

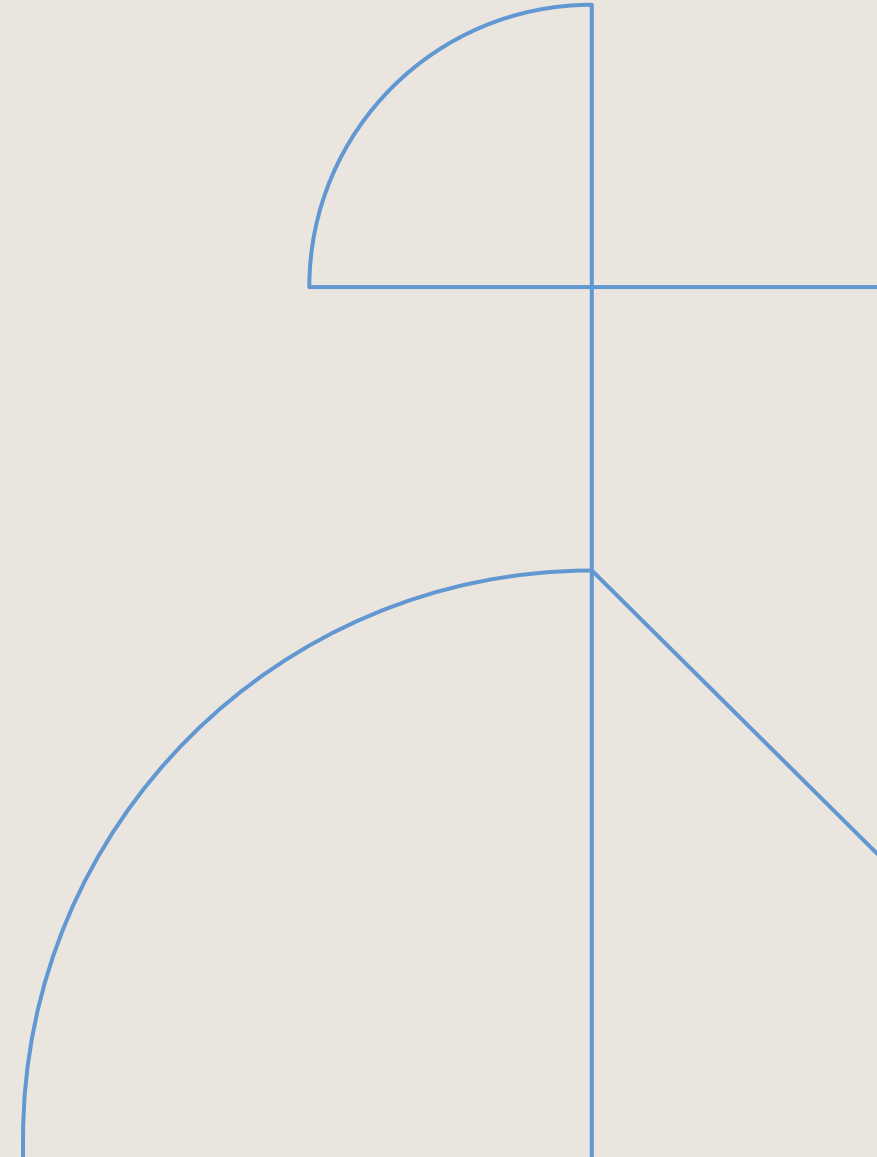


Relational contracting in Nordic construction 2000- 2023 – overview and implications for owners and policy-makers

Anna Kadefors

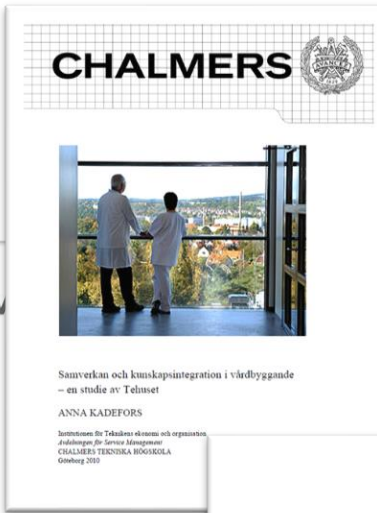
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What is Relational Contracting?

