RELATIONSHIP MANAGEMENT
DURING THE
PRE-TENDERING PHASE
OF INFRASTRUCTURE CONSTRUCTION PROJECTS

Master Thesis for Environmental and Infrastructure Planning by Peter Schotsman (1921495)

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ABSTRACT

After the Construction Fraud Affair of 2001, the landscape of the Dutch construction industry changed. The overall atmosphere of the industry became more tense, and relationships between clients and contractors were damaged. Now, some contractors are trying to re-establish their relationships with clients. This is important to contractors, as having a better understanding of the demands, wishes, and problems of the client than competitors gives them an advantage during the tendering process. Having intimate relationships with clients is a way of gaining that understanding. In this research, through in-depth semi-structured interviews with practitioners of the pre-tendering phase, insight is provided into how much institutional space contractors of the infrastructure construction industry have for communication with clients during the pre-tendering phase, and how they can utilize this space optimally. The main conclusions of this research are that firstly, clients often do not wish to exploit the full opportunities that the formal institutions allow due to risk avoiding behaviour. Continuing, too often conflicts about additional work arise between clients and contractors during latter stages of construction projects, making clients less eager to communicate with contractors openly at earlier stages of projects. This is of course an impasse. Furthermore, contractors lack clear strategy and consistency for relationship management. This research therefore concludes that if contractors would communicate more openly, positively, and consistently with clients, they would also create more space for themselves to communicate with clients, and forming and performing relationship management strategies would be more effective.

CONTENT

1   INTRODUCTION

In 2001, TV-programme Zembla shocked The Netherlands by uncovering what was later to be called 'De Bouwfraude-affaire' (Construction Fraud Affair) through a documentary series on Dutch public television. Their case was based on the testimony and evidence provided by whistle-blower Ad Bos, former director of a Dutch contractor. Zembla was able to prove that the Dutch construction industry was rife with illegal cartelisation and price fixing, and had been for decades. This led to the formation of the 'Parlementaire Enquêtecommissie Bouwnijverheid' (Parliamentary Committee Construction Industry) in 2002. This committee was to investigate the alleged illegal practices within the industry (Parlement & Politiek, 2016). They concluded that around 600 companies were involved in the Dutch construction fraud, that on average the government (and therefore the taxpayers) had payed 8.8% more than necessary for construction projects for decades, that EU laws were broken through illegal agreements between government officials and contractors, and that contractors (attempted to) bribe government officials. (Parlement & Politiek, 2016).

The most important issue of the construction fraud were the so-called pre-consultation meetings. In the period before public procurements were officially put on the market by the government (called the pre-tendering phase), contractors would meet and decide which particular contractor would be given the contract (usually based on location). The principal aim of this meetings was to reduce costs. Furthermore, contractors were also able to retrieve information about projects during the pre-tendering phase by motivating government officials with various tactics (both ethical and unethical) to share (too much) information (Blok & Graafland, 2004).

The Parliamentary Committee Construction Industry proposed a list of measures to reduce the possibilities of construction fraud and to create a better way of interaction between government and market. Eventually, this led to the ratification of the Dutch Public Procurement Law in 2012 (which was updated in 2016), and created a new situation with stricter laws, rules and codes of conduct, with among others the objective to reduce the possibility of corruption through inappropriate contact between clients and contractors during the pre-tendering phase.

One would expect a very different atmosphere in the pre-tendering phase since then. It is interesting to see what that pre-tendering phase looks like now, and how contractors communicate with clients during a phase in which both parties face restrictions on communicating with each other. The question being: How do contractors build relationships with clients during the pre-tendering phase that has experienced the introduction of the Dutch Public Procurement Law in 2013 after the Construction Fraud Affair?

Thankfully, this author was lucky enough to be granted an internship at the Dutch construction company Strukton Civiel Projecten, which asked him to assess how they perform concerning communication with clients during the pre-tendering phase, and how they can optimize that performance. This was achieved by measuring their current way of operating and comparing this to recommendations about building relationships with clients as presented in relevant literature. Strukton believes that if they improve relationships with clients during the pre-tendering phase, they can get a clearer picture of the actual demand behind the public procurement documents of clients, and solve problems of clients more easily and more quickly perfectly aligned with the specific knowledge and experience of Strukton. When contractors start understanding the businesses, wishes, problems, and demands of clients better, this is not only good for contractors, but this would also mean that contractors will be able to deliver more public value.

To analyse the measured results, the thesis uses three different perspectives:

- An institutional perspective: to describe the institutional space in the contemporary pre-tendering phase

- A network perspective: to describe the relationship(s) between clients and contractors within the context of the construction industry
- A marketing perspective: to describe which tools, concepts, and strategies can be used to build and maintain relationships with clients

By using these three different perspectives, this thesis aims to paint a clearer picture of what the pre-tendering phase looks like nowadays in the Dutch construction industry, and how a contractor can build and maintain open and productive relationships within that setting. The scientific relevance of this research is assessing how client/supplier relationships can be developed and managed in an industry that has recently experienced a rapid process of institutionalization. A process of institutionalization which, one can argue, specifically focusses on the communication between clients and suppliers. It is this unique combination of an institutional analysis of the pre-tendering phase of the Dutch infrastructure construction industry on the one hand, with recommendations from a marketing and a network perspective on the other, that makes this research not only unique, but also very relevant for practitioners of the pre-tendering phase of the Dutch infrastructure construction industry.

In laymen's terms, this thesis was supposed to ask the question: *how can contractors build and maintain optimal relationships with clients*? This question, however, contained a couple of issues that needed to be resolved.

First of all, the construction industry is described by scholars (such as Kadefors, 1995) as 'heavily institutionalized', meaning that the behaviour of contractors (and clients) is 'constrained by institutions' (Kadefors, 1995). So, to see how contractors can build and maintain relationships with clients, one must consider how much space contractors have to build and maintain relationships with clients. This is why the term institutional space is added to the research question: how can contractors build and maintain optimal relationships with clients *within the current institutional space?*

Secondly, in the construction industry (or any other for that matter) it is important to assess the time(s) or phases that make the most sense to build and maintain relationships with clients. Since contracts for construction in the infrastructure industry are largely awarded through the tendering process, contractors have to understand the wishes and demands of clients before a tender is published. In essence, this means that building and maintaining relationships mostly makes sense during the pre-tendering phase. The pre-tendering phase is the phase during which a client is preparing the public procurement of a project, but the public procurement is not officially published yet. Hence why the research question specifically states the pre-tendering phase: how can contractors build and maintain optimal relationships with clients *during the pre-tendering phase* within the current institutional space?

These reflections result into the following research question and sub-questions:

Research question:

- How can contractors of the infrastructure construction industry build and maintain optimal relationships with clients during the pre-tendering phase within the current institutional space?

Sub-questions:

- What institutional space is available for contractors and clients of the infrastructure construction industry to build and maintain relationships during the pre-tendering phase?

- Which strategies, tools, and concepts are used by contractors of the infrastructure construction industry for building and maintaining relationships with clients during the pre-tendering phase? And what are the pros and cons?

- In the institutional space that is available to them, which strategies, tools and concepts can be used by contractors of the infrastructure construction industry for building and maintaining relationships with clients during the pre-tendering phase?

The answer to the first sub-question provides insight into the space in which clients and contractors operate and communicate during the pre-tendering phase. Which institutions limit their behaviour, what enables their behaviour, etc. The answer to the second sub-question describes the way in which contractors currently build and maintain relationships with clients during the pre-tendering phase (if at all). Which strategies do they use? Which tools do they use? Who is actually responsible for building and maintaining relationships with clients during the pre-tendering phase? Those are the components that will be assessed there. The answer to the third sub-question provides recommendations for contractors of the infrastructure construction industry, based on both the literature and the data.

To answer these questions, firstly an overview is given of relevant scientific literate in chapter 3. This literature provides concepts, observations, and recommendations that guide this research. These concepts, observations, and recommendations are the base for the interview guide used to interview relevant respondents. How these interviews were conducted and used as data is explained in chapter 4. Chapter 5 explains the formal institutional environment of the pre-tendering phase. This is not necessarily data provided by respondents, but nevertheless vital for answering the first sub-question. Chapter 6 gives an astute account of all the relevant and insightful data provided by the respondents. Chapter 7 analysis patterns within this data and chapter 8 explains how this data answers the research question, and provides a discussion. In chapter 9, conclusions and recommendations for contractors of the infrastructure construction industry are provided. The last chapter provides a short reflection by the author on the entire process of this research.

The theoretical framework as used in this thesis is structured according to the sub-questions. This makes the theoretical framework comprehensible, and makes it possible to explain explicit choices being made about which theories, concepts and tools will be used as both a framework for the entire research, and as a source for the analysis of the results (see Chapter 4: Methodology).

3.1   INSTITUTIONAL SPACE

- What institutional space is available for contractors and clients to build and maintain relationships during the pre-tendering phase?

To be able to answer this question, it is necessary to define 'institutional space'. What is an institution, and how do institutions form a space in which to operate?

Defining institutions

The following section will describe the different perspectives to define institutions, the space they create (or limit?), the way institutions interact with different fields of analysis, and lastly describe which concepts will be used as a framework for answering the first research question.

First of all, Hall & Taylor (1998) define institutions by describing them through three different perspectives:

- *Historic institutionalism* describes, as Hall & Taylor (1998) state, institutions as sets of formal and informal rules, norms, and practices in politics and political economies formed over time building on each other. This perspective assumes that history and experience lead to these sets of formal and informal rules.

- *Rational choice institutionalism* focusses on the economic aspect of institutions. It describes actors as purely rational, with fixed preferences and values. Institutions are deliberately designed through voluntary agreements (e.g. contracts) between these rational actors (Hall & Taylor, 1998).

- *Sociological Institutionalism* emphasizes the social process of institutionalization. It does not consider institutions as results of looking for maximum efficiency, but rather as results of looking for maximum legitimacy, of social appropriateness (Hall & Taylor, 1998). This is done through social interaction between actors.

Hall & Taylors method of defining institutions is very much focussed on the reasons for their existence, and the way they are formed or created. Creating institutions is called Institutional Design. Alexander (2005) defines Institutional Design as: "Devising and realization of rules, procedures, and organizational structures that will enable and constrain behaviour and action so as to accord with held values, achieve desired objectives, or execute given tasks." Here, it can already be observed that Alexander (2005) suggests that institutions enable and constrain behaviour and action, but also that certain behaviour and action lead to rules. This is the first example of a description about how institutions and how creating institutions, form a space. Alexander (2005) considers institutions on three different levels of scale:

- *Macro-level* is the highest level at which institutional design takes place. Institutions that are designed at this level are national and supra-national constitutions, laws and rules, and are often the result of crises and social upheavals. (Alexander, 2005).

