed. These studies show this is as true of other sectors as construction. Smyth & Thompson (1999) report that in construction repeat business is only at about 20-25% compared to 60% in other service sectors. This suggests the promise of future work may not be as readily available as in other sectors. In spite of this some firms in construction are willing to try a new approach to procurement. If we can identify what leads them to do so, this would be helpful. Evidence is available from studies by Bennett & Jayes (1995, 1998), Barlow et al (1997) and those surveyed in Walker, Hampson & Peters (2000), that considerable savings in costs and time, can be achieved through partnering and other new procurement approaches, at the same time as increased quality and buildability.

Communication is the medium that allows confidence to be built, learning to be shared, and understanding to develop. Communication is about openness and honesty as public indicators of trust. "Openness is the key"; "honesty and truthfulness are the number one requirement"; and, "openness and honesty are central to the way I work and want others to work". Where the other is revealed as deceitful or lying is one of the few instances where trust is immediately and irrevocably withdrawn. Lying and deceit are clearly acts of *betrayal*, of the trust they have had placed in them and also of the *loyalty* being offered to them in the form of the relationship. Anderson & Narus (1990), and Gambetta (1988) provide supporting evidence from other sectors of the importance of honest and open communications to those seeking to develop trust. Certainly Moorman et al (1993) were able to report from their study of market research organisations that *perceived integrity* is most important predictor of trust.

Respondents looked to evidence of the other's approach to problem solving as indicative of whether trust could be placed in them. Most construction projects, even the smallest, are a series of problems that have to be solved if the building is ever to be erected. Respondents looked for others to jointly own and actively seek solutions to all problems that arise during the project, and to do so to their joint satisfaction and benefit: this is a key test of whether a trusting relationship can be forged. Given the complexities of even small scale building projects, where there will be many uncertainties, attitudes to meeting and solving the difficulties that will inevitably arise is a good indicator of whether the other can be trusted. "The important point is to solve a problem with everybody's agreement and thus move some ground so that compromise can be reached. As in any problem solving exercise, negotiations are required to resolve the problem." Respondents readily cited examples where mutual problem solving had produced solutions relatively easily and with a beneficial impact on the overall project. *Client and Contractor act as one in a positive atmosphere, whereby contractual issues take second place to a problem solving can do.*" Myerson, Weick & Kramer (1996) reported that in temporary groups the ability to meet and solve crises was critical in the group's ability to generate *swift trust* and co-operation. A move from a "blame" to a "solutions" culture allows project teams to engender confidence in each other.

Reciprocity (Nooteboom 1992) is perhaps the most important characteristic of trusting relationships: the partners work to their mutual advantage and seek to ensure that the relationship produces benefits for both. The benefits do not have to be equal, but they do have to be *equitable*. Respondents spoke of the need for "fairness" in the relationship, and two spoke of the importance of "equity" as a value central to building relationships on trust. Another talked of partners showing "mutual respect and tolerance for each other".

Ganesan (1994) has identified reputation as being an antecedent of trust and he also reported that the retailers in his study tended to rely upon the reputation of vendors as much as satisfaction with outcomes in determining to trust. Gambetta (1988) reported that a favourable reputation influences the decision to trust, because building a reputation takes time and resources, so people can be trusted because they do not want to lose this valuable asset. So it was with our respondents, who identified with a desire to build a "reputation for fairness and honesty", for "a willingness to work for their partner's advantage as well as their own", and for a willingness to "protect the interests of their partners". What is not clear is on what evidence this favourable view of reputation is based. It makes sense, *a priori*, but reputations are intangible and fragile, easily damaged, yet many firms continue to work profitably even after damage to their reputation. All respondents were ready to identify others they were reluctant to work with because of their reputation, but this factor was not the only, or even most important variable in the decision whether to work with them or not. How reputations are formed or indeed damaged is far from clear, although it probably arises from a complex of actions, motives, intentions, attitudes and values. In an industry such as construction, where the overall reputation of many of the companies is not very positive, this is an even more complex issue to unravel.

