UNDERSTANDING POST-CONTRACT CHANGES IN PARTNERING PROJECTS: AN ETHNOGRAPHIC APPROACH

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Partnering continues to be widely used in the UK. However, the partnering literature often presents polarised views of reality, which has stunted our understanding of the enactment of partnering as an informal and emergent practice. Power permeates social interactions and potentially affects partnering relationships in ways that contradict best practice guidance. However, understandings of power in partnering projects are limited. Post-contract changes (PCCs) are a common source of conflict on projects around which to explore interactions. Power relations and interactions are embedded practices that must be understood within the context of the project. Therefore, the aim is to adopt an ethnographic approach to explore how individuals interact on projects when managing PCCs and to explore how power affects these interactions. As part of ongoing doctoral research, preliminary findings from a public sector partnering project are discussed. There is a strong reliance on the contract to manage PCCs, which partly removes the power from individuals to negotiate changes. However, PCCs involving specialist information are less constrained by the contract. There is evidence of the Client adapting the contract to their preference and the Contractor opportunistically using the Client’s dependency to overprice PCCs, despite claiming to have amiable relations. These seemingly contradictory behaviours emphasise the complexity of interactions around different PCCs, involving different individuals.

Keywords: ethnography, partnering, post-contract changes, power, procurement.

INTRODUCTION

The construction industry is frequently criticised for poor performance, which is partly attributed to supposed high levels of adversarial behaviour. Since the 1990s, the UK Government has advocated the use of partnering as a way of overcoming this problem, and their figures suggest that partnering can significantly improve the time and cost performance of projects (National Audit Office 2005). However, such figures tend to be based on best practice projects and it is unclear whether claimed outcomes are a result of a shift towards developing more collaborative relationships or if they can be attributed to other ‘indirect’ factors (Bresnen and Marshall 2000a). Moreover, the dominant structuralist approach in the construction management (CM) literature

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reduces partnering to a static outcome that is achieved or not achieved, which hinders our understanding of partnering as a negotiated, evolving practice based on interactions between individuals (Larsen et al. 2008). This raises challenges about understanding how actors interact in partnering arrangements and the underlying influential factors that help to explain why actors interact in these ways.

Large, repeat clients are amenable to partnering framework agreements due to their ongoing programmes of work. These clients are considered to have strong buying power and are often at the centre of partnering success stories (Green 1999). Despite best practice guidance reporting the success stories of large clients, they also claim that partnering helps to facilitate more equal and less one-sided relationships (e.g. Bennett and Jayes 1998). Clearly, this simplifies the complex power relations and interdependencies between participants in the project team and wider stakeholders that are constantly being renegotiated. Moreover, actors may take advantage of their powerful positions and act adversarially in partnering projects (Dainty et al. 2001, Packham et al. 2003, Wood and Ellis 2005, Alderman and Ivory 2007), which contradicts the purported ethos of partnering and its aims of reducing adversarial behaviour. This raises interesting questions about the potential impact of power relations on interactions in partnering projects. Post-contract changes (PCCs) are a common source of conflict on projects and how individuals interact when managing them potentially provides insights into how individuals make sense of partnering and highlight how factors, such as power, influence these interactions.

The aim is to explore how individuals interact on projects when managing PCCs and to explore whether, and how, power affects these interactions. There is a clear policy requirement for this research as partnering continues to be widely used as a preferred method for UK public procurement. A better understanding of how individuals interact in partnering arrangements and the factors that influence these interactions may provide insights into how policy guidance can address shortfalls in practice. This aim will be addressed first, by assessing the existing partnering literature and highlighting shortcomings in the current polarised views of reality. Second, the conceptualisation of power in construction procurement will be explored with the aim of revealing inherent contradictions in the partnering philosophy. Third, the shift towards exploring construction using ethnographic methods is developed along with the relevance of this approach for the study. The contribution of this paper is a research design and preliminary findings that form part of ongoing doctoral research.