- Below the macro-level is the *meso-level*. Alexander (2005) describes this level as the level at which structures and processes are planned and implemented. At this level, networks and organizations are established through the design of laws, regulations, policies, programs, projects and plans.

- Programs, projects, and plans are then implemented and executed at the lowest level, the *micro-level* (Alexander, 2005). At this level, institutions can have the smallest scope, such as rules for a local friendly game of darts in the pub.

This is a comprehensible, and practical way of describing institutions and institutional design. But other scholars have made an addition to Alexanders work concerning defining institutions. Koppenjan & Groenewegen (2005) take the same route, as they also divide institutions over levels of scale. They suggest studying institutions by using their Four-Layer-Model (see figure 1). In this model, institutions are divided over four levels of scale:

- *Layer 4* consists of the informal institutions and defines the norms and values, orientations, and codes of the actors. In essence, this defines the culture of the field that is being analysed. This is also in compliance with what Hall & Taylor (1998) and Alexander (2005) define as sociological institutionalism.

- *Layer 3* concerns the formal institutional environment, and is arguably the easiest layer to lay down, as this is the only layer that consists completely of legal documents such as laws and regulations.

- One step below that, *layer 2*, describes formal and informal institutional arrangements. This layer is divided into formal arrangements (mostly agreements between parties such as covenants) and informal arrangements (codes of conduct, relations, etc.).
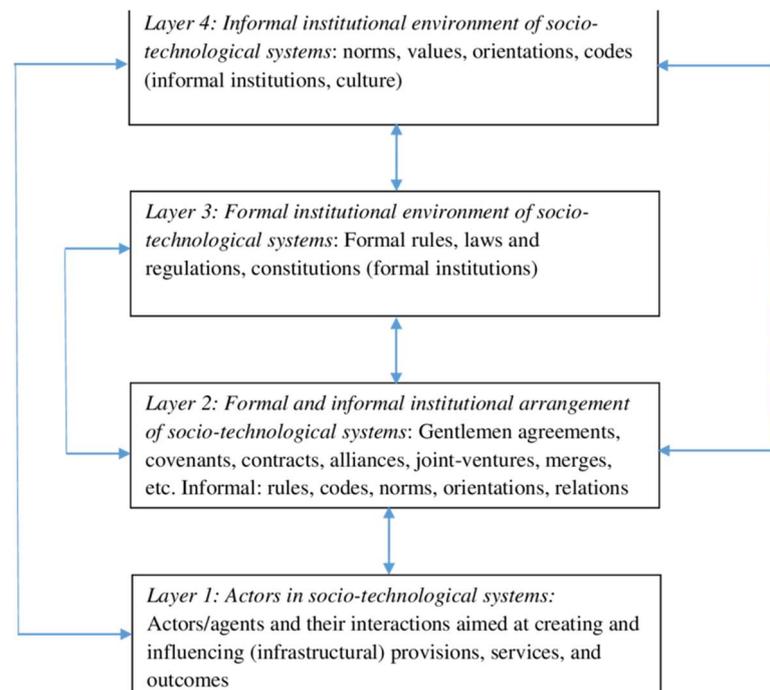

Figure 1: Four Layer Model (Koppenjan & Groenewegen, 2005)

- The last layer, *layer 1*, concerns the behaviour of actors within the field of analysis, and the interactions that they have with each other (Koppenjan & Groenewegen, 2005). Interactions between actors do not just consist of moments of contact, but also of business transactions between actors.

All layers influence each other. Not just top-down or bottom-up, but through the entire hierarchy, as indicated by the blue arrows in figure 1. As Koppenjan & Groenewegen (2005) describe, the culture within a field of analysis has a large influence on the formal laws. Culture not only shapes which laws are needed and ratified, but also constrains the effectiveness of those laws. Further below, laws, rules and codes constrain which relationships different parties can form with each other within their network. More about networks in the later section.

Furthermore, Koppenjan & Groenewegen (2005) observe, just like Alexander (2005), that institutions create a space in which to operate and vice versa, that operations create institutions. They do so, by both creating space and limiting space. This makes their observations very relevant for answering the first research question. Both Alexander (2005) and Koppenjan & Groenewegen (2005) divide institutions into different levels of scales. However, what makes the Four-Layer-Model by Koppenjan & Groenewegen (2005) more interesting for this thesis, is their emphasis on culture, and the interaction between different levels of scale. It are these factors that make the Four-Layer-Model very applicable to the first research question.

Institutions in the construction industry have already been studied. An illustrative example is the article by Kadefors (1995). Kadefors (1995) describes the construction industry as a heavily institutionalized organizational field. As Kadefors (1995) states, there are three clear forms of formal institutions in the construction industry: Government regulations, formal standardization initiated by the industry, and the process of tendering.

- *Government regulations* mainly consist of behavioural codes, such as safety regulation.

- *Formal standardization initiated by the industry* mostly concerns the quality of the output, examples can be agreements about the minimum quality of concrete or asphalt.

- *The tendering process* is in fact a form of standardization and institutionalization too (Kadefors, 1995), albeit a little less directly. Tendering ensures that tenderers (usually contractors) have to be able to predict the time of completion and costs of tasks.

It is interesting to look at the observations made by Kadefors (1995) within this theoretical framework, as they fit within the Four Layer Model by Koppenjan & Groenewegen (2005). *Government regulations* fit within layer 3 of the Four Layer Model. *Formal standardization initiated by the industry* and *the tendering process* fit within layer 2 of the Four Layer Model of Koppenjan & Groenewegen. This shows that the Four Layer Model is applicable to the construction industry and vice versa. Furthermore, Kadefors' (1995) observation that the tendering process is a form of institutionalization is interesting and relevant as well. Lastly, it must be noted that Kadefors (1995) too observes that institutions can constrain behaviour. The institutionalization of the construction industry, as Kadefors (1995) describes, constrains the flexibility of the industry and its organizations, and deviation from standard practices is usually met with great resistance.

Institutional and Opportunity Space

As explained, Alexander (2005) and Koppenjan & Groenewegen (2005) both observe that institutions create and limit space and therefor enable or restrain behaviour, but also that behaviour creates institutions. Kadefors (1995) already observed that institutions constrain behaviour within the construction industry. Alexanders (2005) definition of Institutional Design is already very close to describing Institutional Space, even though they are different concepts.

Institutional space is defined by Oteman et al. (2014) as: 'Degree of discretionary freedom of actors to decide autonomously about the design (procedures and planning) and the contents (goals and means) of an action.' Furthermore, this institutional space is formed by the absence and presence of constraints and enabling conditions (Oteman et al., 2014). What seems clear from the definition by Oteman et al. (2014) is that institutional space, to put it bluntly, focusses on the freedom of actors to behave independently within a framework of institutions. Very much related to Institutional Space, is the concept of Opportunity Space, as defined by Kornish & Ulrich (2011) and Samset et al. (2013). In their article, Kornish & Ulrich (2011) describe that opportunity space 'refers to the perceived range of available options for organizational variance by embedded actors, which can provide possibilities for courses of change'. This perceived range of available options is, according to Samset et al. (2013), limited by:

- Perceived political demands and requirements

- Path dependency and conventional thinking

- Degree of detail and lack of broader perspective

  - In essence this means that when actors focus on details too much, they lose the ability to see how much space they actually have to operate within.

What must be emphasized here, is that this concept focusses on the *perceived space* by actors. In other words, to answer the first sub-question, an assessment will have to be made about how large the *institutional space* is, and how large the *perceived space* is. If the *institutional space* is larger than the *perceived space*, an *opportunity space* exists. Opportunity space, in this case, means that the institutional space gives more freedom to act than perceived by the actors within the institutional space.

> Institutional Space – Perceived Space = Opportunity Space

Creating your own institutions

Scholars have also defined the relationship between institutions and other fields of analysis, and research on institutions should not be considered to be an isolated subject. In fact, research on institutions overlaps different fields of work. A great example is the Transaction Cost Theory by Williamson (2013), which is greatly related to Rational Choice Institutionalism as described by Hall & Taylor (1998). Williamson describes how the concept of institution overlaps the concept of economics. As Williamson (2013) explains; for organizations that perform economic activities, the ultimate activity must contain in itself the three principles of conflict, mutuality, and order. Governance within institutional economics is the means by which to impose order, thereby to mitigate conflict, and realize mutual gain. Shortly put: actors that want to be successful in performing economic activities, should not just concern themselves with 'buying and selling', but look at the bigger picture: how do ALL my economic activities as an organization define my future?

Activities that define the future. This is quite literally layer 1 in the Four Layer Model by Koppenjan & Groenewegen (2005), and as already mentioned related to Rational Choice Institutionalism as described by Hall & Taylor (1998). In essence, Williamson (2013) is saying that businesses create their own institutions with the way that they behave. This is also an opposite way of describing the relationship between actors and institutions as the way in which Kadefors (1995) does. As mentioned earlier, Kadefors (1995) argues that the institutionalization of the construction industry constrains behaviour. However, Williamson (2013) argues that actors create institutions through their own behaviour.

Wrap-up Institutional Space:

The Institutional Space will be described by filling in the Four Layer Model by Koppenjan & Groenewegen (2005). For each layer, a description of the institutional space of that layer will be provided. Here will also be assessed how the different layers interact with each other.

The observation by Kadefors (1995) that the institutionalization of the construction industry constrains behaviour will be tested. This relates also to Otemans (2014) absence and presence of the constraining and enabling conditions that define Institutional Space. Another observation that will be tested is the observation by Williamson (2013) that the behaviour of actors creates institutions in itself.

Finally: What is the perceived space by contractors within the pre-tender phase? How is it different from the formal institutional space? And does this mean that there is a relevant unused opportunity space?

3.2   BUILDING AND MAINTAINING RELATIONSHIPS

Sub-questions 2 and 3:

- Which strategies, tools, and concepts are used by contractors for building and maintaining relationships with clients during the pre-tendering phase? And what are the pros and cons?

- In the institutional space that is available to them, which strategies, tools and concepts should be used by contractors for building and maintaining relationships with clients during the pre-tendering phase?

To be able to answer sub-questions 2 and 3, it is necessary to delve deeper into the concept of building and maintaining relationships, and why building and maintaining relationships is so important. In the literature, there are multiple perspectives on building and maintaining relationships. Two largely studied perspectives are the Network perspective and the Marketing perspective. The first perspective focusses on building a better position within a network and building a network itself, while the Marketing perspective focusses on building and maintaining relationships with clients as a business and as a tool for competition. Furthermore, some scholars describe building and maintaining relationships within particular fields of work or industries. Their observations will also be added to this section. The following section will discuss and compare these multiple perspectives, and explain which concepts will be used to answer the sub-questions, and why. Besides, this section will also describe the relationship between the literature about institutions as described above, and the literature about building and maintaining relationships.