- We use it as an **umbrella concept** for:
 - CPDMs: Collaborative Project Delivery Models
 - ECI: Early Contractor Involvement (often two-stage open book contracting)
 - Partnering
 - Alliances
 - Strategic partnering/partnerships
 - IPD: Integrated Project Delivery
 - Local models
- **Differences:** parties involved and in what way, payment methods, single/multiple projects, collaborative ambitions
- But **meanings vary** between contexts and over time
- Has been **used since the 1990s** (UK, AU and US as role models)
- Driven by increasing complexity, digitalization, sustainability, economy
- Is attracting broader interest (research, McKinsey, FIDIC, OECD, etc.)



Background

- Research on trust and collaborative/relational contracting since 1990s
- 2015: ProcSIBE Procurement for Sustainable Innovation in the Built Environment
- Collaboration ProcSIBE – Trafikverket
- Nordic research collaboration



Relational contracting in Nordic construction - a comparative longitudinal account of institutional field developments

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Link: [Relational contracting in Nordic construction – a comparative longitudinal account of institutional field developments | Emerald Insight](#)



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Presented to:

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For the paper:

RELATIONAL CONTRACTING IN NORDIC
CONSTRUCTION - A COMPARATIVE LONGITUDINAL
ACCOUNT OF INSTITUTIONAL FIELD DEVELOPMENTS

Track:

ST10_01 Multi-level Perspective on Major and
Megaprojects

Daniel Ridge

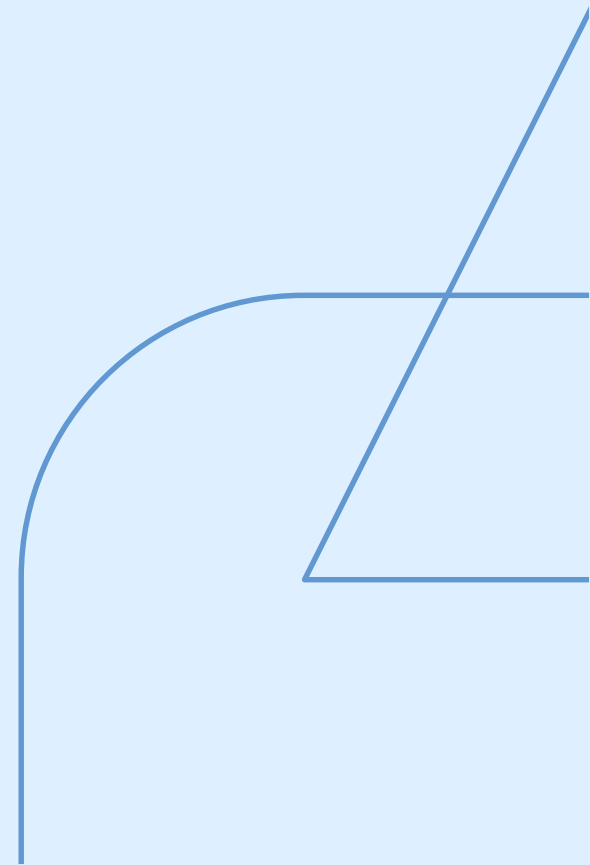
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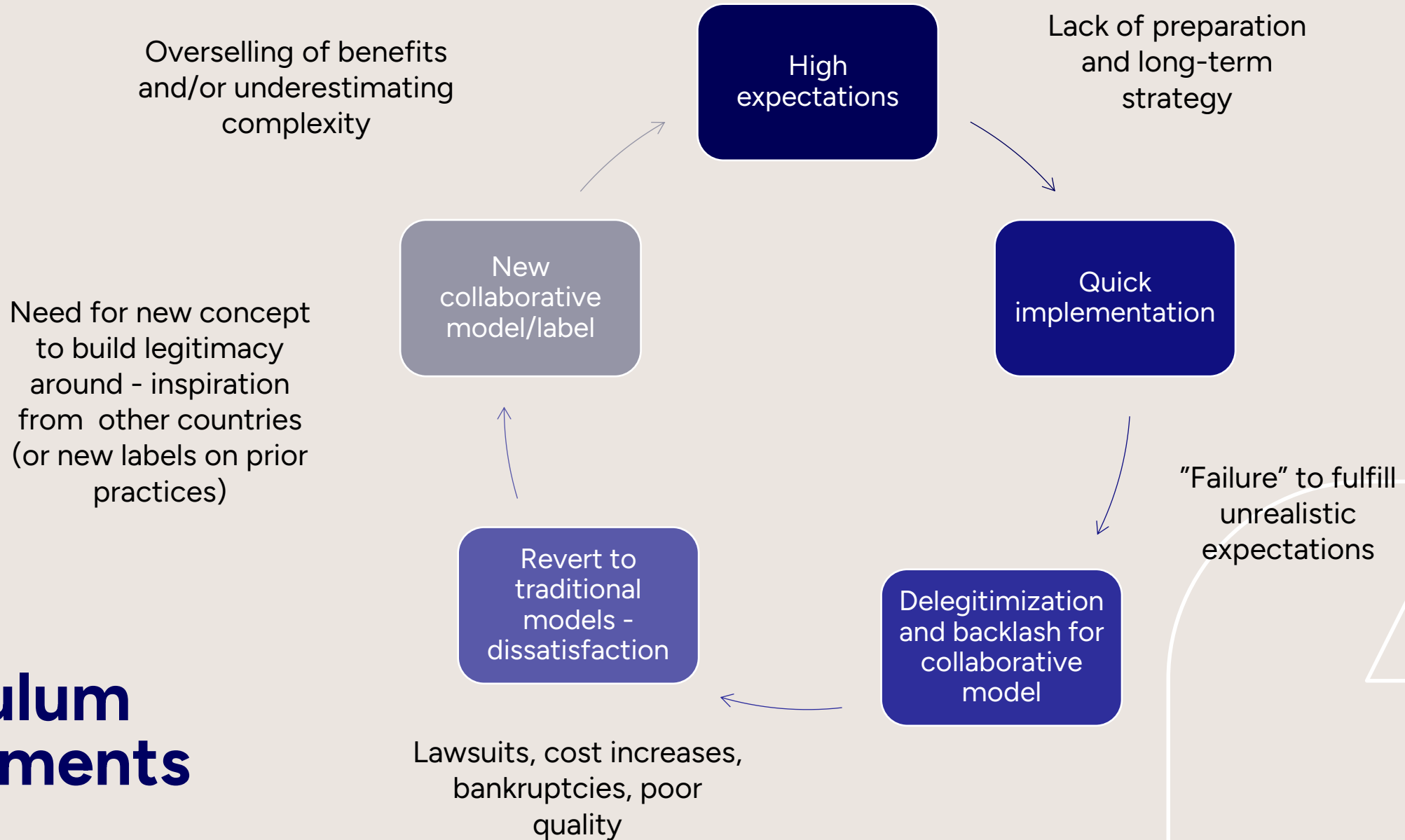
Institutional change – much about legitimacy

