African Journal of Business Management Vol. 5(35), pp. 13541-13549, 30 December, 2011
Available online at http://www.academicjournals.org/AJBM
DOI: 10.5897/AJBMX11.024
ISSN 1993-8233 ©2011 Academic Journals

Review

A review of literature on the role of trust and partnering in success of construction projects

Shahnawaz Khan, Saleem Gul and Attaullah Shah*

Institute of Management Sciences, Peshawar, Pakistan.

Accepted 22 December, 2011

Contracting plays a dominant role mostly in large scale and complex projects. Its use in construction projects takes the role of risk transference and governance. Despite the developments taking place in the discipline of project management in general and contracting in specific, projects are still failing. Literature attributes various reasons to these failures; however, a significant body of literature on project seems to attribute failure to poor contracting practice. Contractual failures give rise to situations of litigation and long-running disputes that recursively cause various problems within projects. The effect of poor contracting has often been observed in the various components of the project management triangle (that is, scope, quality, cost, and time). Contracts are pervasive and contractual agreements exist between the project principal and contractors as well as between contractors and sub-contractors; the review of literature presented in this work, however, is focused on the former. This paper presents a discussion from the perspective of the literature pertaining to the softer issues in contracts and provides discussion on how trust and partnering act within the contracts of construction projects.

Key words: Contracting, trust, partnering, construction projects.

INTRODUCTION

The construction industry has been plagued by issues of trust for long and has been characterized as having “too little trust” (Munns, 1995: 19), which hurts both the clients and industry. In this regard, Munns (1995: 19) has correctly referred to lack of trust in projects as “condemning indictment”, it is because of issues such as this that led Tieman (1994) to opine that a “culture of conflict and inefficiency… dogs Britain’s biggest industry”. Such concerns have given rise to a number of government reports, such as the Latham (1994), King (1996), Egan (1998, 2002), Fairclough (2002), National Audit Office (NAO) (2005), and House of Commons (2007).

Munns (1995) argues that the importance of trust in a society can be judged from the fact that in the absence of trust, every individual will have to do his works himself. Furthering this analogy to projects, he argues that complete absence of trust in the (construction project) industry will lead to a situation where clients will do their works themselves, instead of giving works to the industry. Although Munns (1995) analogy is meant to clarify an extreme, in average cases, lack of trust may lead to multiple problems in projects. Mayer et al. (1995) argue that trust is crucial in achieving personal and organizational objectives; for the relationships between people working together are driven by trust. Consensus is present within the literature that trust is required whenever risk, uncertainty, or interdependence exists (Mayer et al., 1995; Mishra, 1996). Similarly, Luhmann (1988) argues that trust is important for increasing cooperation between parties to overcome risk and engage in assistive actions in environments characterized by uncertainty. These arguments could easily be applied to projects as well, for projects do involve risk and interdependence, therefore, trust between the clients and contractor is extremely important.

An allied concept to trust is that of partnering; which is a commitment between the clients and contractors to avoid adversarialism and cooperate with each other in order to achieve their common business objectives.

*Corresponding author. E-mail: attaullah.shah@imsciences.edu.pk.

Projects are dynamic by nature, therefore, the use of fixed or predetermined agreements in the initial stages of the project lead to problems such as time delays, cost overruns, trivial claims and dissatisfaction of the parties (Rahman and Kumaraswamy, 2001, 2002a, 2004, 2005). The issue is compounded by the fact that predetermined penalty clauses are signs of distrust between parties to a contract. Informal contracts or contracts with adjustment mechanisms facilitate both parties by creating an environment of trust and assist in the effective management of risk (Ring and Van de Ven, 1994; Klemetti, 2006). In addition to managing risk, partnering is helpful in improving technical performance and increasing client satisfaction.

The objective of this review of literature is to highlight the roles played by trust and partnering in project contracting and ultimately project success. In so doing, we review and synthesize the extant theoretical and empirical literature on trust and partnering, from a dualistperspectiveof the formal organization and the project.

We present a historical overview of the project management discipline to highlight how ‘trust’ and ‘partnering’ have emerged as important concepts in this field. The discussion then moves to the definition, importance, and prerequisites of trusts in project contracting, which is followed by discussion on partnering in a similar fashion. Finally, a closure to the article and conclusions is presented.

HISTORICAL OVERVIEW OF PROJECT MANAGEMENT

Projects are pervasive and pervade every form of industry. Prominent examples of projects from the past are the Great Wall of China and the Egyptian Pyramids; however, because of their unique financial, manpower, and governance situations examining such projects lend little to our understanding. The existence of project management as a complete body of knowledge has recently gained a lot of recognition and importance. According to Cleland (2004), the word project was used for the very first time by Daniel Defoe (1697) in his book “*Essay upon Projects*”. William (2002) argues that project management started during the 1930s in the chemical industry where the main concern was optimization of scheduling. Around this time, Henry Gantt (1917) developed the Gantt Chart, the focus of this technique was to plan the activities in such a way that the required goal would be achieved in the shortest possible time. The 1940 to 1950 saw the Manhattan project where the focus again was on scheduling efficiency. The first academic paper related to projects was by Gaddis (1959), who emphasized upon the qualities and characteristics that a successful project manager must possess. Around the same time, a paper by Chang (1959) discussed the economic justification of projects. Rapid developments have taken place in the field of project management in the last five decades. This field has actually originated from operations research where the main concern of the manufacturing industry was to optimize the operations of the business and to increase efficiency and effectiveness in business operations.