Why Invest in Building and Maintaining Relationships?

Why is having intimate relationships with clients so important? To answer that question, one must review the basic strategies of Porter (1980) for gaining a competitive positioning advantage. Porter (1980) concludes that there are four main competitive positioning strategies, three winning strategies and one losing strategy:

- Cost leadership: the business has the lowest prices because of efficient production processes.

- Differentiation: the business provides a product that is very different from the competitors.

- Focus strategy: the business focusses on a niche market.

The losing strategy is the 'middle of the road' strategy: these are businesses that do not really make a choice between the previous three strategies.

To achieve the highest customer value, businesses can additionally try to perform one of the following strategies, according to Treacy & Wiersema (1993):

- Operational excellence: the business leads the market because of high affordability and high availability of the product.

- Customer intimacy: By having intimate relationships with customers, the business knows the wants, demands, and needs of the customers better than competitors, and is able to produce products that fit the wants, demands, and needs of the customers better than competitors.

- Product leadership: the firm provides superior value by offering a continuous stream of superior products.

For the purpose of this research, it is important to emphasize the concept of *Customer Intimacy*. The infrastructure construction industry, as described in chapter 2, is largely based on the tendering process. It is a market dominated by a limited number of expert clients, a so-called monopsony. There are no products sold in large amounts, and construction projects are mostly completed on the required location (think of roads, tunnels, and bridges). So availability of products is not really a factor. Considering that product availability is an essential component of what Treacy & Wiersema (1993) call operational excellence, operational excellence does not seem to be a very viable business strategy in the infrastructure construction industry. A 'continuous stream of superior products' is also not very applicable to the infrastructure construction industry, as infrastructure construction projects generally take a long time, and the demand of infrastructure construction is very unpredictable and not suited for a continuous stream of products. It is not as if tunnels, bridges, and roads are produced on a daily basis

and fly off the shelves. Industrializing the production process is therefore not very common. So, product leadership also does not seem to be a very viable business strategy in the infrastructure construction industry. What is left is Customer Intimacy. Treacy & Wiersema (1993) describe customer intimacy as a strategy by which the supplier gains a competitive advantage by focusing on providing an optimal customer experience, providing good customer service, adjusting the demand of the company to the wishes of the customer(s), and investing in a relationship with the customer (as opposed to single transactions). Knowing the demands, needs, and wants of the client should be critical in the infrastructure construction industry, as the very tendering process itself is based on clients judging which offers by contractors that fit *within* their demands, needs, and wants, offer the best value for money. It will be interesting to assess to what extend contractors focus on the principals of customer intimacy.

Building and Maintaining Relationships: The Network Perspective

Let us start by looking at building and maintaining relationships through the Network perspective. Ford et al. (2011) describe this concept through basically describing three levels of scale:

- Interactions

- Relationships

- Networks

The interactions between businesses do not consist of interactions between two individuals, but rather of multiple multi-person interactions. In short, as Ford et al. (2011) state in their book, interactions between two businesses are not singular events, but rather a component of a larger 'web' of interactions; a relationship. Furthermore, interactions between two businesses are not specific for that moment in time, but rather 'episodes' in a long history of interactions. One interaction between two businesses is both the result of previous interactions and the basis for future interactions. At the end, all interactions between two businesses influence trust, commitment, and confidence in each other's abilities that these businesses have. Ford et al. (2011) suggest that the main strategies of businesses concerning relationships should be based on asking two questions: Who do you want a relationship with? And what should that relationship look like?

An astute observer can now already see a parallel between the description by Ford et al. (2011), and the essence of the Transaction Cost Theory by Williamson (2013) and other observations made in the previous section. Business is not only about buying and selling, but also about how actions shape the future of the company, and what the relationships will look like in the future. In essence, by acting in a certain way within a relationship, a business is creating rules for that relationship, in itself an institution for that relationship (layer 2 of the Four Layer Model by Koppenjan & Groenewegen, 2005).

So, three levels of scale can be distinguished with the perspective of Ford et al. (2011). Klijn & Koppenjan (2004) add a fourth and higher level of scale to this model. They suggest that networks are part of society. This is an interesting notion, but to make sure that this thesis will not have an unlimited scope, the level of scale 'society' will not be further discussed.

Uncertainty within networks – and how to deal with uncertainty

The definition of networks by Klijn & Koppenjan (2004) is difficult to specify, but what makes their perspective on networks interesting, is their observation that networks are uncertain. Networks are uncertain, because the actors within a network hide their position until the 'start of the game'. Furthermore, different actors within the network have different perspectives and opinions about the same problems that exist within the network (Klijn & Koppenjan, 2004). And, as Klijn & Koppenjan (2004) state, the very fact that different actors within the network have different perspectives on the same problems within the network, means that actors within the

network interpret information from within the network in different ways. What is more: trust within a network is a very vulnerable phenomenon. As Klijn & Koppenjan (2004) state: Trust comes slowly, but can disappear very rapidly. This all results into a large amount of uncertainty within a network (Klijn & Koppenjan, 2004). They suggest 9 guidelines when it comes to operating within an uncertain network:

1. Analyse perceptions, actors, and networks continuously

2. Assess starting conditions

3. Focus strategies on preventing and taking away fixation and impasses

4. Be selective and minimize transaction costs

5. Tune strategies into the institutional environment

6. Differentiate according to the progress of the process of problem solving

7. Take an independent position

8. Be prudent with institutional strategies

9. Keep evaluating

These guidelines overlap with observations made in the previous section about institutions. Klijn & Koppenjan (2004) state clearly that actors within a network should be conscious of the institutions that exist within the network (guidelines 2 and 5), should fit their strategies within those institutions (step 5), and should realize that institutions are not changed easily, and that changing institutions is a risky business (step 8). Williamson's (2014) Transaction Cost Theory is even mentioned literally (step 4).

Ford & Mouzas (2010) look at networks from a slightly different perspective. They do not focus on the existence of uncertainty within the network itself, rather they suggest how the uncertainty of actors within the network can be exploited by a business. Businesses and their managers experience multiple types of uncertainty during interactions with other businesses (Ford & Mouzas, 2010). When an actor experiences *problem-uncertainty*, it is unsure of how to cope with a certain problem. If an actor experiences *network-uncertainty*, it is uncertain as to where in a network to cope with a problem. Choices will then have to be made about whether to create new or consolidate existing relationships (the same observation is made in Ford et al. 2011), and, according to Ford & Mouzas (2010) to come to such a choice the actor will have to invest heavily in scanning and evaluating its network. This is of course step 1 in the nine guidelines described by Klijn & Koppenjan (2004). *Fulfilment-uncertainty* occurs when an actor is unsure about the outcome of interaction, and about the counterpart's ability to cope with a problem it seeks to confront.

Uncertainties are not stable entities, they evolve over time (Ford & Mouzas, 2010). Problem-uncertainty is likely to decrease when an actor's experience of coping with a certain problem increases. However, when actors gain more experience in coping with a certain problem, they tend to focus more on the cost side of coping with a problem, and less on the manner of coping with a problem. This is exactly what Williamson (2013) warns for in his Transaction Costs Theory. Companies that only focus on buying and selling, basically forget about the larger picture. This process, according to Ford & Mouzas (2010), increases fulfilment-uncertainty, as other parties will be unsure as to whether the actor will cope with the problem properly from a methodological point of view. Simultaneously, when an actor starts to focus more on the cost side of coping with problems, the actor will start looking for new partners that cope with problems in a more financially efficient matter, which increases the actors network-uncertainty, as in this case the actor will have to expand its network of relationships to look for 'cheap' suppliers.

As Ford & Mouzas (2010) state in their article, actors often seek opportunities to manipulate a counterpart's uncertainties. For example, an actor can accuse a counterpart of being unable to cope with a certain problem, thereby increasing the counterpart's problem-uncertainty. The actor can then emphasize its own problem-coping ability and thereby increase the likeliness that the counterpart will use the actor to help coping with the problem. This is an interesting strategy that can be assessed during this thesis. This is what Williamson (2013) in his Transaction Cost Theory describes as opportunistic behaviour.

Wrap up Networks Perspective

What can be concluded from the literature about building relationships from a networks perspective, is that actors should keep evaluating:

- Rules and laws relevant for relationships within the network
- Feasibility of investing in changing the rules
- Capabilities and uncertainties of actors within the network, and the relationship with those actors
- Feasibility of exploiting uncertainties within the network
- Which relationships are (potentially) profitable

Building and Maintaining Relationships: Marketing Perspective

Another perspective that deals with building and maintaining relationships is the marketing perspective. The following section will first introduce the basic principles of marketing through the eyes of two slightly different perspectives about marketing. Later, it will delve deeper into the subject called relationship marketing and what this means in the context of the construction industry. Also, corporate diplomacy, a concept that combines both the network perspective and the marketing perspective, will be briefly discussed.

Marketing basics

Two explanations of the basic principles of marketing will now be discussed and compared: The Principles of Marketing by Kotler & Armstrong (2017), and the Basic Concepts of Marketing by Thaichion & Quach (2015). Also, this section will observe how the observations from Kotler & Armstrong (2017) and Thaichion & Quach (2015) fit within Treacy & Wiersema (1993)'s concept of Customer Intimacy.

Kotler & Armstrong (2017) define marketing as 'managing profitable relationships, by attracting new customers by superior value and keeping current customers by delivering satisfaction'. Managing these profitable relationships, according to Kotler & Armstrong (2017), requires these steps:

1. Understanding the market place and costumer needs

In this step, businesses need to ask themselves the following questions: What are the needs, wants, and demands of the customers? What will I offer the market? When will customers be satisfied, and what do they perceive as value? What exchanges (offering a product or service in exchange for a benefit for the company) can I make with costumers? Again, the first step is analysing your 'environment' and the actors within that environment (be it a network or a market place), just like Klijn & Koppenjan (2004) and Ford & Mouzas (2010) already advised in their articles.

2. Designing a customer-driven marketing strategy

There are, according to Kotler & Armstrong (2017), five concepts that together form a marketing strategy. A marketing strategy can contain all elements, or focus on one or a few of these elements:

- *Production concept:* customers prefer products that are widely available and affordable thanks to an efficient production process. This is Porter (1980)'s strategy operational excellence, and related to his cost leadership concept.

- *Product concept:* customers prefer superior products in terms of quality and performance. Focus should be on improving of the product. This is Porter (1980)s product leadership strategy.