Co-operation has its real value if it is extended over the long-term, certainly beyond the single project. Although studies such as those by Barlow et al (1997), Bennett & Jayes (1995) and Walker, Hampson & Peters (2000) suggest partnering can produce immediate benefits, the full flow of benefits in terms of organisational learning, are only available from extended co-operation over multiple projects. The respondents, especially those in the M<sub>4</sub> cluster were particularly keen to stress this. "This is a real opportunity to escape the short-termism that bedevils our industry". And "partnering must not be seen as just another passing fad". It is the opportunity to learn new ways of working that will release the cost and time savings and allow for increased buildability and quality. But these savings and improvements are only seen as available from co-operation built on trust. However, we felt we detected some reluctance among respondents to place themselves at too great a degree of dependence upon their partners. Perhaps this industry has too much mistrust for its members to be other than cautious in developing relationships with others even where trust has been firmly established.

Anderson & Narus (1990) suggest co-operation may be an antecedent to trust rather than the other way round. Looking at the evidence it seems reasonable to argue that to establish any relationship, a minimal degree of trust has to be offered. From then on, trust deepens only where the co-operation of the other gives evidence of their *competence*, their ability to *keep promises*, to *communicate openly and honestly*, *sharing information*, to produce *mutually beneficial outcomes*. *Confidence* increases, the relationship becomes closer, more *open* and *more trusting* so that the partners are in a virtuous cycle, each successive round of which confirms their previous assumptions and impressions, and reinforces their *confidence* even more.

### Conclusions

This paper has argued that, building trust is an important step towards the objective of bringing about a more collaborative culture into construction procurement. We have argued for the centrality of trust to all of the institutional pressure for a change away from the adversarial culture which has dominated procurement in construction. Whether trust is the antecedent of co-operation, or co-operation the antecedent of trust, it is clear that the two social phenomena are closely intertwined: you cannot have one without the other. Further this paper has offered theoretical justification and some empirical support for the contention that this culture change is possible in construction, notwithstanding its unenviable record for adversarial relations.

Evidence from organisations that have adopted this more co-operative style, which relies more upon trust than contract, is that whilst the trust established might be "fragile" (Lewicki & Bunker 1996) it is strengthening as positive experiences multiply. This is not to dismiss entirely the valid objections of Cox & Thompson (1997) and Smyth & Thompson (1999) as to regarding partnering as a panacea, but to recognise that relationship-based procurement strategies are possible and viable (Walker,

Hampson & Peters 2000). Further Powell (1996) has argued that once trust and co-operation are established they can transform not just the relationship, but also the parties in that relationship. He argued that new governance structures built on trust are capable of creating cultural change. If culture changes so will the behaviour of those involved (Johnson 1990)

For the future, a number of further avenues for research suggest themselves. Our understanding of how organisations and their employees can become more trustworthy remains weak, in terms of being able to specify the behaviours and attitudes typical for the different levels of trust development suggested by Lewicki & Bunker (1996). What leads some contractors to take that initial *step of faith* and initiate a relationship by trusting the other party? Reputational capital is recognised to be very important in forming judgements about the others' trustworthiness but we still understand little about how reputations are gained, who are the critical formers of reputations, how they are measured and what actions will damage a reputation. Finally there is a danger in companies working closer together of the relationship degenerating into "cronyism" (Husted 1998), with consequent adverse impact on performance. Cox & Thompson (1997) are right to emphasise the importance of performance as the criterion by which trust-based co-operation should be judged. Relationship-based procurement strategies have to deliver lower costs and time savings, improved quality and buildability, and most importantly improved profitability if it is to be widely adopted.