Morris (1994) explains that the projects after the 1960’s became a public issue and therefore, the era from 1960 to 1970 was the time when the projects were open to criticism. Further, projects became a conventional component of organizations, leading to Fayol’s (1914) unity of command issue, which is commonly referred to as the two boss problem in the matrix structure of project organization (Mee, 1964; Schull, 1965; Middleton, 1967; Goodman, 1967; Cleland, 1968, 1974; Hax and Majluf, 1981; Katz and Allen, 1985; Kirchof and Adam, 1989; Arvidsson, 2009).

The establishment of Project Management Body of Knowledge (PMBOK) was the first formal step in the 1970’s towards formalization of project management. As most of the projects failed due to a number of reasons during 1970 to 1980 and in previous decade; therefore, another aspect of the project management was highlighted during 1970 to 1980. A landmark publication in this era was about the determinants of project success by Murphy et al. (1974), which discussed the factors that determine as if the project was a success or a failure. Failure could be defined in two ways: one is the failure of project management that focuses on the triple constraints or project triangle and the other is the failure to deliver the required objective results/outcome. Meeting customer specifications is considered to be the long term success of the project. Similarly, other studies followed the same path and the discussion mainly focused on the success and failure factors in projects. Some of the other contributions in this era were by Pinto and Slevin (1988) whose techniques were for the measurement of trust; Pinto and Mantel (1990) focused on the causes of failure; Kharbanda and Pinto (1996) presented evidence from failed projects; Drummond (1999) mused that perhaps escalation was a cause of failure; Crawford (2000) in line with Gaddis (1959) provided a profile of successful project manager; Mills and Mercken (2002) discussed success in the context of IT projects; Dvir et al. (2003) provided evidence form military projects; Elout and Gauvreau (2004), etc. This can be concluded from the afore discussion that success factor in projects has been long under discussion and is still under consideration because keeping the success issues in mind, the Project Management Institute (PMI) came up with a standardization strategy and introduced PMBOK in 1980. The idea behind this effort was that standardization will help in improving the success rate of projects around the globe. However, the introduction of PMBOK did not change the situation significantly and there are still many projects in many sectors of the economy that are failing badly.

The most recent discussion is now focusing on why projects fail rather than looking at the success factors. Researchers are now looking at the failure factors in order to devise preventive strategies for future. Some of the major publications in this domain include Pinto and Mantel (1990), Kharbanda and Pinto (1996), Lindahl and Rehn (2007), etc.

TRUST IN CONTRACTING

Before embarking upon the discussion on trust in contracting, it would be appropriate to first providea brief introduction to the concept.

Defining trust

Trust is an elusive concept (Gambetta, 1988; Yamagishi and Yamagishi, 1994), and is defined in a number of ways by different researchers in different contexts; there is no universal definition that fits into every discipline (Lewis and Weigert. 1985a; Shapiro, 1987; Taylor, 1989; Keen et al., 1999). Rousseau et al. (1998) argue that the reason why scholars have not been able to provide a unanimous definition of trust is that it can take diverse forms. Further, we quote and discuss some important definitions of trust, with the objective of clarifying the concepts underlying it use.

Munns (1995: 20) defines trust as follows: “At a simple level, trust can be defined as a decision to become vulnerable to or dependent on another in return for the possibility of a shared positive outcome”. This definition is equally applicable to projects. The shared positive outcome in the case of a project is the successful completion of the project. For achieving this outcome, both the clients and the contractor become dependent upon one another. The client is vulnerable to the contractors and his project team for various types of skills that the project requires for completion. The project team is vulnerable to the client for wages or fee. The project team is also interested in achieving the shared objectives (project completion) because this will enhance the reputation of the project team. A similar conceptualization of trust is presented by Coleman (1990) who argues that trust arises in "situations in which the risk one takes depends on the performance of another actor" (Coleman 1990).

Trust "involve[ing] a recognition of one's vulnerability to the actions and choices of the trustee, involves importantly 'retaining this vulnerability' by not attempting to erect barriers to protect one's interests" (Brien 1998: 398). Therefore, to trust means you rely on others not to take advantage of you; to be trustworthy means you do not take advantage of others when trusted.

In an earlier work, Deutsch (1962) argued that the concept of trust is related with positive expectations about the behavior or intentions of another person. The definition of trust requires a proper context in which trust is developed. Such a context was discussed in detail in Guerriero and Halin (2010) who argued that trust is developed in three sequences. These sequences are (i) the perception of context (ii) the decision of trust, and (iii) actions. These sequences are subsequently discussed.

i. The perception of context: This is the first step in the trusting process. As shown in Figure 1, the trustor evaluates the context and examines whether the trustee is trustworthy for performing the activity for which the contract is made. In this stage, trustor uses his existing knowledge about the reputation and competence of the trustee. Also, the trustor keeps in mind the risks associated with the activity under consideration.
ii. The decision of trust: In the second step, the trustor makes the decision of trusting the trustee as per his existing knowledge.
iii. The action: In this final step, the trustor delegates the object of trust. In the words of Mayer et al. (1995), the trustor is now vulnerable to the decisions of trustee.

While the existence of trust itself is good for the project, it doesn’t necessarily mean that people will always act in a manner that will uphold the trust. This idea of dishonesty in transactions is not new, literature describes the consequences of and solutions to environments in which agents have an incentive to exploit the trust others, such as ex post opportunism created by specific investments (Klein et al., 1978); problems of principal-agent relationships created by moral hazard (Arrow, 1985; Holmstrom, 1979; Grossman and Hart, 1983); adverse selection (Akerlof, 1970); free-riding resulting from team production externalities (Alchian and Demsetz, 1972); general transaction costs associated with implicit contracting (Azariadis, 1975; Hart, 1983), incomplete contracting (Grossman and Hart, 1986; Hart and Moore, 1988), and self-enforcing agreements (Telser, 1980; Klein and Leffler, 1981).