- *Selling concept:* customers will only buy the product in large quantities when it is fully advertised and promoted.

- *Marketing concept:* Knowing the market and satisfying customers better than competitors do. This concept is very much related to the concept of customer intimacy by Porter (1980).

- *Societal marketing concept:* Companies should deliver value in a way that maintains the consumers and society's well-being.

3. Constructing an integrated marketing plan

This integrated marketing plan is always based on what Kotler & Armstrong (2017) call the four P's: product, price, place, and promotion. What will I put on the market, for what price (exchange), on which market, and how and how often will I make customers aware of the products existence?

4. Building customer relationships

Kotler & Armstrong (2017) define this step as an: 'overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.' (Kotler & Armstrong, 2017).

5. Capturing customer value

This step is about analysing which relationships to build, maintain or end (Kotler & Armstrong, 2017). This relates to one of the observations by Ford et al. (2011) that managing business relationships is partly about the question: who to have a relationship with? The disclaimer that should be added here, is that Kotler & Armstrong (2017) focus purely on customer relationships, while Ford et al. (2011) focus on all business relationships.

It can be concluded that the principles of marketing as described by Kotler & Armstrong (2017) really focus on knowing who the customer is, what the customer wants, and how to build and maintain relationships with customers.

Thaichion & Quach (2015) describe marketing mostly as a process by which customer expectation and customer satisfaction are being managed. Their observations are long and complex, but their model is very suited for a short explanation. For them, the final product of marketing is customer loyalty. The basic process of marketing as described by Thaichion & Quach (2015) can be defined as follows: Marketing communications raise or create brand awareness, brand image, and brand personality. Brand awareness means that customers are aware of the brands existence. Brand image is the way in which the company portrays the brand. Brand personality is about making sure that customers can identify with the brand, that characteristics of the brand match the characteristics of the (potential) customers. These three concepts together form the expectations of customers. When customers are, based on their expectations, satisfied with a product, this raises the levels of customer

value, customer trust, and consequently customer loyalty, and therefore increases the likelihood of choosing for the same supplier the next time. This process is visualized in figure 2.
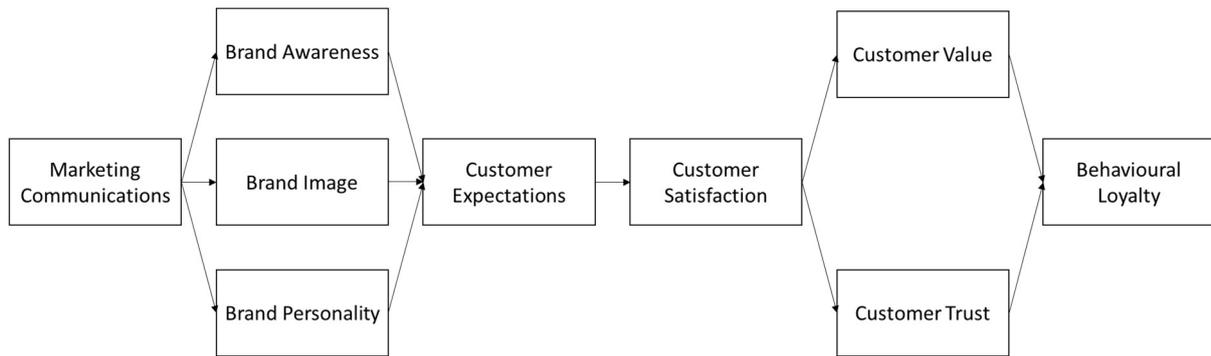

Figure 2: Basic Model of Marketing (Thaichon & Quach, 2015)

There are differences between Kotler & Armstrong's (2017) perspective and Thaichion & Quach's (2015) perspective. Whereas Kotler focusses largely on analysing customers, fitting strategies into the perspectives of customers, and building and maintaining relationships with customers, the perspective of Thaichion & Quach (2015) is very one-sided. They seem to focus on only the selling and product concepts as described by Kotler & Armstrong (2017): raising awareness in order to be able to sell products and to produce expectations, and making sure that the product fits the expectations of the customers in order to make them loyal. Furthermore, their description of communications is a one-way-street. Their description of relationships seems to be based on merely communications from the business towards the customers, but not so much the other way around. The principles of Kotler & Armstrong (2017) seem to provide greater value and respect for the perspective of the customer. Furthermore, Thaichion & Quach (2015) arguably focus on a consumer market: promotions and sales of large quantities, while the principles of Kotler & Armstrong (2017) also seem to be applicable to (business) markets with low amounts of sales (in terms of product quantity) and more intimate relationships.

Relationship Marketing

Now that it has been established that building and maintaining relationships is important, it is necessary to delve deeper into the question: *how* to build and maintain relationships.
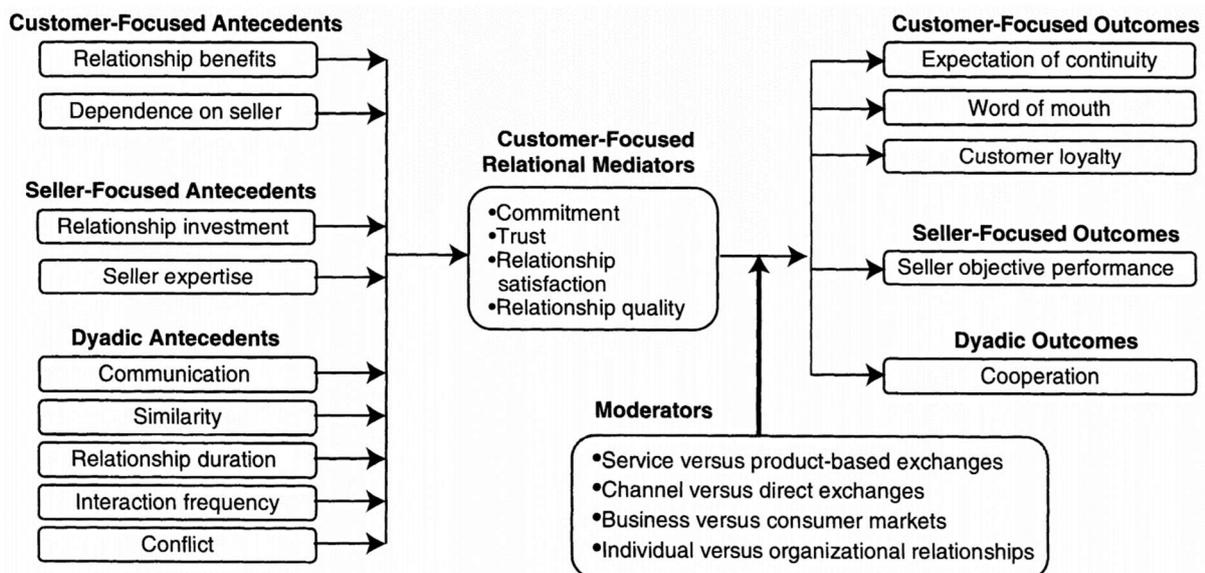

Figure 3: Model for Relationship Marketing (Palmatier et al., 2006)

Palmatier et al. (2006) have designed a model for relationship marketing, as can be seen in figure 3.

In essence, they describe relationship marketing as a process of input-production-output. Inputs (what they call antecedents) are starting conditions that influence the relationship from the start. Examples are conflicts between supplier and client, or the amount of money invested into the relationship. The production (what they call moderators) is the communication strategy used to influence the relationship, and the output (what they call outcomes) is the end result of the marketing process. Two aspects of their model should be emphasized. Palmatier et al. (2006), unlike Thaichion & Quach (2015), take dyadic relationships between clients and suppliers into account in their model. Both clients and suppliers influence the relationship, for example by causing a conflict. What is more, Palmatier et al. (2006) conclude that a possible desirable outcome of (relationship) marketing is not just *customer loyalty* (which is what Thaichion & Quanch focus on), but also *cooperation*. Again: a dyadic relationship.

Their model, to a certain extent, is quite abstract, and difficult to put into practise. However, Palmatier et al. (2006) do provide some guidelines, based on the findings of their research:

- Building relationships with clients is easier when they regard you as similar and knowledgeable, and when you communicate often and open with them.

- The negative influence of conflict on a relationship is far greater than any positive influence of a relationship marketing strategy. Relationship marketing strategies are basically useless when a conflict occurs. The construction fraud affair of the Netherlands is a very illustrative example of this.

- Increasing dependence is not an effective relationship marketing strategy. This is an interesting observation, as dependence forms very quickly in a monopsony market like the Dutch infrastructure construction industry.

- Relationship marketing strategies are more effective when relationships are more important for customers. This also means that relationship marketing is more important in business markets than in consumer markets, as businesses often have fewer alternatives than consumers, meaning that a strong relationship is more distinctive.

These guidelines speak for themselves. What can be noted here, is that again it is stated (the last bullet point) that an important part of doing business is choosing which relationships are important and require investment, and which relationships are less important. Both Kotler & Armstrong (2017) and Ford et al. (2011) also made this observation.

Building and Maintaining Relationships: How?

Now it is time to assess literature about *how* to build and maintain relationships. Three perspectives will be described and compared in this section: Firstly, the general concept of Corporate Diplomacy by Henisz (2014), which describes how to build and maintain relationships in business in general. Secondly, the point of view of Smyth (2014), focussing specifically on building and maintaining relationships within a project-based environment. Thirdly, the way in which Ford et al. (2011) propose how to build relationships with a client as a supplier.

Henisz (2014) uses the term 'corporate diplomacy' to explain how businesses that are focussed on short-term goals could (and should) focus more on building and maintaining relationships with stakeholders and clients. This is very much related again to Williamson's (2013) Transaction Cost Theory: business is about long-term goals, not just about buying and selling. Notice that Henisz (2014) uses the word stakeholders and not clients. He does so, to focus on relationships in general, but he notes that relationships with clients are the most important relationships for a business (Henisz, 2014). What speaks for the use of corporate diplomacy as an important

aspect for this thesis, is that it envelops a lot of concepts and earlier research relevant for this thesis, and presents and assesses them in such a way that they become comprehensive and usable in concrete situations. Henisz (2014) describes corporate diplomacy through six different aspects. These aspects are: due diligence, integration, personal, learning, openness, and mindset.

The concept of *due diligence* focusses on the analysis of stakeholders. Henisz (2014) basically divides this stakeholder analysis into two different categories: individual data and relational data. Individual data concern the stakeholder itself: the characteristics, power, attitude, and issues of the stakeholder. Relational data concern the connection between the business and the stakeholder: which connections between the client and the business exist, how strong are they, and are they based on cooperation or conflict? Again, the first step is analysing the clients, as already suggested by Kotler & Armstrong (2017), Klijn & Koppenjan (2004), and Ford & Mouzas (2010).