A study is currently under way to examine some of these issues.



are  
He  
If  
  
g of  
s of  
nent  
faith  
very  
bout  
and  
ther  
t on  
; the  
nent  
nost

## REFERENCES

- Anderson, J.C. & J.A. Narus (1991) 'Partnering as a focused market strategy', *California Management Review*, Spring: 95-113.
- Anon (1999) 'MOD under fire over Prime Contracting', *Building*, 24/9/99, p7.
- Axelrod, R. (1984) *The evolution of co-operation*, New York: Basic Books
- Baier, A (1986) 'Trust and antitrust', *Ethics*, 96: 231-260.
- Barlow, J, et al (1997) *Towards Positive Partnering*, Bristol, The Polity Press.
- Bennett, J. & Jayes, S. (1995) *Trusting the Team*, Centre for Strategic studies in Construction, University of Reading.
- Bennett J. & Jayes S. (1998) *The Seven Pillars of Partnering*, London, Thomas Telford.
- Bromiley, P. & Cummings, L.L. (1992) 'Transactions cost in organizations with trust' (Discussion Paper #128). Minneapolis: University of Minnesota, Strategic Management Research Center.
- Cox, A. & I. Thompson (1997) 'Fit for purpose' contractual relations: determining a theoretical framework for construction projects', *European Journal of Purchasing & Supply Management*, 3(3): 127-135.
- Creed, Douglas W.E., & Raymond E. Miles (1996) 'Trust in Organizations: A Conceptual Framework Linking Organizational Forms, Managerial Philosophies, and the Opportunity Costs of Controls', In Kramer & Tyler: 16-39.
- Egan, J (1998) *Rethinking Construction: Report of the Construction Task Force*, www.detr.gov.uk.
- Etzioni, A. (1988) *The moral dimension: Towards a new economics*, New York, Free Press.
- Flores, F. & Solomon, R. C. (1998) 'Creating Trust', *Business Ethics Quarterly*, 8(2): 205-232.
- Fukuyama, F (1995) *Trust: The Social Virtues and the Creation of Prosperity*, Harmondsworth, Penguin Books.
- Gambetta, D. (1988) 'Can we trust trust?' in Gambetta (1988): 213-237.
- Gambetta, D (ed) (1988) *Trust: making and breaking cooperative relations*, Oxford, Basil Blackwell.
- Ganesan, S (1994) 'Determinants of long-term orientation in buyer-seller relationships', *Journal of Marketing*, 58 (April): 1-19.
- Good, D. (1988) 'Individuals, interpersonal relations and trust', in Gambetta (1988): 31-
- Goodman, R.A., & L.P. Goodman (1972) 'Some management issues in temporary systems: A study of professional development and manpower—The theatre case', *Administrative Science Quarterly*, 21: 494-501.
- Green, C & P. McDermott (1996) 'An upside down and inside out approach to partnering research', *Proceedings of the 12th Annual ARCOM Conference*, York.
- Groton, J.P., (1997)
- Higginson. R. (1998) *Establishing Trust in the Construction Industry*, Cambridge, Ridley Hall Foundation.
- Hirschman, A.O. (1984) 'Against parsimony: Three easy ways of complicating some categories of economic discourse', *American Economic Review Proceedings*, 74: 88-96.
- Husted, B. W. (1998) 'The Ethical Limits of Trust in Business Relations', *Business Ethics Quarterly*, 8(2): 233-250.