Trusting others

According to Mayer et al. (1995), trust is needed because relationships between people working together often involves interdependencies, people therefore are required to trust others in a number of ways for attaining their personal and organizational objectives. Literature has identified four different types of trust for example, Zucker (1986) identifies production trust; Williamson (1993) speaks of calculative trust; Lyons and Mehta (1997) point to opportunistic trust, and Lorenz (1999) identified cooperative trust. Trust is simply indispensable for interpersonal (Golembiewski and McConkie, 1975; McKnight et al., 1998; Dirks and Ferrin, 2001) and commercial relationships (Morgan and Hunt, 1994; Gefen

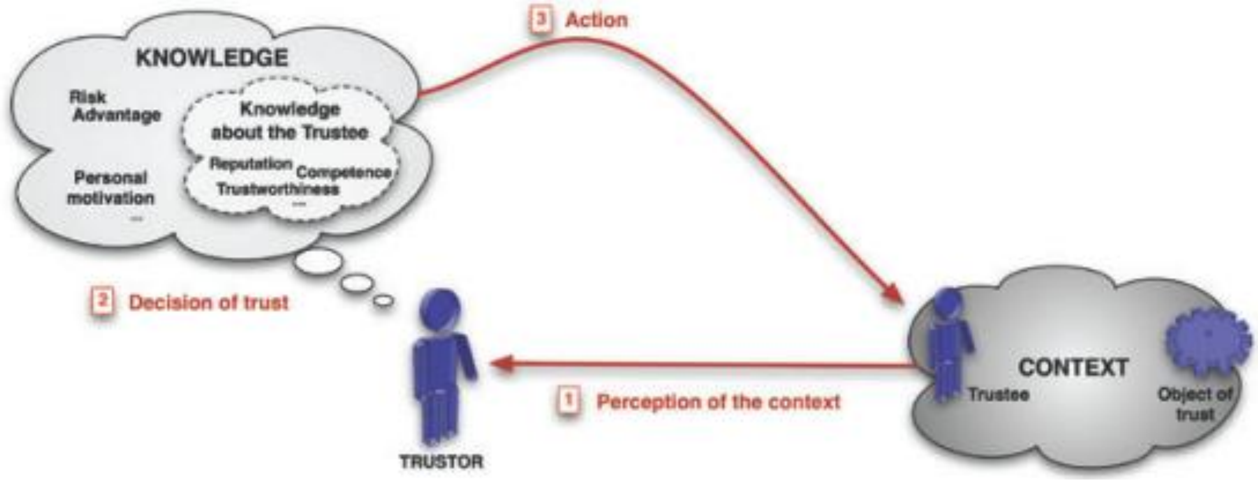

Figure 1. Concept of trust (source: Guerriero and Halin, 2010).

et al., 2003; Koufarisand Hampton-Sosa, 2004). Trust is vital whenever risk, uncertainty, or interdependence exist (Mayer et al., 1995; Mishra, 1996). After discussing definition and rationale for trust, we discuss the various aspects of trust in contracting in the procurement process of construction projects.

Trust in contracting

Zaghloul and Hartman (2003) argue that inter-organizational relationships are mainly controlled through different types of contracts depending on the nature and extent of trust and relationship between the organizations (buyer and seller) (Woolthuis et al., 2005). Literature does not give sufficient evidence as to whether trust precedes contract or vice versa. However, at times they seem to complement each other and at other instances they look like substitutes. It is actually the extent of trust that decides the type of a contract. Transaction Cost Economics (TCE) by Williamson (1975, 1985) classifies contracting into three types classical, neo-classical, and relational contracting. Classical and relational contracting are two extremes. The classical contracting is one, which is used for discrete transactions and does not need special provisions in the contract as the contracts in here are standardized with predetermined penalties in case of non-conformance. Whereas, transactions that involve specific investments should recourse to relational contracting (RC) which helps in the development of trust among inter-organizations. Trust has a number of benefits for the contracting parties; it lowers the transactions costs through mutual risk sharing during the life of the project (Zaghloul and Hartman, 2003). The modern form of relational contracting is in the form of partnering, alliancing, joint ventures, etc.

It is interesting to note that some authors such as (Eriksson and Laan, 2007) suggest that trust is a precondition for partnering. Parties to the contract will only choose partnering as a procurement tool when trust exists among them (Black et al., 2000). Whereas, some authors suggest (Thomas et al., 2002; Cheung et al., 2003; Chan et al., 2003) that trust is something that needs principals willingness to agree to the partnering agreement. The creation of trust/mistrust starts right at the onset of agreement finalization (Rahman and Kumaraswamy, 2002a); client's willingness/unwillingness to agree to the terms and conditions shows the level of trust/mistrust. Successful partnering would lead to trust and cooperative relationship, open communication, mutual risk sharing and vigilant response to changes in the scope of the project (Chan et al., 2003). According to Colledge (2005), relational contracting in the form of partnering or alliancing helps in the creation of social capital (networks) and sharing of tacit knowledge (experience) leading to innovations and competitive advantages for the contracting organizations.

Jeffries and Reed (2000) have identified a negative side of trust. Many researchers believe that trust is good for long-term relationship between buyer and seller. According to Jeffries and Reed (2000), this is true that trust has a role to play in long relationships; however, it has a negative aspect as well which may lead to inefficiencies and wastages. The authors have basically classified trust into two categories that is, cognitive- and affect-based trust. Cognitive-based trust, according to the authors, is the trust in the professional competence of the supplier/seller and affect-based trust is the emotional attachment that gets developed with the supplier/seller over a period of time. High cognitive/low affect based trust according to the authors will lead to better solutions in relational contracting, high affect based trust could have detrimental effects on the project.