PARTNERING IN THE CONSTRUCTION INDUSTRY

Partnering is widely regarded as “a long-term commitment between two or more organizations for the purpose of achieving specific business objectives [...] The relationship is based on trust, dedication to common goals and on the understanding of each other's individual expectations and values” (Construction Industry Institute, 1991: iv). Much literature has focused on producing definitions and lists of tools and components as requirements for successful partnering (e.g. Bennett and Jayes 1998, Nyström 2005, OGC 2007, Eriksson 2010) with varying degrees of prescriptiveness and flexibility. These approaches can help to focus understanding and subsequent research efforts. However, it ultimately reduces practices into discreet components, which are achieved or not achieved, and provides a simplified understanding of the enactment of partnering from the perspective of ‘the project’ where individual perspectives are “overlooked or at best diluted into a group consensus” (Larsen et al. 2008:40). Partnering research has also focused on first-hand accounts of project
participants’ experiences of partnering (e.g. Bresnen and Marshall 2000b, 2000c, 2002, Dainty et al. 2001, Wood and Ellis 2005, Alderman and Ivory 2007) and it is these accounts that highlight some of the complexities of enacting partnering and contradictions with best-practice policy.

There is a tendency in the partnering literature to present polarised views of reality. Relationships are typically characterised as either ‘collaborative’ or ‘adversarial’. Some writers keenly express that in reality relationships do not conform to rigidly defined labels but instead consist of overlapping characteristics that are developed in ways that suit the project (e.g. Uzzi 1997, Cox and Ireland 2002). However, the lack of explanation of relationships that emerge between ‘pure’ categories and how these evolve over time stunt our understanding of partnering as an enacted practice. Studies suggest that actors develop collaborative relationships based on an estimation of the potential economic benefits (Bresnen and Marshall 2000b, Dainty et al. 2001, Packham et al. 2003), indicating that commercial self-interest is the cornerstone of partnering. However, in ongoing relationships social expectations of behaviour overlay the relationship providing social incentives to abstain from adversarial behaviour (Granovetter 1985, Nyström 2007). Fletcher and Watson (2007) emphasise the importance of avoiding ‘either/or’ styles of analysis. Their ethnographic study found that individuals in exchange relationships were influenced simultaneously by motives that were self-interested and altruistic due to a range of competing interests. In summary, the enactment of partnering is complex and polarised views are inadequate. Multiple motives influence how individuals interact and interactions do not conform to rigid categories of ‘collaborative’ or ‘adversarial’ behaviour.

**POWER AND DEPENDENCY**

Power is central to the understanding of social exchanges (Blau 1964) as it affects an actor’s ability to influence decisions and outcomes. Authority is power exercised through normatively accepted roles and institutions (Scott 2003), which structure and influence how actors behave. The use of power can positively contribute to the achievement of organisational objectives and can “enable people to get things done” (Walker and Newcombe 2000: 37). However, power can also be used by an actor to pursue self-interests, which might be at the expense of organisational goals (Walker and Newcombe 2000, Scott 2003). Formal authority, embedded in institutional roles and objects, may only play a small role in determining the power of individuals; instead power is better determined by informal relations (Loosemore 1999). Other views of power highlight the importance of simultaneously considering the relative power and dependencies of actors in exchange relations, where the power of an actor is inversely proportional to the other actor’s dependence on them (Emerson 1962, Blau 1964, Pfeffer and Salancik 1978). From this power-dependence perspective, relationships can be characterised by varying degrees of power imbalance and mutual dependency (e.g. Cox et al. 2004, Gulati and Sytch 2007, Caniëls and Roeleveld 2009), although this tends to focus on ‘the firm’ rather than individual interactions. Nevertheless, firm-level interdependencies can affect individual interactions, as shown in Bresnen’s (2009) study of partnering relationships where the contractor depended on the client for future work and the client depended on the contractor to ensure the partnering arrangement was successful. These “powerful commercial motives […] helped create the conditions in which interests could be more easily aligned” (Bresnen 2009: 930). Hence project interdependencies may influence individual interactions.
The study of power in construction projects has been piecemeal. The difficulty with developing a sophisticated and holistic understanding of the effects of power in projects is the breadth of conceptualisations and theoretical lenses that can be applied. As a result, existing studies of power cover a wide but fragmented range of approaches, including identifying structural indicators of power such as social network positions (Loosemore 1999) and resource dependencies (Greenwood 2001, Cox et al. 2004), ‘bases’ of power (Walker and Newcomb, 2000), material and embodied registers of power (Sage and Dainty 2012) and positional and relational power (Gluch 2009). Despite their different approaches, these studies indicate that power relations influence how projects are managed and the need to remain open to a range of conceptualisations of power. Nevertheless, boundaries must ultimately be drawn, but these will be inductively informed by findings that emerge from fieldwork.