- Johnson, G (1990) 'Managing Strategic Change - Strategy, Culture and Action', *Long Range Planning*, 25(1): 28-36
- Kramer, R.M., & T.R. Tyler (1996) (Eds.) *Trust in Organizations*, London, Sage Publications.
- Latham, M. (1993) *Trust and Money. Interim report of the Joint Government/Industry Review of Procurement and Contractual arrangements in the United Kingdom Construction Industry*, HMSO.
- Latham, M (1994) *Constructing the Team, Final Report of the joint Government/Industry Review of Procurement and Contractual Arrangements in the United Kingdom Construction Industry*, HMSO.
- Latham, M (1997) 'Procurement - the present and future trends in Procurement the Way Forward', *Proceedings of CIB W92 Procurement Systems*, Montreal, Canada: 61-74.
- Lewicki, R.J. & B.B. Bunker (1996) 'Developing and Maintaining Trust in work Relationships', in Kramer & Tyler: 114-139
- Lorenz, E.H. (1988) 'Neither friends nor strangers: Informal networks of subcontracting in French Industry', In Gambetta, D (Ed.) (1988): 194-210.
- Luhmann, N. (1988) 'Familiarity, confidence, trust: Problems and alternatives', in Gambetta, D. (Ed.) (1988): 94-108.
- McAllister, D.J. (1995) 'Affect and cognition based trust as a foundation for interpersonal cooperation in organisations', *Academy of Management Review*, 38(1): 24-59.
- McDermott, P., S. Rowlinson & D. Jaggar (1997) *Foreword to CIB W92 Proceedings: Procurement: a key to Innovation*, (eds) C. Davidson & Tarek Meguid, Montreal, May.
- McNeil, I.R. (1985) 'Relational contracts: what we do and do not know'. *Wisconsin Law Review*: 483-525.
- Misztal, Barbara A. (1996) *Trust in Modern Societies*, Cambridge, The Polity Press.
- Mittal, Banwari (1966) 'Trust and relationship quality: A conceptual excursion', in Parvatiyar, Atul and Jagdish N. Sheth (eds) *Contemporary Knowledge of Relationship Marketing: Research Conference Proceedings*, Emory University.
- Moorman, C., Deshpandé, R., and Zaltman, G (1993) 'Factors affecting trust in market research relationships', *Journal of Marketing*, 57 (January): 81-101.
- Morgan, Robert M. & Shelby D. Hunt (1994) 'The commitment-trust theory of relationship marketing', *Journal of Marketing*, 58 (July): 20-38.
- Myerson, D., K.E. Weick & R.M. Kramer (1996) 'Swift Trust and Temporary Groups', in Kramer & Tyler (1996): 166-195.
- Nooteboom, B (1992) 'Marketing, Reciprocity and Ethics', *Business Ethics: A European Review*, 1(2): 110-116.
- Ogden, R. (1999) Contribution to a Movement for Industry on-line discussion "Respect for People" at [www.M41](http://www.M41), 25<sup>th</sup> October 1999.
- Powell, W.W. (1990) 'Neither market nor hierarchy: Network forms of organization', in B.M. Staw & L.L. Cummings (Eds.) *Research in Organizational Behaviour Volume 12*: Greenwich, CT, JAI Press: 295-336.
- Powell, W. W. (1996) 'Trust-based Forms of Governance', in Kramer & Tyler (1996): 51-67.
- Sako, M. (1992) *Prices, Quality and Trust: Interfirm Relations in Britain and Japan*, Cambridge, Cambridge University Press.

5(1): 28-  
ment and  
urement  
eedings  
& Tyler:  
istry', In  
88): 94-  
ation in  
a key to  
gdish N.  
. Emory  
nships',  
urnal of  
(1996):  
-116.  
ww.M4I,  
& L.L.  
nbridge

Smyth, H.J. & N.J. Thompson (1999) 'Partnering and the Conditions of Trust', in *CIB W55 & W65 Joint Triennial Symposium Customer Satisfaction: a focus for research & practice* Cape Town: 5-10 September 1999 (Eds.) P. Bowen & R. Hindie.

Walker, Derek H.T., K. Hampson & R. Peters (2000) *Relationship-based Procurement Strategies for 21<sup>st</sup> Century*, Canberra, Australia, Australian Information Service.

Williamson, Oliver E. (1975) *Markets and Hierarchies: Analysis and Antitrust Implications*, New York, The Free Press.

Wolfe, R. N. (1976) 'Trust, anomia, and the locus of control: alienation of US College students in 1964, 1969, 1974', *Journal of Social Psychology*, 100: 151-172.

Womack, J., D. Jones and D. Roos (1990) *The Machine that Changed the World*, New York, Rawson Associates.