Although RC approach has produced positive results in the past, there are reservations about its value and viability (Kumaraswamy et al., 2005). Using RC approach does not guarantee good results because for an RC approach to be successful, one needs an RC compatible culture (Rahman and Kumaraswamy, 2002b). In a project culture where people or organizations are never trusted, an RC approach is not expected to produce good results (Kumaraswamy et al., 2005). It will then be very important especially for such projects to do major restructuring in their project culture in order to implement the RC approach successfully, because a trusting environment is the key to the successful implementation of RC approach.

There is another very interesting aspect of trust and contract relationship. From the TCE (Williamson, 1985) point of view, there is a positive relationship between trust and contract while others argue that there is a negative relationship between them (Woolthuis et al., 2005). According to the TCE (Williamson, 1985), there is always a chance of an opportunistic behavior from the contracting party and therefore, trust will not be sufficient to safeguard the interests of the parties to the contract therefore, the classical view in TCE suggests that transactions be safeguarded through formal contracts (Williamson, 1985). Classical view is of the opinion that when formal contracts are created the parties to the contract are in a way forced to trust each other and thus it claims that contract precedes trust and that trust is automatically created with the creation of a contract. Others (Woolthuis et al., 2005), on the other, hand claim that trust precedes contract and that the need for a more formal contract is reduced in the presence of trust among the contracting parties. Trust reduces the need for a more formal control and parties are expected not to be opportunistic in behavior.

PARTNERING IN CONTRACTING

This focuses on partnering within contracting. Partnering in contracting is actually a commitment between the contracting organizations mainly (clients and contractors) to avoid adversarialism and cooperate with each other in order to achieve their common business objectives (CII, 1991; Bennett and Jayes, 1995).

The concept of partnering has been reviewed by many researchers, and most of the definitions seem to have more similarities than differences amongst them. Like some researchers (Cook and Hancher, 1990; Rackham et al., 1996) define partnering in terms of notional benefits on offer to the individuals participating in the process. The major focus of these benefits is on the development of long term relationship and mutual trust among the organizations. To this extent, it seems that it is a concept or a notion of applying abstract ideas to the construction industry for the sake of achieving efficiency and mutual satisfaction.

Similarly, some researchers argue that it is a philosophy (RICS, 1998) which has a specific set of beliefs. So, this again points towards an abstract methodology or concept that is used to bring in efficiency and effectiveness into the construction projects.

Hallard (1995) defines partnering to be the master key that will unlock the techniques and principle of total quality management (TQM) in providing customer satisfaction on construction projects. He explains that partnering is the ability of converting a contractual relationship into a cohesive team that will have common objectives and procedures for resolving conflicts.

The National Economic Development Council (1991) provides a working definition of partnering as a long term commitment between two or more organizations for the purpose of achieving specific business objectives by maximizing the effectiveness of each of the participants.

If we closely analyze the afore definitions or concepts of partnering, we will observe that they all have a few things in common like, common objectives, inter organizational trust, procedures for conflict resolution and my working definition of partnering seem to have all in a way that long term commitment is created only when mutual trust exist among organizations. Further, parties to partnering strive to achieve specific business objectives by maximizing their effectiveness and minimizing conflicts.

Therefore, a working and a more comprehensive definition of partnering can be 'a long-term commitment between two or more organizations for the purpose of achieving special business objectives' (NEDO, 1991).

Why partnering?

Partnerships in the last decade have been intensively used in the construction projects and have yielded significant outcomes (Chan et al., 2006). Main reason for selecting partnership is because not all the risks in the construction industry are foreseeable, even the risks that are identified in advance may change in nature and intensity over the life of a project (Rahman and Kumaraswamy, 2004). Clegg et al. (2002) contends that applying static market rules to complex projects is like applying a stagnant and discrete phenomenon to something that is very dynamic and challenging. Projects have a lot of interdependencies, relationships and there are a lot of actors in action at one time so it requires a different approach than a normal market approach for procurement. Partnership therefore, is one of the most viable approaches that could be utilized in contracting within projects.

Thomson and Sanders (1998) explains that there are different degrees to partnering. Partnering may take a number of forms starting from a very traditional adversarial relationship to a very cooperative and collaborative relationship based on open communication, common objectives and mutual resource sharing (ibid). Partnering which is based on mutual cooperation and understanding is more lucrative and beneficial to the contracting parties. Palaneeswaran et al. (2003) also urges the use of such partnering because according to them, it is an effective strategy in reinforcing relationship between the contracting parties, especially when the parties share common objectives.

If the contracts developed in the beginning of the project are more of a traditional nature (Williamson, 1979) and closed ended with everything predetermined; the parties usually face time delays, cost overruns, trivial claims and dissatisfaction (Rahman and Kumaraswamy, 2001, 2002a, 2004, 2005). Formal contracts with predetermined penalty clauses are a sign of low trust among the contracting parties (Kadefors, 2004). On the other side, less formal contracts like partnering are more flexible (Klemetti, 2006) with adjustment mechanisms in the contract (Ring and Van de Ven, 1994). Partnering allows the contracting parties to manage the risk in a more responsible way by realizing that not all the risks are foreseeable and that risks be distributed equitably among the contracting parties (client, contractors and others) (Rahman and Kumaraswamy, 2005).

Some of the benefits of partnering are joint risk management (JRM) a strategy used by the contracting parties to justly combat expected risks within the projects (Larson,1995), controlled project costs, improved technical performance and improved client satisfaction as compared to projects that are managed through adversarial relationships (Williamson, 1979). The perceived benefits from collaboration of the contracting parties have also been attested by (CII, 1989, 1991, 1994; NEDO, 1991; CRINE, 1994; Latham, 1994; Bennett and Jayes, 1995, 1998; ACTIVE, 1996; Bennett et al., 1996).