Integration concerns the way in which data about stakeholders should be integrated into the operations of all the different departments and projects of the company. This requires the development of clear agreements and policies on the subject of relationship management within the business, and the distribution of responsibilities for relationship management through the entire company.

To make relationships with stakeholders more valuable, Henisz (2014) states that they should be made more *personal*, deeper, broader, and repeated. He explains how relationships with stakeholders can be improved by reducing negative social behaviour towards stakeholders, increase positive social behaviour towards stakeholders, and increase mutual understanding. His main points are; avoiding forceful behaviour, using criteria and behaviour that reflect those of stakeholders, increase interaction with stakeholders, develop the soft skills of the employers, and helping stakeholders with making their *own* decisions (and not forcing *your* decisions on them). There is a striking similarity with other literature discussed in this chapter. Palmatier et al. (2006), when describing relationship marketing, already suggested that it is easier to build relationships with clients when you show similar behaviour and communicate often with the client.

Building and maintaining good relationships with stakeholders requires a high capacity for *learning*. This requires a business to keep itself up to date about current developments and information about clients, to keep learning from mistakes, and to maintain a stable flow of information between departments and projects. Here, Henisz (2014) just like Williamson (2013) stresses the importance on balancing short- versus long-term goals, and he emphasizes that process and result should be analysed separately. Bad results can occur even after a very well-designed process, and vice versa. That is why businesses should always keep in mind that short-term gains do not always provide long-term gains, and that a business should not destroy a well-designed process (for building and maintaining relationships for example), after a single negative financial result.

The aspect that Henisz (2014) calls *openness* concerns the image that a business tries to project when communicating with stakeholders. Henisz (2014) suggests that you can increase your reputation within a relationship pro-actively by using open and transparent language, showing patience, using the emotions of the stakeholder (especially fear) when communicating with them, and being consistent with the language, medium, and information within the communication. In times of a (developing) conflict with a stakeholder, Henisz (2014) proposes that a business should behave proactively in trying to resolve the conflict, by communicating quickly, respectfully, and emphatically. Henisz (2014) in this way proposes concrete and comprehensible ways to put Palmatiers (2006) observation, that conflicts should be avoided and resolved quickly, into practise. Furthermore, Henisz (2014) suggestion to use the stakeholders' fears as a part of your communication partly resembles Ford & Mouzas' (2010) observation that a business can use the uncertainties of clients to improve its position within the network.

Basically, Henisz (2014) describes the importance of the aspect *mindset* by stating that focussing on short-term financial gains usually damages long-term relationships with stakeholders, and arguably therefore long-term

financial gains. This, of course, strongly relates to the Transaction Cost Theory of Williamson (2013). Changing (and maintaining) the mindset of a business towards one that focusses on building and maintaining relationships (as opposed to short-term financial gains) requires a long list of measures and incentives, but according to Henisz (2014), the most important aspect of changing the mindset of a business is formulating a brief mission statement that highlights the goals of the organizational transformation. This should be followed by implementing policies that increase the likelihood of employees performing and seeing the value of building and maintaining relationships. Examples by Henisz (2014) are; evaluating employees based on client satisfaction instead of financial targets, distributing the responsibility for building and maintaining relationships over the entire company, and celebrating positive relationships with clients, together with clients. His most interesting point about mindset, perhaps, is that building and maintaining relationships should not be exaggerated. As Henisz (2014) states, his concept of corporate diplomacy should *only* be used when it is clear that a relationship will be profitable (both from the perspective of finances and information) and reciprocal. Henisz (2014) hereby repeats the observation of Kotler & Armstrong (2017), Palmatier (2006), and Ford et al. (2011) that one of the most important aspects of business is to analyse which relationships to develop or not.

As stated, Henisz (2014) looks at relationships with stakeholders in general. **Ford et al. (2011) look at building relationships with clients as suppliers** specifically. In order to maintain a good relationship with a client as a supplier, Ford et al. (2011) mention five basic concepts that are most important for starting and maintaining such a relationship: Learning, investment, adaptation, distance, trust and commitment.

In order for a relationship to develop between supplier and client, they will need to *learn* about each other's abilities, problems, and uncertainties. This learning process is only possible when both parties realize that they need to learn from each other, have a willingness to learn from each other, and have the ability to learn from each other (Ford et al., 2011). This strongly resembles Henisz (2014) section about learning in his concept of corporate diplomacy.

Both parties need to *invest* in a relationship for it to develop. This investment can have a tangible shape (e.g. human resources) and an intangible shape (e.g. reducing interaction costs). It must be noted here that many of these investments in relationships are done unconsciously, and that it is difficult for companies to register all the investments they make in developing relationships, and to account for them (Ford et al., 2011). A similar observation was made by Henisz (2014), who states that focussing on building and maintaining relationships is often difficult to explain from a financial point of view, as it does often not result immediately into more revenue.

Suppliers should make sure that their products and solutions fit the wishes of the client. This more often than not requires *adaptations* to a supplier's normal modus operandi. As Ford et al. (2011) state in their article, this costs a lot of resources, meaning that businesses should continuously monitor whether these kinds of investments are worthwhile. Again, the observation is made that it is very important to see which relationships are worth investing in.

The aspect of *distance* in a business relationship has, according to Ford et al. (2011) multiple aspects. They suggest that the client and the supplier should be familiar with each other, have familiar corporate cultures, have the same understanding of problems and solutions, and should be at the same stage of the project at the same time. This is a combination of multiple earlier observations from the literature. For example, that it is easier to build and maintain relationships when the business and client are similar (Palmatier et al., 2006 & Henisz, 2014).

Eventually, all these measures should, according to Ford et al. (2011), create *trust* and *commitment* between the supplier and the client.

Smyth (2014) describes certain mistakes that suppliers make concerning **building and maintaining relationships with clients before, during, and after projects**. It is important to have a look at these, as the infrastructure construction industry is a project-based environment.

- Businesses in a project-based environment only build and maintain relationships during projects, not before and after. This observation is important, because building and maintaining relationships before and after projects increases the likelihood of 'winning' contracts (Smyth, 2014).

- Businesses in a project-based environment only focus on personal relationships, not inter-organizational relationships. For example: an account manager of a contractor invests in building and maintaining a relationship with a client, but the builders and directors are always causing conflicts with clients, because the business does not focus on the *entire* relationship between the two organization.

- Businesses in a project-based environment tend not to have the same point of contact for the same client during different stages of a project. This causes inconsistencies in the language and information that is being communicated with clients.

The second and third observations have links with earlier discussed literature. The second observation is an exact description of one of the main points of Palmatier et al. (2016); relationship marketing strategies are basically useless when conflicts happen with the client. The third observation is an exact description of one of the main points by Henisz (2014): communication with clients should be consistent, both in terms of language and in terms of information.

Wrap up Marketing Perspective

The recommendations from the studied literature can be summarized in five general recommendations:

- Focus on long-term relationship building, instead of short-term financial gains

- Focus on investing in relationships that will be profitable and dyadic

- Avoid conflicts and if necessary resolve conflicts quickly and fairly

- Keep analysing clients, especially their problems, wishes, and demands

- Make clear agreements about building and maintaining relationships within the company, and integrate building and maintaining relationships within the company's culture and practices

- Keep communication with clients consistent in terms of how, what, when, and by whom

To see how contractors in the infrastructure construction industry (and how they should) build and maintain relationships, the above five general recommendations are compared to practice.

3.3   WRAP UP TABLE THEORETICAL FRAMEWORK

The next table gives an overview of concepts, recommendations, and/or observations from the studied literature that are used to analyse the data and to answer the research question and its sub questions.

Perspective	Concept, proposition, or recommendation from literature	Source(s)
Institutional Space	Institutions should be considered in Four Layers: • Layer 4: Culture • Layer 3: Formal institutions • Layer 2: Formal and informal institutional arrangements • Layer 1: Behaviour	Koppenjan & Groenewegen (2004)
	Institutions in the construction industry constrain behaviour	Kadefors (1995)
	Behaviour of clients and contractors creates (constraining) institutions	Koppenjan & Groenewegen (2004) Williamson (2013)
	Institutional Space – Perceived Space = Opportunity Space	Kornish & Ulrich (2011) Oteman et al. (2014) Samset et al. (2013).
Network and Marketing Perspective	Due Diligence: Analysing the network and the actors within the network	Ford & Mouzas (2010) Henisz (2014) Klijn & Koppenjan (2004) Kotler & Armstrong (2017)
	Transaction Costs	Henisz (2014) Williamson (2014)
	Relationship investment	Ford et al. (2011) Henisz (2014) Kotler & Armstrong (2017) Palmatier (2006)
	Conflict Management	(Henisz (2014) Palmatier et al. (2006)
	Relationship Management Strategies	Henisz (2014)
	Communication	Henisz, 2014

Table 1: Wrap Up Theoretical Framework

4 METHODOLOGY

The theories discussed in the theoretical sections are for a large part concerns concepts, tools, and skills that relate to personal experiences, feelings, trust, and communication. Furthermore, dealings within the construction industry, especially during the pre-tendering phase, are often of sensitive nature. Holiday (2002) states that qualitative research methods are required to 'look deep into the quality of social life'. This relates strongly to the often personal nature of communication between contractors and clients during the pre-tendering phase. Holiday (2002) also explains that qualitative research methods are required when the researcher is, at the start, not yet completely familiar with the exact problems, settings and other related issues of the subject that he or she is going to assess. This was definitely the case when the author started working on this thesis. A qualitative research method can help the author with pinpointing problems, settings or issues that are more important than others while performing the actual research. This is a lot more difficult when using surveys. Interview questions can be adjusted without damaging the consistency of the data, while adjusting survey questions in the process of taking surveys can more easily damage the data. Although surveys can provide large amounts of calculable statistics very effectively, they are less useful for delving into personal feelings and communication. Another key remark made by Holiday (2002) is that qualitative research methods enable the researcher to delve into reality, in as much that certain mysteries that cannot be revealed by closed questions through surveys, can become observable when merely talking to respondents. This is why the author has chosen to use semi-structured interviews.

Internship

The author participated in an internship at Strukton Civiel Projecten B.V.. This is the sub-company within the contractor Strukton B.V. that has the responsibility to manage all the phases of construction projects in The Netherlands over €50 million. To be precise, the author was given an internship at the department of Strategy, Marketing, and Communication. This, in short, is the department within Strukton Civiel Projecten B.V. that is responsible for analysing the market, for deciding which public procurements to compete for, for project-overarching communication with clients, and for managing external communications and relations. In other words, this is the department that is largely responsible for the pre-tendering phase for construction projects over €50 million within the Netherlands.