1. Dissatisfaction with existing institutional order
2. Delegitimizing existing order – highlighting problems
3. Creating support and legitimacy for new institution
 - Pragmatic (usefulness, low implementation cost)
 - Moral/normative (seen as appropriate)
 - Cognitive (easy to understand)
4. Resources for implementation
 - Imitation is an important source of legitimacy
 - Institutional entrepreneurs



Results

- The countries share **similar problem perceptions** that have triggered the de-institutionalization of traditional contracting practices.
- **Public client organizations** key actors in driving RC practices in the Nordic countries
- **Influences from UK, AU and US**, but also between Nordic countries, have been important to gain both knowledge and legitimacy.
- Most countries have seen **pendulum movements** of high expectations, backlashes, new concepts, etc.
 - Denmark: Two waves of RC with backlash between (RC mainly in building sector)
 - Sweden: Wide adoption in building, but pendulum movements in Infra
 - Finland: Systematic development in alliancing
 - Norway: Recent and pluralistic developments, backlashes in Infra



Pendulum movements

Why no backlashes in Finland?

- Structured, transparent approach to build competence at industry level
- Well-defined – based on existing models from Australia
- Institutional entrepreneurship by public owner and respected and knowledgeable consultants
- Small market, few actors, relatively few projects initially
- NB: performance of other collaborative models than alliances less stable

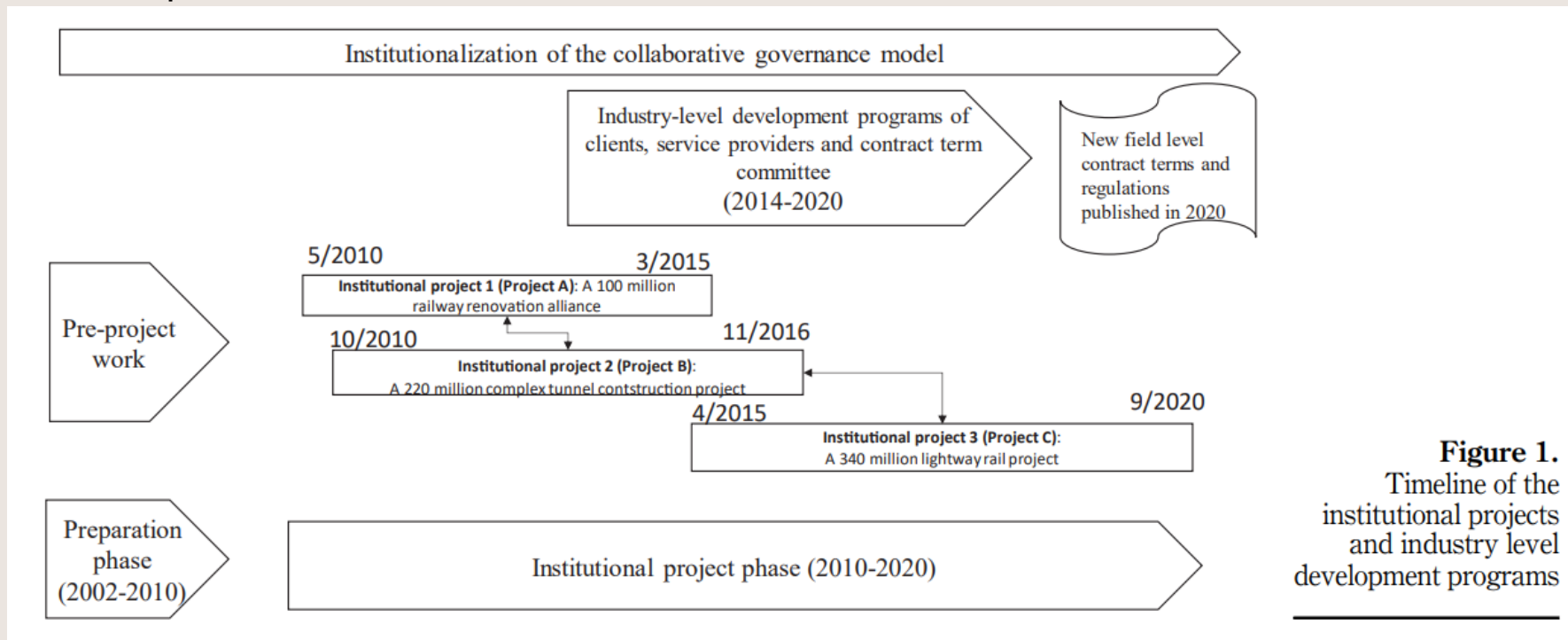


Figure 1.
Timeline of the institutional projects and industry level development programs

Conclusions

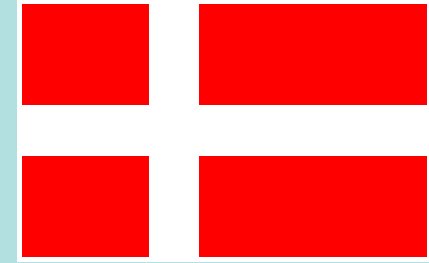
- Introducing new contracting practices requires a **long-term, systematic and transparent learning process**
- **Public clients** have been important in introducing relational contracting in all countries
- But public clients need to **construct/restore legitimacy** in relation to **politics and other high level actors**
 - **Short-term, visible ('talk level') initiatives** may crowd out systematic learning based on project level experiences, especially if permanent organizational resources are scarce
 - **Pendulum movements** that produce a **proliferation of concepts and ambiguities** that further hamper learning

Recommendations to owners and policymakers

- Avoid interrupting learning processes – **have a long-term master plan** for incremental development based on project-level experience
- Make the process **transparent** and **involve consultants, contractors and academia**
- Ensure that there are **sufficient resources** at **organizational** and **industry levels**
- There are **no silver bullets – policy-makers** should not expect unrealistic results, this to avoid producing “failures” and so interrupt learning
- In seeking inspiration from other countries, **owners and policymakers** should go beyond contract models to also consider **strategies for industry-level learning**



Thank you!