Collaborative procurement arrangements reduce the problem of post-contract power reversal between client and contractor (Chang and Ive 2007). This is in keeping with ideas from the relational embeddedness and partnering literature and is based on the notion that collaborative procurement incentivises actors to act collaboratively to avoid the losses associated with adversarial behaviour (Granovetter 1985, Uzzi 1997, Bresnen and Marshall 2000c, Nyström 2007). However, some studies indicate that actors use power adversarially in partnering projects, particularly when they are aware of the other actor’s dependency upon them in the exchange (Dainty et al. 2001, Packham et al. 2003, Wood and Ellis 2005, Alderman and Ivory 2007). Whilst understandings of power in partnering projects are limited, what is clear is that power influences interactions and potentially influences partnering relationships in a way that contradicts ‘best practice’ partnering ideals. This highlights a need to better understand power in emergent practices on partnering projects.

**POST-CONTRACT CHANGES**

Post-contract changes (PCCs) refer to “an alteration to design, building work, project program or other project aspects caused by modifications to pre-existing conditions assumptions or requirements” (Sun and Meng 2009: 560) which occur during the construction phase. PCCs are common, their causes are often numerous and are a frequent source of conflict (Love 2002, Sun and Meng 2009). Nevertheless, projects with high change costs are still capable of coming in on time and budget (Love 2002), which highlights the importance of how parties manage change. Due to post-contract reversal of power there are opportunities for contractors to act adversarially with respect to PCCs (Winch 1989, Chang and Ive 2007). This is partly counteracted by clients through contracts (Kadefors 2004), but contractual provisions cannot account for all eventualities. Partnering arrangements can facilitate PCC negotiations due to expectations of collaboration and the reward of compromises in the future (Nyström 2007). Relationships based on past experience of working together, “trust, commitment and cooperation” (Love et al. 1999: 513) lead to more proactive, joint problem solving of difficult changes. Hence PCCs provide an interesting focus around which to explore how individuals interact and the potential effect of power relations.

**INFORMALITY, EMERGENCE AND ETHNOGRAPHY**

An alternative approach to the “technical rationalism” of much CM research focuses on informal and emergent processes and highlights the imperative to examine formal and informal discourses and practices (Chan and Räisänen 2009:907). An ethnographic approach is highly suited to gaining an understanding of the everyday experiences and practices of people in construction. As each project is affected by the
social, institutional and political context in which it takes place, practices are said to be embedded and must be understood within this context. Ethnography is “iterative-inductive research; that is to say it evolves in design through the study […] It results in richly written accounts that respect the irreducibility of human experience, acknowledges the role of theory as well as the researcher’s own role, and views humans as part object/part subject” (O’Reilly 2009: 3). There are varying extents to which the inductive approach is adopted. It is often the case the ethnographer starts with a problem and some theory to focus the research (Fetterman 1998). Theory must “remain in dialogue” with the fieldwork and the ethnographer must be reflexively aware of their role and theoretical inclinations at all times (Pink et al. 2010:649).

Traditionally, ethnographies holistically describe an unknown culture produced following an extended period over one or more years immersed in that social setting. In contrast, contemporary ethnographic approaches are more focused on specific aspects of one’s own culture, hence long-term fieldwork is often not necessary (Fetterman 1998, Pink et al. 2010) and the researcher can opt to spend weeks and months, rather than years in the field. However, the actual time over which fieldwork should take place is “a period of time which is sufficient for the researcher to appreciate the range of norms, practices, and values, official and unofficial alike, which characterize that research setting” (Watson 2010:207). A number of CM studies have been conducted using varying ethnographic approaches, including Rooke et al. (2004), Fletcher and Watson (2007), Baarts (2009), Gluch (2009), Pink et al. (2010), Sage and Dainty (2012). However, they are still not widely used in CM research. As such, it is an innovative, highly immersed approach to studying the realities of managing PCCs and interactions in partnering projects.