The internship gave the author an opportunity to observe practitioners in the pre-tendering phase within the work field from close by. It must be noted here, however, that the data resulting from the internship itself was not of a large quantity. The internship itself was in effect largely used to increase the author's understanding of formal procedures of the pre-tendering phase by asking employees of Strukton to explain them, and to have easier access to interesting and relevant respondents. The data that were collected directly through the internship itself usually came from informal conversations during lunchtime or coffee breaks. These were not conversations concerning detailed information on specific projects, clients, or the functioning of staff members, but rather general comments by practitioners on the culture of the construction industry, their opinion on certain formal procedures, and their perception on dealing with clients. These comments were noted in a logbook. Not to be used as quotes later on, but to get a feel for the culture, mindset, and atmosphere in the field.

It is not argued here that the internship in itself was a research method. Rather, it gave the author more understanding of the practices and culture in the field of analysis.

4.1 GATHERING DATA

At first, a very structured style of interviewing was used. The interview guide consisted of a long list of questions and possible sub-questions derived from the wrap-up of the theoretical framework. The interview guide is provided in appendix 12.1.

The first two interviews, although providing very detailed data on a small amount of specific aspects, did not provide a lot of data on more sensitive aspects, which play a large and important part in this thesis. When evaluating the style of interviewing with the second respondent, the respondent pointed out that a lot of the discussed material was very sensitive, and required a style of interviewing that was much closer to having an informal conversation, and a lot less structured. This, the respondent argued, would make future respondents feel much more comfortable, and therefore talk more freely. The next interview was done in a semi-structured style as advised by the previous respondent. This led to a larger amount of relevant data, more detailed data, and more data on sensitive aspects. The respondent was very positive about this style of interviewing, and so were all the other respondents from this point onwards. So, except for the first two interviews, all interviews were done in a semi-structured style.

Respondents were initially chosen from basically two categories: employees of Strukton Civiel Projecten B.V. who had experience with communication with clients during the pre-tendering phase, and employees of clients who had experience with communication with contractors during the pre-tendering phase. The first were chosen to be able to assess how contractors view the institutional space of the pre-tendering phase, how they communicate with clients during the pre-tendering phase, and who they think that they can improve that. The latter were chosen to be able to assess exactly the same, but from the point of view of the clients. As Strukton Civiel Projecten works on construction projects on national level, clients were chosen that also work on a national level. Respondents from Strukton Civiel Projecten were chosen by relevance to this thesis, and usually contacted simply by visiting them at their workspace. All of them were very happy to be respondents, so finding respondents from the contractors' side proved not to be difficult. Respondents from clients were a bit more difficult to approach. This was due to the fact that not all employees of clients that were contacted wanted to talk about this subject, as they thought that the subject was too sensitive (further data about this is assessed in later chapters). Eventually, respondents from the client side were selected and contacted through the personal network of the author, either through family or through the supervisor of this thesis.

After conducting interviews with employees of Strukton, it became clear quite quickly that there were basically two main streams of thought between respondents from Strukton Civiel Projecten about the topic of this thesis. This became clear, because even before transcribing, the author summarized the interview immediately afterwards in a notebook. Respondents would, by answering the questions of the interview, essentially provide data that supported one of the two main streams of thought (the exact details of these streams of thought will be discussed later in this thesis). This is a clear example of what Hutter et al. (2011) call data saturation. Data saturation means that a researcher has so much data, that sampling more data does not lead to new insights anymore (Hutter et al., 2011). At a certain point, it became quite easy to predict what data the respondent would provide, based on which point of view the respondent had. To get a broader perspective, three employees of contractors were also interviewed who worked in slightly different markets from Strukton Civiel Projecten B.V.. Two respondents were interviewed that worked in the pre-tendering phase of smaller, local, construction projects, and one respondent was interviewed that worked in the pre-tendering phase of international construction projects. These three interviews provided data that made it possible to look at the data from a larger perspective, to put it in context. To be able to measure the effects of performance in the pre-tendering phase on later phases of construction projects, one respondent was interviewed who had experience with working in the latter stages of construction projects.

Just like the respondents from Strukton, the points of view of employees of clients could also be divided basically into two main categories, and the data that they provided would usually support either of the two points of view (which will be explained in a later chapter). Again, this led to data saturation quite quickly. To broaden the horizon, one respondent was interviewed who had pre-tendering phase communication with contractors on a

different market from the construction market. This made it possible to assess the relationship clients have with the same contractors when not talking about construction projects, and therefore to see if clients and contractors communicate differently with each other when not talking about construction projects.

In total 18 people were interviewed. Nine employees of Strukton (and subsidiaries), eight employees of clients, and one jurist that specializes in Public Procurement Law). Table 2 gives an overview of the respondents and their professions at the time of the interviews.

Respondent	Profession
ERIC	Tender Manager at Regional Contractor
TONY	Regional Manager at Regional Contractor
RANDY	Strategy Specialist at National Contractor
MIKE	Tender Manager at National Contractor
JOSH	Tender Manager at National Contractor
TODD	Manager and Business Developer at International Contractor
JOHN	Manager Marketing and Strategy at National Contractor
SETH	Department Manager at National Contractor
TIM	Project Manager at National Contractor
PAUL	Project Manager at National Client
CHRIS	Manager at CLIENT (not active in construction industry)
WILL	Project Manager at National Client
BRIAN	Project Manager at National Client
JASON	Project Manager at Regional Client
HUGH	Procurement Specialist at Large Municipality
PHIL	Procurement Specialist at Large Municipality
JAMES	Jurist at Procurement Expertise Centre

Table 2: Respondents and their Professions

Interviews were held at the location of the respondents' choice, mostly in their office or close by. In line with earlier feedback, interviews were kept informal. In general, interviews took 1 hour to 1,5 hour each. The names given to the respondents in table 2 and the text below were picked using a random name generator, and have no actual resemblance to the real names of the respondents. One will notice that some details are blanked out as well. These are details that would have made it obvious what project or organization the respondent was talking about, and it was agreed with the respondents to avoid that.

The interview guide was divided in three parts: Institutional space, current situation, and desired situation. This corresponds with the sub-questions of the research question. The general interview guide is presented in appendix 12.1. In some cases, main questions were phrased slightly different for contractors and clients, to make them more suitable for the respondent.

Follow-up questions were always asked in each category to make sure that the recommendations from the literature (see wrap up in theoretical framework) were also discussed. Furthermore, it became clear quite quickly that 'account management' was a hot topic for respondents from Strukton and a relevant topic for this thesis, so when discussing question 3, respondents from Strukton were always asked if and how account management should work within the company.

In contrast to interviews with respondents from contractors, interviews with respondents from clients required very little follow-up questions, as the main questions were often enough for the respondent to be able to provide a lot of data, and to be able to really express their frustrations, feelings, issues, and hopes. Relatively simple follow-up questions such as: 'How did that make you feel?' or 'And what was the result of that?' were enough to really delve into issues such as trust, feelings, integrity, and many other intelligible aspects of both communication and institutional space.

4.2   CODING AND ANALYSING THE DATA

The interviews with respondents were transcribed and analysed. Transcriptions were made and coded in Microsoft Word. Recordings were made on an iPhone and stored on iCloud. On average, it took about 4 hours to transcribe an interview of 1 hour. Analysing the transcripts was done through coding. The codes, which are attached in appendix 12.2, were based on the theory, and categorized. After finishing transcribing and coding, equal (or very similar) answers were listed. This gave an overview of which data was most dominant.

It must be noted here that the following chapter will provide information that describes the formal institutional environment of the pre-tendering phase. In other words: legislation and regulation. This is wat Alexander (2005) calls the meso-level. It might seem odd at first that this is a separate chapter, but this was a very conscious decision. It is not data that is collected by a research method, nor is it theory, but still a very essential context to assess before delving into the data that was collected and analysed in this research. To make sure that the legislation and regulation was understood, interpreted, and summarized correctly, a jurist was consulted from the institute PIANOo (Expertisecentrum Aanbesteden).

5   INSTITUTIONAL CONTEXT

As explained in the previous chapter, this chapter was added specifically to give an overview of the formal institutional space, and the formal institutional arrangements of the pre-tendering phase, in accordance also with the Four Layer Model by Koppenjan & Groenewegen (2005). In essence, this means that this chapter only describes layers 3 (laws and regulations) and 2 (integrity codes). Layers 4 (culture) and 1 (behaviour of actors) were measurable through the interviews with respondents, and are described in chapter 6 (Results).

5.1   LAYER 3: LEGISLATION AND REGULATION

Public Procurement

In construction, market transactions mostly take place through what is called the procurement process. Generally, a client (usually a government or government agency) that requires a product or service puts out an advertisement that describes the product or service that they require, and then so-called tenderers can deliver a bid that should (minimally) meet the demands of the client. The main goal of clients through the procurement process is to achieve a minimum (as specified) degree of quality against reasonable (market conform) costs and a timely delivery. Tenderers (usually contractors) need to balance risks and costs to offer a bid that is competitive (Noorderhaven et al., 2006). Contracts can be awarded through three different types of assessments: Or the bid with the lowest price is awarded the contract, or the bid with the lowest life cycle costs, or the bid that is economically the most valuable (also called EMVI), which is a nice way of saying 'the bid that offers the highest value for money'. The latter type of procurement is becoming more and more popular in The Netherlands (Noorderhaven et al., 2006).

European Public Procurement Legislation

To explain the legislation that standardizes and controls public procurement in The Netherlands, it is necessary to first look at the European legislation when it comes to public procuring. It all starts with the European Convention. One of the main objectives of the convention is: free movement of goods, services, and capital. The European Commission explained that, when it comes to public procurement, the European Union should maintain the following goals in compliance with the European Convention (Europa Decentraal, 2013):

•   Create a unified market that instigates steady growth and employment.

•   Stimulate European companies to compete both on the internal market and on the global market.

•   Guarantee that taxpayers pay lower prices for higher quality works, goods and services.

•   Oppose fraud and corruption.

Furthermore, market parties and governments agreed rules that (Green Paper 2011) in public procurement to make sure that governments and government agencies procure in a rational, transparent, and honest manner (Europa Decentraal, 2013).

These objectives and recommendations are institutionalized through the directives 2004/17/EC and 2004/18/EC. Directive 2004/17/EC is a directive that coordinates the public procurement of public utilities (such as energy and water), and is less relevant for this thesis. Directive 2004/18/EC however focusses on the coordination of the public procurement of public works, public supplies, and public service contracts. This is the directive that the Dutch Public Procurement Law is largely based on (Europa Decentraal, 2013), although it must be noted that a new European directive on public procurement called 2014/24/EU was ratified in 2014. Besides the convention,

laws, and directives, European rules for public procurement are also based on jurisprudence of the European Court of Justice.