Two waves of RC with backlash between

2000-2010

- Strong government push for Partnering from 2003. High expectations, inspired by UK. Mainly building sector
- Government policy, joint industry guideline, standard contract, Byggeriets Evalueringscenter (BEC).
- Legislation 2003 prescribing to consider partnering for public projects. Official government guideline in 2004.
- Three industry development programs with demonstration projects in 1999-2009.
- Partnering questioned due to cost performance. Major cost overruns in large project DR Byen led to de-legitimization of the partnering concept.

2010-2023

- Sharp decline in use of partnering (“taboo”).
- Legislation abolished in 2013.
- Legitimacy-building for multi-project relationships based on Swedish experiences. In 2016, Copenhagen municipality introduced “Strategic partnerships”.
- Research projects and industry development programs. Standard contract in 2017 and guidelines in 2021.
- Spread to 10+ other municipal and regional clients.
- A model “New partnering” for single projects
- Still no important examples of RC in infrastructure.



Infra: Pendulum movements and ambiguity

2000-2010

- Conflicts and lawsuits in early 2000s.
- Collaborative government-industry development initiative FIA in 2003.
- Based in non-contractual agreements (Extended collaboration/Utökad samverkan). Favourable experiences.
- 2010: new Swedish Transport Administration (STA).
- Extended collaboration replaced by “pure client” policy advocating DB contracts and arms-length relationship.
- ECI widely used in the building sector since 2003

2010-2023

- 2013 contractors request collaborative contracts, and STA introduces ECI procurement option
- Around 10 projects procured before 2018
- Early conflicts in the first two projects lead to backlash for ECI
- New label ESI used for ECI-type contracts (a few, planned)
- 2022: again criticism from contractors
- STA plans for a few “alliance-inspired” pilots, inspiration from Finland and Germany.
- Use of ECI by other public infrastructure clients increases - 50% of turnover for large contractors.

Systematic development in alliancing



2000-2010

Initiatives to introduce multiparty alliances inspired by AU in early 2000s, VTT joint project with industry, but did not gain momentum

2006–2007, new research project and study visit to AU. Knowledge of IPD from US.

Industry champion and consultancy firm
Vison important.

Australian consultant, translation of guidelines and contractual frameworks. Seminars for industry.

First pilot project in 2010. Coaching by Vison to enable industry to submit tenders

2010-2023

Three consecutive pilot projects with transparent learning processes to refine practice. Integration of lean principles to build legitimacy. Independent consultants audit costs.

Industry programs to spread knowledge and share experiences.

Alliance contract in 2020. Alliancing recommended for demanding government projects.

No major failures, favourable reputation. Rapid growth: 100 projects up to 2023 (10% of infrastructure sector). Spread to other sectors.

In parallel, hybrid forms called IPD (IPT) are used. Here, performance varies more.

Recent and pluralistic developments



2000-2010

1996-1999: research program Collaboration in Construction ("Samspillet i byggeprosessen") (1996-1999), influenced by DK.

Early, successful flagship project St. Olav's Hospital (2005-2013, but no wide adoption.

Cost overruns in large projects led to a QA scheme and associated research project Concept

Much focus on research and development in in project management. In 2001, the Norwegian Center for Project Management was established (later Project Norway).

2010-2023

Around 2015, research program within Project Norway focusing on the construction sector. Many research projects include procurement aspects, but little on RC.

Recently, increased interest in RC, especially in the building sector.

Nye Veier established in 2016 as an innovative client. Has tested many new models (BVP, IPD, CD, ECI), but not with strong focus on collaboration. Recent backlash in ECI since expectations were not met.

In 2019, ECI pilot by Statens Vegvesen.

Several attempts to develop standard contracts and models for RC projects, but little systematic evaluation and learning.

Reports and articles (Sweden)

- [Relational contracting in Nordic construction – a comparative longitudinal account of institutional field developments | Emerald Insight](#)
- Rosander, L., Kadefors, A., & Eriksson, P. E. (2024). Samverkan i infrastrukturprojekt: Erfarenheter av tvåfaskontrakt i Trafikverket 2015–2023. <https://www.diva-portal.org/smash/record.jsf?pid=diva2%3A1837185&dswid=1335>
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