**RESEARCH PROBLEM**

From the review of the literature, it can be stated that a better understanding is needed about how individuals interact in partnering projects. Evidence indicates that power relations influence project interactions and have the potential to influence partnering relationships is a way that contradicts the ‘best practice’ partnering ethos. Actors sometimes use their powerful positions to act adversarially at the expense of others in partnering projects. However, actors are simultaneously influenced by a range of motives, thereby indicating the inadequacy of polarised typologies. Power relations and interactions are highly embedded in the social, political and institutional context in which projects take place, such that practices are localised and emergent.

Therefore, the aim is to adopt an ethnographic approach to explore how individuals interact on projects when managing PCCs and to explore whether, and how, power affects these interactions. There is a clear policy requirement for this research. Partnering is endorsed as a preferred method for public procurement by the UK Government but there are indications of contradictions to best practice guidance with actors using their powerful positions to act adversarially at the expense of others. Such behaviour is unsustainable and does not benefit the industry in the long-term.

Therefore, a better understanding of how individuals interact in partnering arrangements and how underlying factors, such as power, help to explain why actors interact in these ways will potentially provide a more meaningful understanding of partnering and insights into how policy guidance can address shortfalls identified in practice. Additionally, fresh insights into power in projects, PCCs and interactions in partnering projects will be gained by using an ethnographic approach.
RESEARCH DESIGN

An ethnographic approach is used to gain a first-hand, context-sensitive account of how individuals interact on projects and how they make sense of the partnering arrangement, with a specific interest in exploring power relations. As the researcher already has experience of PCCs in the construction industry, a traditional ethnographic approach of being immersed in the field for years at a time is not necessary. Instead fieldwork will take place in clusters of weeks or months over a twelve month period, in line with recent ethnographic studies in CM. The focus is on exploring PCCs; however, interactions around PCCs are not typically discrete and are one part of the daily work of project team members. The ad hoc way in which people manage PCCs means that data collection cannot follow a set time schedule. Ethnographic research is exploratory and develops in practice as the fieldwork progresses (Pink et al. 2010) and a pre-determined research design is neither possible nor desirable. Hence there is a need for the researcher to be present on a regular basis and get involved in activities that are part of the overall management of the project in order to potentially observe interactions involving PCCs. The research strategy adopted is described as 'ethnographic' due to the sustained periods to be spent in the field, a significant portion of which will involve developing relationships. It is already apparent that this approach produces vast amounts of qualitative data, only a small proportion of which is directly related to the research question, although all of the data contributes to building an holistic picture of the research setting. Additionally, as part of the ethnographic research strategy there is a constant consideration of reflexivity; understanding how the role and stance of the researcher impacts on their interpretation of events (O'Reilly 2009), and acknowledging the changing context of the research setting and the transient nature of the ethnographer's account (Fetterman 1998).

At present, two public sector partnering projects are being studied, although the total number of projects to be studied is uncertain at present. Whilst multi-sited ethnographies are less common, they can be used as a form of collective case study in which to study an issue across a number of cases within a particular field (O'Reilly 2009). Participant observation case studies identify specific cases to address a research question and arguably emphasise more intermittent observation of defined events over multiple cases for comparison. Conversely, the ethnographic approach of the research adopts a more holistic focus with the emphasis on prolonged exposure, building rapport and collecting data on a wide range of project interactions. For the study, the researcher's identity is overt, as a participant-as-observer (Bryman and Bell 2007), with regular interaction with participants in their everyday work. This approach, as opposed to active participation in managing PPCs, is appropriate as it avoids the researcher becoming too closely associated with any one organization on the project. Time is required in order to allow research participants to become familiar with the ethnographer’s presence, so that they become less visible and to build a rapport with the participants (O’Reilly 2009). Observing members of the project team raises difficulties in terms of logistics as individuals often operate from their own company offices. At present the research is focused at the Contractors' site offices as it provides an insight into the project from the Contractor's perspective and is a place where the project team regularly convene for meetings thus providing opportunities for access to other team members to snowball as the research progresses. The data collected is in the form of qualitative notes from discussions with project team members, observations at meetings and document analysis. Data has been gathered by spending as much time as possible at the Contractor's site offices and speaking to members of
the project team about project-specific and non-work matters and also being privy to their conversations within the project team. Ad hoc conversations, triggered by issues from meetings, emails or by the researcher asking open questions, build a picture about how different individuals understand and interact in different situations.