Requirements for partnering

Partnering does yield good results, however, according to Lazar (1997), there are some preconditions to partnering that must be satisfied before one can implement partnerships successfully. Chan et al. (2004, 2006) and Chen and Chen (2007) attest the contention made by Lazar (1997) that the culture and structure of an organization should promote partnership, in a way that organizational culture should be flexible and willing to trust the contracting parties. Organizations that are rigid and have no intentions to trust the other party confront failure in partnerships and therefore, require a radical change initiative in culture and structure. Bresnen (2002, 2007) has also tried to uncover some of the intricacies and complications involved in the implementation of partnering as a procurement strategy. Despite intensive use in projects, a lot work on partnering does not critically focus on the built in problems in partnering that needs to be fixed. These problems are cultural and organizational change and a change in attitudes of the partnering organizations. Implementing partnering without such a radical change does not improve the chances of success.

Chan et al. (2004) opine that the requirements for successful partnerships in addition to cultural and structural change are:

i. A clear communication strategy for resolving the conflicts that may arise over a period of a project, conflicts must be resolved in a timely manner before they become a real issue to the project (Ellison and Miller, 1995). Alternative dispute resolution (ADR) is a strategy used for resolving disputes in projects (Ellison and Miller, 1995). This strategy calls for better solution for dispute and focuses on negotiation rather than litigation. Van den Berg and Kamminga (2006) have attested (Ellison and Miller, 1995) contention.
ii. The parties to the contract should be willing to share resources as and when required.
iii. Just allocation of risk and responsibilities as endorsed by (Rahman and Kumaraswamy, 2005)
iv. Monitoring of the partnering process on a regular intervals, commitment to win-win attitude is critical to the success of partnerships (Bennett and Jayes, 1995, 1998).

Chen and Chen (2007) are in agreement with the requirements set forth by Chen et al. (2004); however, they have added two very important factors to the requirements for a successful partnership. According to them, consistency in objectives and focus on quality in the long run is very imperative for the success of partnership. All the parties to the contract must have something to gain from the relationship and quality must not be compromised.

Chan et al. (2006) argues that although partnerships have a proven record of success, there is an established positive relationship between partnering and measures of project success (Larson, 1997; Tse, 1985; Cowan et al., 1992; Weston and Gibson, 1993; Knott, 1996). However, it is a philosophy which is not a cure to all kind of problems, there has been instances where partnering has failed to deliver the required results (CII, 1994; Rackham et al., 1996; Angelo, 1998). It is in fact a concept that should be implemented in letter and spirit. Just implementing the concept or giving it a name (partnership) is not enough, the parties to the partnership should be willing to act like partners. Eriksson (2010) has endorsed the contention of Chan et al. (2006) and says that partnerships provides a platform for the contracting parties to understand each other and communicate more openly in order to avoid disputes and any chances of opportunism (Bresnen and Marshall, 2000).

The use of incentives in partnering has been used as a tool to promote commitment and motivation among the contracting parties. Incentives in partnering are considered as an important factor for reinforcing collaboration in the short run and developing trust between the contractors and clients in the long run. However, this relationship of incentive with project performance has been oversimplified according to Bresnen and Marshall (2000). The relationship between incentives, commitment, motivation and trust is not that simple and evident. There are a number of factors that adds to the reservations about such a relationship. Motivation, commitment and trust are not solely based on incentives. Factors like individual differences (Locke, 1977; Kohn, 1996), social relations (Arditi and Yasamis, 1998) and intrinsic and extrinsic rewards tend to complicate the relationship. Not all the people are alike and so are their perceptions, what may be motivating for one person may not be motivating for another and vice versa. Further, inter organizational relationships in procurement shows the relationship on organizational level and does not depict individuals enthusiasm and zeal for work on a project (Arditi and Yasamis, 1998). It is upon individuals who perceive a job as intrinsically motivating or not (Herzberg, 1966). More focus upon extrinsic rewards tends to ignore the importance of intrinsic rewards such as a feeling of having achieved something and so on. So, there is a lot that needs consideration for such relationships in addition to incentives (extrinsic rewards).

Another very important issue raised by Eriksson et al. (2008) is a need for a radical change in the procurement procedures of contracting organizations. As mentioned earlier by Chan et al. (2006), partnering is a philosophy that requires a change in thinking and practice. Eriksson et al. (2008) argues that the reason why partnerships does not work successfully with some organizations is that they are still sticking to the traditional practices of procurement like competitive bidding, lower bid selection and so on. The concept of partnering requires emphasis on soft parameters in tendering and bid evaluation. Vennström and Eriksson (2010) has endorsed the argument and explains that focusing on soft parameters in bid selection is more appropriate for selecting a suitable partner as it is something that looks into other factors like experience, achievements, and so on in addition to the financial aspect. Further, it helps in the selection of a partner who is motivated and expects to build long term relationship with the contracting party.

A number of studies (Eriksson and Atkin, 2008; Vennström and Eriksson, 2010) have been conducted to see how clients perceive partnership in contracting. It is interesting to note that clients do acknowledge the benefits derived from partnering, and also accept a need for a radical change in organizational culture and structure, however; it is observed that they still do not apply the concept while implementing partnership contracts. They still use the traditional ways for procurement, the reason for this according to Eriksson and Atkin (2008) is the lack of awareness and understanding of the impact of using the traditional methods. Vennström and Eriksson (2010) further adds that attitudinal and industrial barriers are considered to be the main cause of failure in implementation of successful partnerships. Attitudinal barriers includes adversarial attitude, short term focus and lack of business ethics, whereas industrial barriers includes obsolete procedures used for construction, industry's conservative culture and inflexible organizational structure run with an old traditional ways. The rate of partnership success could substantially improve if the aforementioned barriers are given due attention.

