

# Chapter 64

## Discussion the Connection Between Trust and Relationship Characteristics of Construction Project Participants

Weiping Jiang, Qian Zhang, Yun Le, and Jian Fang

**Abstract** Lack of trust in construction projects is criticized by many scholars. Trust has the function of decreasing transaction cost and improving project performance. The characteristics of the relationship of the trustor and the trustee have important function on occurrence of trust. More specifically, communication, reciprocity and contract contribute to occurrence of trust.

**Keywords** Construction projects • Relationship of the trustor and the trustee • Trust

### 64.1 Introduction

There is a negative reputation in the relationship between project participants (such as the owner and the contractor) in construction industry. And this kind of negative relation has negative function on project schedule, quality, cost and long-term relationship among the participants [1]. One important reason for this negative relationship is the lack of trust, especially the trust between the owner and the contractor. It is emphasized by Wood and McDermott [2] that there should have trust between the owner and the contractor. Trust between the owner and the contractor favors the two parties to build up cooperation but competitive relationships [3]. What's more, trust also can decrease transaction cost [4–6] and opportunism action [7–10], improve cooperation performance [11–14].

Trust has so many good and important functions that research on how trust occurs and develops has well implication for construction projects practice. Trust involves the trustee and the trustor. In this paper, the relationship between the

---

W. Jiang (✉) • Q. Zhang  
School of Civil Engineering, Shenzhen University, Shenzhen, China  
e-mail: [swingopen@sina.com](mailto:swingopen@sina.com)

Y. Le • J. Fang  
School of Economics and Management, Tongji University, Shanghai, China

characteristics of the relationship of the trustor and the trustee and trust is discussed. From the literature review, the characteristics of the relationship of the trustor and the trustee relevant to trust contain the two parts' communication, reciprocity and contract.

## **64.2 The Relationship Between the Two Part's Communication and Trust**

Anderson and Narus [15] believe that communication is an important variant of trust. What's more, there are more shared values and less opportunism behavior with more communication. Lander [16] found in project cases study that communication is an important mechanism for trust building.

Good communication involves correct information and in-time exchange. All these are important factors for project success. In communication, the owner and the contractor can understand their role and commitment, and execute project tasks. In communication, they can understand the other party's opinions and intentions, and put forward their own opinions, make themselves understood. All these are the foundations of trust.

Berkun [17] suggests that informal communication can set up enough trust more easily than formal communication. In fact, good communication and interpersonal contact skill are very important in setting up trust. Korsgaard et al.' [18] even put forward the mechanism of setting up trust based on communication. That is to set up trust by share of information and knowledge. If there aren't common expression and understanding about project items, trust can't occur easily. So "common language" is an important factor for trust [18]. This opinion is agreed with by Beslin and Reddin [19]. They also think communication is an effective tool for the setting up and holding of trust.

Vice versa, improper communication is inimical to the setting up and holding of trust. Wood and McDermott [20] found in interview research that once there is lie, trust will disappear. So communication must be proceeding sincerely. What's more, they also find that distrust may be caused from lack of share of information. In conclusion, good communication propel trust occurrence.

## **64.3 The Relationship Between the Two Parts' Reciprocity and Trust**

1. Reciprocity involves that when one party makes sacrifice for the other, the other party should reciprocate and make benefit to the party who have make sacrifice. Reciprocity reflects fairness. In construction projects, the two parties in cooperation use each other's virtues to attain profits. The income of the two parties could be unequal, but it must be fair [20]. That's to say the two parties must benefit each other.

2. There are many researches on reciprocity in game theory. The basic opinion is that when one party make sacrifice for the other, the other would not necessarily return the benefit, but calculates and returns the benefit when this action benefits themselves [21]. There are also researches reflecting that people incline to reciprocate, even this action is contracted with their own benefits [22–24]. In Berg et al. [8]’s research, when a party who should reciprocate has the opportunity to make his benefit maximized, 20 % of people select not to reciprocate. So when one party in cooperation decides whether to trust the other party, he should concern reciprocity between them, whether the other party has the willing to reciprocate. Researches demonstrate that people incline to trust people willing to reciprocate.

In construction projects, it needs reciprocity between the client and the contractor. Owing to the existence of uncertainty in construction projects, cooperation parties should concern the other party’s benefit in dealing with uncertainty [25–28]. For example, when the client supports the contractor facing financial problems, the contractor would help the client and speeds up construction, completes the project before the fixed date. All these actions are reciprocal. There are no conditions that one party sacrifices for the other without reasons. Once the party who has sacrificed doesn’t get return, the trust he gives to the other party will decrease largely. Reciprocity is very important for the client and the contractor because of uncertainty in construction projects.

#### **64.4 The Relationship Between the Trustee’s Promise Keeping and Trust**

In construction projects, traditional standard contract is criticized for fostering non-cooperative behavior, making the two parties of the contract selfish and hindering trust occurring and developing. What’s more, the unequal risk allocation between the owner and the contractor also blocks trust occurrence [29].

Actually, there is a positive correlation between contract and trust. Sako [30] has put forward contractual trust. When the contract is precise, and contains provisions for kinds of uncertainty, the risk of the two parties would decrease to some extent. So, precise contract propels trust occurrence.

But Florian Herold [31] believes that precise contract is a demonstration of distrust, because it contains provisions for penalty and encouragement. At the same time, he thinks that in the condition of needing trust, the principal inclines to imperfect contract even it can cause risk, but it is a demonstration of trust. Bruce Lyons and Judith Mehta [32] have the same opinion that too detailed provisions hinder the occurrence of goodwill trust. There are three reasons. First, the provision may restrict the two parties’ understanding of the contract, and this violates the original idea of the contract. Secondly, the provisions decrease the possibility of reciprocal behavior of the two parties facing with uncertainty in projects. Thirdly, concern of failure conditions in provisions makes the two parties suspect each other.