Dutch Procurement Legislation

In 2013, the Dutch government ratified the Public Procurement Law. This law was being prepared and modified ever since the construction fraud-affair of 2002 (Europa Decentraal, 2013). It is, essentially, based on two aspects: European directives (mainly 2004/18/EC) and the recommendations of the Parliamentary Committee Construction Industry after the construction fraud-affair. The main objective of the law is to create a more streamlined, coherent, simplified and uniformed implementation of public procurement procedures. To meet this objective, the law focusses on rules concerning proportionality (demands and specifications of procurements should be proportional to the size of the project), uniformity (e.g. same forms for every procedure and/or party), and agreements on procurement processes for goods and services beneath the European threshold (Europa Decentraal, 2013). To make the rules of the Dutch Public Procurement Law more practical, the government issued a document called 'Aanbestedingsbesluit 2013'. This document consists of policies that provide contractors and clients with less abstract regulation about public procurement. One of which is the 'Aanbestedingsreglement Werken' (ARW) or Procurement Regulation for Public Works, which is a set of rules specified for civil works. Furthermore, the government tries to professionalize clients in the way that they procure. Examples are TenderNed (an online public procurement platform), a platform for dealing with complaints during tendering procedures, and an education programme for dealing with tendering through the 'Vereniging van Nederlandse Gemeenten' (VNG) or Association for Dutch Municipalities. Another important aspect of 'Aanbestedingsbesluit 2013' concerns the way in which information about tenders is exchanged, communicated, and registered. In essence, the document states that procuring government agencies should inform contractors in advance on how information should be shared, and reminds government agencies of their 'duty' to deal with the exchange and registration of information in a sincere manner (Europa Decentraal, 2013). Furthermore, the Guide for Proportionality (which will be discussed later) is also a part of 'Aanbestedingsbesluit'. This document serves as a guideline for how to develop and write tenders.

In 2016 the Public Procurement Law was updated. The description below describes the updated version from 2016. What can be said about the Public Procurement Law in terms of the pre-tendering phase, is that clients have to make sure that when market parties were involved with helping the client with formulating the tender documents, those market parties do not have an illegal competitive advantage when the actual tendering begins. However, clients are also absolutely not allowed to categorically ban market parties from tendering when they were involved with the preparations for the tender. In the jurisprudence, this is called 'Chinese Walls-problems.' Market parties, mostly contractors and engineering consultancies, that give advice during the pre-tendering phase about formulating the tender documents, have to declare that the information that they gather during that process will not be accessible for employees of the same company during the tendering phase. What is really interesting when looking at European and Dutch public procurement legislation, is that they both focus for a large part on processes during and after tendering, and little on processes before tendering. To have a better understanding of which formal institutions influence the pre-tendering phase, the Competition Law needs to be discussed.

Market Consultations

The Dutch Public Procurement Law provides clients with the opportunity to use so-called market consultations. From a client point of view, communication with contractors during the pre-tendering phase is often labelled market consultation. There are no institutionalized procedures or rules for how a market consultation should take place. The only real boundary of market consultations is that they should not create a situation in which a market party, or several market parties, gain unfair competitive advantages (Pianoo, 2016a).

The very purpose of market consultations can be divided into two categories. Market consultations can be used to make sure that a tender complies to current technologies and capacities of the market (and therefore potential tenderers), and to control risks.

- Are the requirements feasible and realistic?

- Do market parties even have a solution?

- Do they have another or better solution than the client is aiming at?

- Is the proposed budget feasible?

- Do market parties have the capacity and the interest to participate in the tender?

- Which criteria lead to better bids?

- Will the tender lead to a form of competitiveness that produces solutions that are desirable and affordable?

The answer to these questions can provide a means for formulating a tender that market parties can work with, and that can be expected to produce feasible and desirable solutions.

As explained, market consultations can have all kinds of shapes and forms, but there can also be many different reasons for organizing them. In essence, market consultations can take place before and after formulating the set of requirements (Pianoo, 2016a). When organizing the market consultation before formulating said set, market parties have the opportunity to steer the client towards another perspective. When organizing the market consultation after formulating said set, market parties have an opportunity to correct mistakes made in the set of requirements and therefore prevent unnecessary challenges in further phases of a tender.

Clients are free to design their own form for market consultations. However, there are certain different forms that are often used and that can be described here. Firstly, a distinction can be made between closed and open market consultations. As the name suggests, during a closed market consultation a client selects a limited amount of market parties. This is often the case when only a few market parties understand the problem, and when the client wants to save money and time. However, as Pianoo (2016a) describes, closed forms of market consultations can lead to uninvited parties feeling disadvantaged, and overall increases the risk of asymmetrical information and therefore unfair competitive advantages. Open market consultations are self-explanatory; everybody that is interested gets a chance to react and give input.

Secondly, a distinction can be made between written and verbal market consultations. Written market consultations are advised when the questions for the market are relatively simple, and when the client finds interaction with and between market parties undesirable (Pianoo, 2016a). However, there are also some disadvantages to written market consultations. For the client, they can sometimes be challenging to organize as it is difficult to start written discussions in the pre-tendering phase when the entire problem is not formulated properly yet. Furthermore, it reduces the level of commitment between client and market parties (Pianoo, 2016a).

Verbal market consultations are advised when the subject of the consultation is complex and context dependent. These verbal market consultations can consist of either plenary meetings with different market parties, or of one-on-one interaction between client and contractor. One-on-one contact with market parties can be used when the client finds interaction between market parties undesirable. This can happen when the client feels that a plenary meeting with several market parties will create a situation in which those market parties will not

communicate openly to avoid providing competitors with competition-sensitive information. Plenary meetings are useful for creating lively discussions between all parties, and will hopefully provide the client with more insight on the wishes and capabilities of the market. Verbal market consultations, especially with one-on-one contact, can also be very useful for contractors in terms of image-building and relationship marketing, as they provide an opportunity for improving personal relationships both with the client and with other contractors (Pianoo, 2016a).

As market consultations are free of form from an institutional perspective, clients are free to use different forms of market consultations combined. For example, they could start with sending an open letter to all market parties telling them of the problem that they have. All market parties are then free to respond. The client can then select a small number of contractors to have a plenary meeting with. After this meeting, they are still free to perform one-on-one interviews with market parties. In this way, they combine all the advantages of the various forms of market consultation. It must be noted here though, that obviously using several 'rounds' of interaction increases transaction costs, and costs and benefits should always be balanced. Both from a client point of view and from a contractor's point of view.

Competition law

The procurement process is very much connected to the Competition Law. The competition law was ratified by the Dutch Parliament in 1997 and in essence states that market parties should always have equal opportunities, and (as the name of course implies) it tries to stimulate competition. It attempts to guarantee that every market is completely open, based on the principle that strong competition is necessary and leads to low prices and high innovation (Pianoo, 2016b). However, as Noorderhaven et al. (2006) argue in their report and Kadefors (1995) describes in her article, construction consists of high levels of interdependency and therefore requires high levels of cooperation. Cooperation is made more difficult through the Competition Law, which again leads to an undesirably low degree of innovation, as cooperation is a key source for innovation (Noorderhaven et al., 2006). In regard to the Dutch Construction Industry, especially post-construction fraud, another important aspect of the Competition Law is that it forbids any form of cartelisation. It must be noted here that, as is also the case with European legislation, Dutch legislation is also partly based on jurisprudence (Pianoo, 2016b).

Procurement Regulations Works

The ARW or Procurement Regulation Works is a document that specifically looks at public procurements for civil infrastructure. Looking at the pre-tendering phase, this document provides two specific pieces of advice: one is that the client should always document communication with tenderers (no matter during which phase) properly, and the other one is that clients should be very careful when asking market parties to help with formulating the tender documents, especially when that particular party will be one of the bidders on the contract. The last piece of advice is completely in compliance with the Public Procurement Law and the code of conduct for holders of political office.

5.2   LAYER 2: INSTITUTIONAL ARRANGEMENTS

These arrangements are not legally binding, but rather guidelines to instruct actors within a field on how to behave. The most important and relevant forms of institutional arrangements for this thesis are the codes of conduct for public servants, as the public servants are the ones that initiate and control the procurement processes. The codes and guides below are divided into two levels of scale. Firstly, a guide for integrity for public procurement worldwide by the OECD (Organisation for Economic Co-Creation and Development) is briefly discussed. Secondly, this section will focus on different guides and codes of conduct for Dutch public servants.

OECD Principles for Integrity in Public Procurement

To increase the integrity of public procurement worldwide, the Organisation for Economic Co-Creation and Development (OECD) has published several documents on that topic. The most important of which is: 'Principles for Integrity in Public Procurement'. This document and presents its readers with a guide for how to improve and maintain integrity within public procurement processes. This is one of the few documents (if not the only one) that were found during the writing of this thesis that contains a separate chapter for the pre-tendering phase. Even though the aforementioned chapter mostly discusses processes concerning the planning of tenders, it contains a very relevant piece of advice; 'Reduce information asymmetry with the private sector.' (OECD, 2009). In other words: make sure that all market parties that enter a bid for a tendering process possess the same amount of information. Furthermore, the guide also states that it is desirable to organise consultations with the market during the pre-tendering phase in order to improve public procurement processes, as long as this is done in an appropriate and transparent matter (OECD, 2009). This piece of advice is also given by the Dutch Guide for Proportionality, which will be discussed later in this chapter.

Code of Conduct Integrity State

For civil servants of Dutch national governments and government agencies, there is a code of conduct called 'Gedragscode Integriteit Rijk' or Code of Conduct Integrity State. When it comes to communicating with commercial organizations, this document does not provide a large amount of codes. What can be said about the codes within this document relevant for the topic of this thesis is that the document emphasizes that confidential information should remain confidential, civil servants of the state may not receive gifts more valuable than €50,-, and that they should be careful with creating expectations and making promises when communicating with commercial parties before or during procurement procedures (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2015).

Guidelines for Integrity for Holders of Political Offices in Municipalities, Provinces, and Water Boards.

When looking at codes of conduct for government officials at a lower level of scale, the most important document is 'Handreiking Integriteit van Politieke Ambtsdragers bij Gemeenten, Provincies en Waterschappen.' (see title of sub-chapter for translation). This document is specifically aimed at holders of political offices (such as aldermen and members of city councils), but can also be used for public administrators, and provides several codes of conduct for dealing with communication with market parties. In terms of exchanging information, the document stresses that it is not desirable to share information with market parties that provides a competitive advantage, even when that information will be public in the future (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2016). Furthermore, just as was recommended by the Parliamentary Committee Construction Industry, the document states that meetings with representatives of market parties should always have a functional, sober character, and should always be in the interest of the government or government agency. When zooming in on tenders and the pre-tendering phase, the document explains that it is undesirable to let a market party participate in the process of defining the assignment that is up for procurement, especially when that market party is going to be one of the tenderers. In compliance with European directives, the document also emphasizes that public procuring should always be done in a transparent, objective, and non-discriminatory manner (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2016).