CONCLUSION

It is evident from the ongoing discussion that most of the researchers and experts endorse that trust and partnering has a significant role to play in the success of contracting within construction projects. The relationship between trust and contract is obscure in a way that sometimes trust seems to precede contracts while at other instances contract precedes trust. This paper has presented a discussion that showed that trust is simply indispensable for long term strategic relationships like partnering; however, successful partnering in contracting has certain pre-requisites that must be fulfilled before implementing the concept.

This paper examined and reported updated literature on contracting with reference to trust and partnering. This would not only help in updating those who are interested in studying the said concepts but has also paved way for an empirical investigation in the field of contracting with reference to trust and partnering.

REFERENCES

ACTIVE (1996). ACTIVE Engineering Construction Initiative: The Action Plan ACTIVE, London.
Akerlof GA (1970). The market for 'lemons': quality uncertainty and the market mechanism. Q. J. Econ., 84 (3): 488–500.
Alchian A, Demsetz H (1972). Production, information costs, and economic organization. Am. Econ. Rev., 62: 777–795.
Angelo WJ (1998). Partnering goes awry on Connecticut bridge job. Eng. News Rec., 240(18): 17.
Arditi D, Yasamis F (1998). Incentive/disincentive contracts: perceptions of owners and contractors. J Constr. Eng. Manage., 124(5): 361–73.
Arrow KJ (1985). The economics of agency. In: Pratt, J., Zeckhauser, R. (Eds.), Principals and Agents: The Structure of Business. Harvard University Press, Boston, pp. 37–51.
Arvidsson N (2009). Exploring tensions in projectified matrix organizations. Scand. J. Manage., 25: 97-107.
Azariadis C (1975). Implicit contracts and underemployment equilibria. J. Polit. Econ., 83: 1183–1203.
Bennett J, Ingram I, Jayes S (1996). Partnering for Construction. Centre for Strategic Studies in Construction, Reading University.
Bennett J, Jayes S (1995).Trusting the Team: The Best Practice Guideto Partnering in Construction. Centre for Strategic Studies in Construction/Reading Construction Forum, Reading.
Bennett J, Jayes S (1995).Trusting the Team: The Best Practice Guide to Partnering in Construction. Centre for Strategic Studies in Construction/Reading Construction Forum, Reading.
Bennett J, Jayes S (1998). The Seven Pillars of Partnering.Reading Construction Forum, Reading.
Bresnen M (2007). Deconstructing partnering in project-based organisation: Seven pillars, seven paradoxes and seven deadly sins. Int. J. Proj. Manage., 25(4): 365-374.
Bresnen M, Marshall N (2000). Motivation, commitment and the use of incentives in partnerships and alliances. Constr. Manage. Econ., 18(5): 587-598.