In conclusion, contract and trust have contradicted relationship with each other. On the one side, precise contract propels trust occurrence; on the other side, precise contract hinder trust occurrence. So contract should be made based on specific circumstance.

## 64.5 Conclusions

The characteristics of the relationship of the trustor and the trustee have important function for trust occurrence. More specifically, communication, reciprocity and contract contribute to trust occurrence. This paper analyses how the characteristics of the relationship of the trustor and the trustee function on trust and play which kind of role. It is hoped that this paper has instruction for building up trust in construction projects and be tested in practice.

## References

1. Salford University (2002) Trust in construction: achieving cultural change [EBOL]. [http://www.research.sobe.salford.ac.uk/trust/Trust\\_Const1.pdf](http://www.research.sobe.salford.ac.uk/trust/Trust_Const1.pdf). Accessed 25 Dec 2009
2. Wood G, McDermott P (1999) Searching for trust in the UK construction industry: an interim view. In: CIB W92 procurement systems conference, Thailand
3. Huemer L (2004) Activating trust: the redefinition of roles and relationships in an international construction project. *Int Mark Rev* 21(2):187–201
4. Cummings LL, Bromiley P (1996) The organizational trust inventory: OTI. In: Kramer R, Tyler T (eds) *Trust in organizations: frontiers of theory and research*. Sage, Thousand Oaks, pp 302–330
5. Handy C (1995) Trust and the virtual organization. *Harv Bus Rev* 73(3):40–50
6. Williamson O (1993) Calculativeness, trust and economic organization. *J Law Econ* 36:453–486
7. Chiles TH, McMackin JF (1996) Integrating variable risk preferences, trust, and transaction cost economics. *Acad Manag Rev* 21:73–99
8. Creed W, Miles R (1996) Trust in organizations: a conceptual framework linking organizational forms, managerial philosophies, and the opportunity costs of control. In: Kramer R, Tyler T (eds) *Trust in organizations: frontiers of theory and research*. Sage, Thousand Oaks, pp 16–38
9. Uzzi B (1997) Social structure and competition in interfirm networks: the paradox of embeddedness. *Admin Sci Q* 42:35–67
10. Williamson OE (1975) *Markets and hierarchies*. Free Press, New York
11. Gulati R (1995) Does familiarity breed trust? The implications of repeated ties for contractual choice in alliances. *Acad Manag J* 38(1):85–112
12. Mayer RC, Davis JH, Schoorman FC (1995) An integrative model of organizational trust. *Acad Manag Rev* 20(3):709–734
13. McAllister DJ (1995) Affect and cognition based trust as a foundation for interpersonal cooperation in organizations. *Acad Manag Rev* 38(1):24–59
14. Smith K, Carroll S, Ashford S (1995) Intra- and inter-organizational cooperation: toward a research agenda. *Acad Manag J* 38:7–23

15. Anderson JC, Narus JA (1990) A model of distributor firm and manufacturer firm working partnerships. *J Mark* 54(1):42–58
16. Lander MC, Purvis RL, McCray GE, Leigh W (2004) Trust-building mechanisms utilized in outsourced IS development projects: a case study. *Inf Manag* 41:509–528
17. Berkun S (2005) *The art of project management*. O'Reilly Media, Sebastopol
18. Korsgaard MA, Schweiger DM, Sapienza HJ (1995) Building commitment, attachment, and trust in strategic decision making teams: the role of procedural justice. *Acad Manag J* 38(1):60–85
19. Beslin R, Reddin C (2004) How leaders can communicate to build trust. *Ivey Bus J* 69(2):1–6
20. Graham W, McDermott P, Swan W (2002) The ethical benefits of trust-based partnering: the example of the construction industry. *Bus Ethics European Rev* 11:4–13
21. Deepak (2004) Trust and reciprocity decisions: the differing perspectives of trustors and trusted parties. *Organ Behav Hum Decis Process* 94(2):61–73
22. Berg J, Dickhaut J, McCabe K (1995) Trust, reciprocity, and social history. *Game Econ Behav* 10:122–142
23. Gouldner Alvin W (1960) The norm of reciprocity: a preliminary statement. *Am Sociol Rev* 25:161–178
24. Ortmann A, Fitzgerald J, Boeing C (2000) Trust, reciprocity, and social history: a re-examination. *Exp Econ* 3(1):81–100
25. Andreoni J (1995) Cooperation in public goods experiments: kindness or confusion. *Am Econ Rev* 85(4):891–904
26. Gneezy U, Guth W, Verboven F (2000) Presents or investments? An experimental analysis. *J Econ Psychol* 21(5):481–493
27. Pruitt DG, Kimmel MJ (1977) Twenty years of experimental gaming: critique, synthesis, and suggestions for the future. *Annu Rev Psychol* 28:363–392
28. Snijders C, Keren G (1999) Determinants of trust. In: Budescu DV, Erev I (eds) *Games and human behavior: essays in honor of Amnon Rapoport*. Erlbaum, Mahwah, pp 355–385
29. Huemer L (2004) Activating trust: the redefinition of roles and relationships in an international construction project. *Int Mark Rev* 21(2):187–201
30. Sako M (1991) *Prices, quality and trust: how Japanese and British companies manage buyer supplier relation*. Cambridge University Press, Cambridge
31. Herold F (2010) Contractual incompleteness as a signal of trust. *Game Econ Behav* 68:180–191
32. Lyons B, Mehta J (1997) Contracts, opportunism and trust: self-interest and social orientation. *Camb J Econ* 21:239–257