Due to the ongoing nature of the research, discussions focus on one project. The project is a £40million new build hospital procured through a national partnering framework agreement using the NEC3 Option C contract and a design-and-build arrangement. The project is presently 3 months into the 34-month construction period.

**PRELIMINARY FINDINGS**

There are many PCCs occurring on the project, many of which are client design changes, whilst others are dictated by changing legislation or site conditions. Timescales to agree a PCC from identification to formal instruction varies significantly depending on the change, the information available and how critical it is. The breadth of PCCs presents interesting questions about how different PCCs, involving different actors and information are managed. The procurement of the project on a partnering framework has an influence on some of the project team members. Yet a repeated anecdote is that using a partnering arrangement can only potentially facilitate better project relations and management; ultimately it depends on how people work together, which is influenced by past experience, ways of working and personalities. Project team members recount stories from the pre-construction phase when individuals in the Client team were replaced as they were not considered to be suited to collaborative working. The word ‘collaborative’ is used by individuals to refer to how openly, honestly and fairly an individual behaves towards others, and how well they share information among the project team. Tensions arise when managing PCCs; this is partly due to the Client’s lack of understanding about the resources used investigating potential PCCs and which PCCs are client additions. Moreover, frequent meetings between the Client and Contractor team encourage open and informal communication, but result in the Client instructing the Contractor to provide proposals for many potential PCCs, the majority of which are rejected by the Client despite the Contractor using extra resources to investigate them.

The contract is heavily relied upon on the project in terms of the procedure to follow when potential PCCs arise and in determining who will pay for the change. Rather than be regarded as ‘contractual’, most of the project team members prefer this way of managing PCCs as it provides a clear audit trail. However, the Contractor PM is concerned that PCCs are starting to be informally requested by the Client Representative, often using piecemeal, unclear and changeable information. It is the Contractor’s best interests that the formal contract procedures are followed on this long and complex project as otherwise they are at risk of paying for PCCs that are client changes. The notion that clients use their repeat buying power under framework agreements to influence contractors to absorb extra costs is not obviously apparent on the project. The Client’s power is partly restricted by the contract and the Contractor’s unwillingness to go beyond the contract may be due to their awareness of the accountability required on public sector projects and that ‘deals’ are not expected by the Client. However, there are instances where the Client refuses to use certain contract terms, such as not paying the Contractor for investigating PCCs, and the Contractor reluctantly conforms. There are examples of the Contractor team taking advantage of the Client’s dependency on them in terms of access to market information by overpricing quotes, an example of post-contract power reversal. This
seemingly contradictory behaviour emphasises the complexity of interactions around different PCCs. The contract is a tool to facilitate the management of PCCs on the project, and partly removes the power from individuals to negotiate PCCs. However, some PCCs involving individuals with expert knowledge appear to be less constrained by the contract. Specialist end users are able to use their information asymmetry to negotiate PCCs and challenge contract provisions due to the complexity of their requirements. Similarly, specialist subcontractors, who maintain a large portion of their market, exceed deadlines and provide inadequate information in a way that others cannot. The Contractor is dependent on the specialist subcontractor and is less able to negotiate the PCC. Controlling access to information causes tensions, thus how information is used potentially provides an insight into power relations on projects.

In terms of the researcher's role, there are issues regarding access due to the researcher's presence as an outsider and how access has been gained through the key informant, the Client PM. Many project team members assume that the researcher works for the key informant's company until they are corrected. Association with the Client PM explains why the researcher is frequently asked not to attend Contractor meetings about so-called "internal matters". These access issues might be exacerbated if the researcher attempts, at this early stage, to get closer to other project disciplines.

CONCLUSIONS

The field work is in its early stages as part of the ongoing doctoral research. It is expected that more tangible themes will emerge as it progresses. The number of projects to be studied and the duration of study are to be determined, but will be informed by emergent findings from the field work. At present, an initial period has been undertaken to familiarise the researcher with the research setting and to start building a rapport with participants. The next stage will be, based on the preliminary and ongoing findings, to identify relevant themes and refine the research design. These themes, along with emergent themes, will be explored through the collection and analysis of data throughout the duration of the study.

REFERENCES