Bresnen M, Marshall N (2002).The engineering or evolution of co-operation? Atale of two partnering projects. Int.J. Proj. Manage., 20(7): 497-505.
Brien A (1998). Professional ethics and the culture of trust. J. Bus. Ethics, 17: 391–409.
Chan APC, Chan DWM, Chiang Y, Tang B, Chan EHW, Ho KSK (2004). Exploring critical success factors for partnering in construction projects. J. Constr. Eng. Manage., 130(2): 188–198.
Chan APC, Chan DWM, Fan LCN, Lam PTI, Yeung JFY (2006). Partnering for construction excellence--A reality or myth? Build. Environ., 41(12): 1924-1933.
Chan APC, Chan DWM, Ho KSK (2003). An empirical study of the benefits of construction partnering in Hong Kong. Constr. Manage. Econ., 21(5): 523-533.
Chen WT, Chen TT (2007). Critical success factors for construction partnering in Taiwan. Int. J. Proj. Manage., 25(5): 475-484.
Cheung SO, Ng TST, Wong SP, Suen HCH (2003).Behavioral aspects in construction partnering. Int.J.Proj. Manage., 21(5): 333-343.
CII (1989). Partnering: Meeting the Challenges of the FutureConstruction Industry. Institute Special Publication CII Austin, TX.
CII (1991). In Search of Partnering Excellence.Construction Industry Institute Special Publication CII Austin, TX.
CII (1994).Benchmarking Implementation Results, Teambuilding and Project Partnering. Construction Industry Institute Austin, TX.
Clegg SR, Pitsis, TS, Rura-Polley T, Marosszeky M (2002). Governmentality matters: designing an alliance culture of inter-organizational collaboration for managing projects. Organ. Stud., 23(3): 317-337.
Cleland DI (1968).The deliberate conflict. Bus.Horiz., 11: 78-80.
Cleland DI (1974). Project management in industry: An assessment. Proj. Manage. Quart., 5: 19-21.
Cleland DI (2004). The evolution of project management. Eng. Manage. IEEE Transac.On. 51: 396-397.
Colledge B (2005). Relational contracting–Creating value beyond the project. Lean Constr. J., 2(1): 30-45.
Cook E, Hancher D (1990). Partnering contracting for the future. J. Manage. Eng., 6(4):431–46.
Cowan C, Gray C, Larson E (1992). Project partnering. Proj. Manage.J., 23: 5–11.
Crawford L (2000). Profiling the Competent Project Manager. In: Project Management Research at the Turn of the Millenium: Proceedings of PMI Research Conference, 21 - 24 June, Paris, France, Sylva, NC: Project Management Institute, pp. 3-15.
CRINE (1994).CRINE Report.Institute of Petroleum, London.
Defoe D (1697). An Essay Upon Project. Published by Scholar P.
Deutsch M (1962). Coperationg and trust: some theoretical notes, in M R Jones (ed), Nebraska Symposium on Motivation, University of Nebraska Press, Beraska, pp.275-320.
Drummond H (1999). Are we any closer to the end? Escalation and the case of Taurus.Int. J. Proj. Manage., 17: 11-16.
Dvir D, Raz T, Shenhar AJ (2003). An empirical analysis of the relationship between project planning and project success. Int. J. Proj. Manage., 21: 89-95.
Egan J (1998). Rethinking Construction.In: INDUSTRY, D. O. T. A. (ed.). London: HMSO.
Egan J (2002). Accelerating change. London: Construction Industry Council.
Ellison SD, Miller DW (1995). Beyond ADR: working toward synergistic strategic partnership. J. Manage. Eng., 11(6): 44–54.
Elout A, Gauvreau C (2004). Factors influencing project success: the impact of human resource management. Int. J.Proj. Manage., 22: 1-11.
Eriksson PE (2010). Partnering: what is it, when should it be used, and how should it be implemented? Constr. Manage. Econ., 28(9): 905-917.
Eriksson PE, Laan A (2007).Procurement effects on trust and control in client-contractor relationships. Eng. Constr. Archit. Manage., 14(4): 387-399.
Eriksson PE, Nilsson TB, Atkin B (2008). Client perceptions of barriers to partnering. Eng. Constr. Archit. Manage., 15(6): 527-539.
Fairclough J (2002). Rethinking construction innovation and research. In: Industry, D. O. T. A. (ed.). DTLR.
Golembiewski RT, McConkie M (1975). The centrality of interpersonal trust in group processes. Theories of group processes, pp.131-185.
Goodman RA (1967). Ambiguous authority definition in project management. Acad. Manage. J., 10: 395-407.
Grossman SJ, Hart OD (1986). The costs and benefits of ownership: a theory of vertical and lateral integration. J. Polit. Econ., 94(4): 691–719.
Grossman SJ, Hart OH (1983). An analysis of the principal–agent problem. Econometrica, 51: 7–46.
Guerriero A, Halin G (2010) Toward a Trust-Based Construction Management. J. Const. Manag., 25: 253-268.
Hallard R (1995). Project partnering—principle and practice. Thomas Telford.
Hart OD (1983). Optimal labor contracts under asymmetric information: an introduction. Rev. Econ. Stud., 50: 3–35.
Hart OD, Moore J (1988). Incomplete contracts and renegotiation. Econometrica 56: 755–785.
Hax AC, Majluf NS (1981). Organizational design: a survey and an approach. Oper. Res., 29: 31-34.
Herzberg F (1966).Work and the Nature of Man. World Publishing Cleveland, OH.
Holmstrom B (1979). Moral hazard and observability. Bell, J. Econ., 10: 74–91.
House of Commons (2007). Construction matters: Government response to the committee's ninth report of session 2007-08. In: COMMITTEE, B. A. E. (ed.). London: House of Commons.
Jeffries FL, Reed R (2000).Trust and adaptation in relational contracting. Acad. Manage. Rev., 25: 873-882.
Katz R, Allen TJ (1985). Project performance and the locus of influence in the R&D matrix. Acad. Manage. J., 28: 67-87.
Keen P, Ballance G, Chan S, Schrump S (1999). Electronic commerce relationships: trust by design.Prentice Hall PTR.
Kharbanda OP, Pinto JK (1996). What made Gertie gallop? Lessons from project failures, New York, NY, Wiley.
King V (1996). Constructing the team: a U.S. perspective.In: LANGFORD, D. A. (ed.) CIB working commission 65 organization and management of construction symposium: Conseil International du Bâtiment. London: E&FN Spon.
Kirchof NS, Adams JR (1989). Conflict management for program managers, New Town Square, PA. Project Management Institute.
Klein B, Leffler KB (1981). The role of market forces in assuring contractual performance. J. Polit. Econ., 89: 615–641.
Klein B, Robert GC, Armen AA (1978). Vertical integration, appropriable rents and the competitive contracting process. J. Law Econ., 21(2): 297–326.
Klemetti A (2006). Risk management in construction project networks. Helsinki University of Technology.
Kohn A (1996). Why incentive plans cannot work, in Motivation and Leadership at Work, 6th Edn.McGraw-Hill, New York, pp. 512–518.
Kumaraswamy MM, Rahman MM, Ling FYY, Phng ST (2005).Reconstructing cultures for relational contracting. J. Constr. Eng. Manage., 131(10): 1065.
Larson E (1995). Project partnering: results of study of 280 construction projects. J. Manage. Eng., 11(2): 30-35.
Larson E (1997). Partnering on construction projects: a study of the relationship between partnering activities and project success. IEEE Trans. Eng. Manage., 44(2): 188–95.
Latham M (1994). Constructing the team.Final report of the government/ industry review of procurement and contractual arrangements in the UK construction industry. London: HMSO.
Lazar FD (1997). Partnering—New benefits from peering inside the black box. J. Manage. Eng., 13(6): 75-83.
Lewis JD, Weigert AJ (1985a).Social atomism, holism, and trust. Sociol. Quart., 26(4): 455-471.
Lindahl M, Rehn A (2007). Towards a theory of project failure. Int. J. Manage. Concepts Philos., 2: 246-254.
Locke EA (1977).The myths of behavior modeling in organizations, Acad. Manage. Rev., 4: 543–53.
Lorenz E (1999). Trust, contract and economic cooperation. Cambridge J. Econ., 23 (3): 301–315.
Luhmann N (1988). Familiarity, confidence, trust: problems and

alternatives, in Diego Gambetta (ed.), Trust: Making and Breaking Cooperative Relations, Basil Blackwell, New York. pp.94–107.
Lyons BR, Mehta J (1997). Contracts, opportunism and trust: self-interest and social orientation. Camb. J. Econ., 21 (2): 239–257.
Mayer RC, Davis JH, Schoorman FD (1995).An integrative model of organizational trust. Acad. Manage. Rev. 20(3): 709-734.
McKnight DH, Cummings LL, Chervany NL (1998). Initial trust formation in new organizational relationships. Acad. Manage. Rev., 23(3): 473-490.
Mee JF (1964). Matrix organization. Bus. Horiz., 7: 70-72.
Middleton CJ (1967). How to set up a project organization. Harv. Bus. Rev., 45:73-82.
Mills K, Mercken R (2002). Success factors regarding the implementation of ICT investment projects. Int. J. Prod. Econ., 80: 105-117.
Morris PWG (1994). The management of projects. London, Thomas Telford.
Munns AK (1995) Potential influence of trust on the successful completion of a project. Int. J. Proj. Manag., 13(1): 19-24.
Murphy DC, Baker BN, Fisher D (1974). Determinants of project success. Boston: Boston College, National Aeronautics and Space Administration.
National Audit Office 2005.Improving public services through better construction. London: National Audit Office.
National Economic development Council (1991). Partnering—contractwithout conflict. London: NEDO, HMSO.
Palaneeswaran E, Kumaraswamy M, Rahman M, Ng T (2003).Curing congenital construction industry disorders through relationally integrated supply chains. Build. Environ., 38(4): 571-582.
Gaddis P (1959). The project manager. Harv. Bus. Rev., 39(3): 89–97.
Pinto JK, Mantel JRSJ (1990).The causes of project failure. IEEE Trans. Eng. Manage., 37(4): 219.
Pinto JK, Slevin DP (1988). Project success: definitions and measurement techniques. Proj. Manage. J., 19: 67-72.
Rackham N, Friedman L, Ruff R (1996). Getting Partnering Right: How Market Leaders are Creating Long- Term Competitive Advantage. McGraw-Hill, New York.
Rahman M, Kumaraswamy M (2001).Revamping risk Management in Hong Kong construction industry. Constr. Build. Res. Conf., 1: 61-73
Rahman M, Kumaraswamy M (2002a).Joint risk management through transactionally efficient relational contracting. Constr. Manage.Econ. 20(1): 45-54.
Rahman MM, Kumaraswamy MM (2002b). Culture change initiatives: Needs for the Hong Kong construction industry. Re-eng. Constr.: Enab. Motiv. Excellence, pp.52-63.
Rahman MM, Kumaraswamy M (2005). Assembling integrated project teams for joint risk management. Constr. Manage. Econ., 23(4): 365-375.
Rahman MM, Kumaraswamy MM (2004).Contracting relationship trends and transitions.J.Manage. Eng. 20(4): 147.
RICS (1998). Partnering experience explored. Conf. Paper. 2(10).
Ring PS, Van de Ven AH (1994). Developmental processes of cooperative inter-organizational relationships. Acad. Manage. Rev., 19(1): 90-118.
Rousseau DM, Sitkin SB, Burt RS, Camerer C (1998). Not so different after all: A cross-discipline view of trust. Acad. Manag. Rev., 23(3): 393–404.
Schull FA (1965). Matrix structure and project authority for optimizing organizational capacity (Business Science Monograph 1), Carbondale, ILL, Southern Illinois University Business Research Bureau.
Shapiro SP (1987). The social control of impersonal trust. Am. J. Sociol., 93(3): 623-658.
Taylor C (1989). Sources of the self: The making of the modern identity: Harvard University Press
Telser LG (1980). A theory of self-enforcing agreements. J. Bus., 53: 27–44.
Thompson PJ, Sanders SR (1998).Partnering continuum. J. Manage. Eng., 14(5): 73-78.
Tieman R (1994). The times of London, business section, 19/7/94.
Tse KK (1985). Marks and Spencer: Anatomy of Britain's Most Efficiently Managed Company, PergamonPress, Oxford.
Van den Berg M, Kamminga P (2006). Optimising Contracting for Alliances in Infrastructure Projects. Int. Constr. Law Rev., 23(1): 59.
Vennström A, Eriksson PE (2010). Client perceived barriers to change of the construction process. Constr. Innov.: Inform. Process, Manage., 10(2): 126-137.
Weston D, Gibson G (1993). Partnering project performance in US Army Corps of Engineers. J. Manage. Constr., 9(4): 331–44.
Williams T (2002). Modeling complex projects, West Sussex, UK, John Wiley & Sons.
Williamson OE (1979). Transaction-cost economics: the governance of contractual relations. J. Econ., 22(2): 233-261.
Williamson OE (1993). Calculativeness, trust, and economic organization. J. Law Econ., 36: 453–486.
Woolthuis RK, Hillebrand B, Nooteboom B (2005).Trust, contract and relationship development. Organ. Stud., 26(6): 813.
Yamagishi T, Yamagishi M (1994).Trust and commitment in the United States and Japan. Motiv. Emotion, 18(2): 129-166.
Zaghloul R, Hartman F (2003). Construction contracts: the cost of mistrust. Int. J. Proj. Manage. 21(6): 419-424.
Zucker LG (1986). Production of trust: institutional sources of economic structure, 1840–1920. Res. Organ. Behav., 8: 53–111.