Guide for Proportionality

As part of 'Aanbestedingsbesluit 2013', the government published a guideline for tenders called 'Gids Proportiotionaliteit' or Guide for Proportionality. This document provides government officials with some guidelines for procurement processes. An interesting component of the Guide Proportionality concerns what is called market consultation. During the pre-tendering phase, procuring governments or government agencies can facilitate so-called market-consultations. These are meetings in which a client tries to use the knowledge of market parties to improve their procurement strategy. The document actually states that market consultations

are very important, as the know-how of market parties can have a very positive influence on the outcome of a tender (Sloots et al., 2016). In reality, to improve procurement strategies, market consultations can be used to see whether the demands of a client are in compliance with the capacity and the know-how of the market, whether market parties might have better solutions than the client has in mind, and whether the actual planning of which tenders are being put on the market meets the capacity of the market at a certain time. For example, contractors can advise a large client to spread out their larger procurements over a longer period of time, to make it easier for all contractors to compete during the tenders, and therefore (in theory) to increase innovation and quality and reduce costs. However, the guide also states that a lot of clients are still being too careful with initiating and facilitating market consultations, as they are afraid for juridical procedures and debates about inside information (Sloots et al., 2016).

The following chapter will give an overview of the data that were collected for this thesis, usually in the words of the respondents themselves. The results will be analysed in chapter 7. In the Methodology chapter, an overview was provided that linked theory to interview questions. This chapter shows the full answers of the respondents, in their own words. The questions are listed in the order of the main interview questions, and each section is concluded with a summarizing table. Note that here the distinction between the Network Perspective and the Marketing Perspective is not made very prominently. This Is because this distinction was not necessarily relevant for the interviews and respondents themselves. This is largely a distinction made in theories, but not necessarily a distinction made in practice in the construction industry. Furthermore, chapter 3 (Theoretical Framework) already shows that theories on networking and relationship marketing have a lot of overlapping concepts.

One will notice that a lot of respondents use the term 'account management'. This business term greatly resembles relationship marketing and relationship management. In this chapter, account management is mostly used as a synonym for relationship management, so some comments about account management are provided in different sections.

6.1   INSTITUTIONS

In the following section, respondents will themselves make an attempt at describing the institutional space of the pre-tendering phase. The structure of this chapter is based on the interview questions. At the end of the section, a summarizing table (table 3) is provided.

Can you describe the culture in your industry?

The following quotes by respondents describe the informal institutional environment of the construction industry as perceived by respondents. In essence, they describe an environment that has become tense since the Construction Fraud Affair, with a lot of distrust and damaged relationships.

Looking at the general culture, a couple of observations were made by respondents that not only describe the role of either a contractor or a client, but describe the construction industry in general. Respondents [PAUL] and [HUGH], both working for a client, described the industry as a very traditional industry, and said that those working in the industry still base their thought processes on "black and white thinking" [PAUL]. Furthermore, [TODD], employee of Strukton, explained that the construction industry is still largely made up of technicians: "What you often see at these kinds of companies, is that they try to turn a technician into a commercial man. But those soft skills, that you're talking about, they don't have them." [TODD]. When discussing the market in general, [PAUL and [HUGH] both mentioned that the market is 'tense'. By that, they mean that actors within the industry do not move and talk freely, and that strong, positive relationships between clients and contractors are scarce, especially at a larger level of scale. According to [RANDY], the culture of the construction industry is also characterized by fear and distrust. This lack of trust is also present internally at Strukton, where two respondents mentioned that the sharing of information is not done sufficiently because of distrust between colleagues. [TONY] explains that the current culture was caused by the construction fraud-affair and by a retreating government: "The Construction fraud is one [reason] of course. Besides that, there is also a retreating government, so more and more government services are procured. Engineering, services, those kinds of things. Those kind of relationships [between clients and contractors] exist as long as the project, so you don't really have [long-term relationships], and that's something that both we and the government struggle with." [CHRIS], employee of a national client but not operative in the construction industry, also explained that the levels of

distrust and fear that can sometimes be observed in the construction industry are often not as big in other markets.

How do you and the market deal with integrity and codes of conduct?

This paragraph describes how the respondents deal with 'Formal and Informal Institutional Arrangements' (layer 2). The respondents from clients reacted basically from two different perspectives when it came to integrity issues: an 'open' view, and a 'closed' view. Clients with an open view, in essence, state that communication between clients and contractors within the pre-tendering phase is always possible and even advisable, as long as you make the proper legal arrangements. Clients with a closed view state that communication between clients and contractors during the pre-tendering phase should be avoided and reduced to the minimum necessary. One respondent who, largely out of own initiative, talked about integrity and Codes of Conduct was [HUGH]. As he explains: "I think that we have things under control [in this organization] when looking at processes, division of responsibilities, second set of eyes, …., and we have an integrity process for civil servants. That's not about learning booklets and rules by heart, but about workshop-like settings when you talk to each other about: What obstacles do you meet? What makes you feel uncomfortable? What do we think is possible and impossible? So that's taken care of in a softer manner. But concerning integrity: That's something that you can feel in your guts. When you start to doubt whether you can tell something to a colleague, then you know already that you... then you have to be careful. You can write down thousands of rules, but the situation that you have doubts about is not always in there." [HUGH] also explains that being conscious of integrity and being more or less careful is something that, in an organization, comes in waves, caused by incidents and conflicts (see figure 4): "[…] So, whether there really was a lack of integrity is a

Figure 4: Informal Institutional Space over Time. Source: author

big question, but when something like that happens in a dossier that has been going for […] years, then you have not done your work properly. That doesn't mean that you're guilty of something, or punishable, but you were not awake. When you have multiple dossiers like that after each other, then the organization will have some kind of pavlov-reaction like: 'Oops, we need to close things up a little bit.' So, you get that some very simple things need to be checked twice, three times, then… Sometimes, your internal procedures, rules, and agreements are more restrictive than legislation." [HUGH]. [PHIL] also states that his client increased integrity awareness after a couple of dossiers with integrity issues, and that this (temporarily) changed the manner in which the organization operated, but added that he also believes that integrity is something that cannot only be taught, that it also is a gut feeling.

What is your view on market consultations?

Market Consultations are an important Formal Institutional Arrangement in the pre-tendering phase, and therefor part of layer 2. What a market consultation is, becomes very unclear when talking to different practitioners of the construction industry, and to practitioners of market consultations not active in the construction industry. Different respondents have different interpretations of the term, and use it quite differently as a tool.
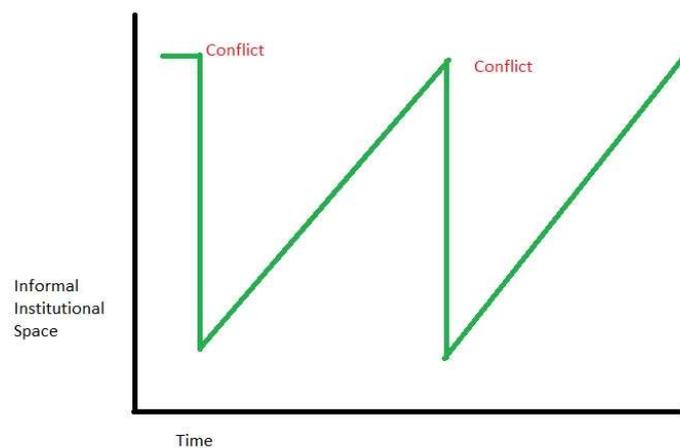
Closed view of clients on market consultations

Clients [PAUL] and [JASON] try to avoid talking to contractors altogether during the pre-tendering phase. [PAUL] feels that using market consultations is very risky from a legislative point of view, and explains that the only time he organized a market consultation, he did so through an external organization. Furthermore, he also questions the practical use of market consultations, as in his opinion contractors do not communicate transparently enough during the pre-tendering phase to make them useful. [JASON] has other reasons for not organizing market consultations himself. He claims that contractors do not often enough provide creative, innovative solutions, and therefore does not feel that it is necessary to talk to contractors during the pre-tendering phase in the form of market consultations. To learn what current technology is present in the market, he uses engineering consultants.

Open view of clients on market consultations

Other clients have a different view on market consultations. [HUGH] and [CHRIS] both state that consulting the market is, in theory, completely free of form. This is also observable in the following statement by [HUGH]: "In my area, in the things that I do, there is always a conversation with the market at the front. Whether that's called a consultation according to the booklet ARW (Procurement Regulations Works), or an orientation, or an open letter… […] So there we really experiment with really having dialogues at the front. Thus, that. We really do things like that." [CHRIS], who organizes market consultations in a slightly different market, explains that conversations with the market during the pre-tendering phase are fine, as long as agreements are made before and after conversations about what is to be done with the information that is being discussed and/or provided during the pre-tendering phase. This view is also shared by [HUGH]. As to the purpose of market consultations, [HUGH] uses market consultations to ask the following question: "'this is coming towards us, this is how we want to design it, please tell us whether we have to specify this in a lot of detail, or can we generalize the specifications a bit more?'" He feels that market consultations are useful for improving the request to the market during a tender, and questions whether using very formal market consultations (in writing) produces useful results. [CHRIS] puts forward that he hopes that market consultations can be used to formulate common goals between clients and market parties.

Contractors view on market consultations

From personal experiences and through observations, the author can state that contractors often have the view that market consultations are either very formal, or just monologues of clients, and that this gives them little motivation to communicate extensively, openly, and transparently. [TONY] also explains that a lot of information is shared, also during the pre-tendering phase, through the digital procurement network 'TenderNed', and that this also makes communication during the pre-tendering phase more difficult, especially concerning trying to understand the request of the client properly.

How do clients and contractors behave during the pre-tendering phase?

Layer 1 mainly concerns how actors act within the field of analysis, and why they do so. Data on this layer is divided into two parts: Behaviour of Clients, and Behaviour of Contractors. Essentially, the respondents state that the initiative for communication during the pre-tendering phase lies with the clients, not with the contractors. Both the behaviour of clients and the behaviour of contractors have caused this situation.

[HUGH] explained that how his organization behaves during the pre-tendering phase should be divided into two categories: smaller, locally orchestrated projects with very traditional contracts, and larger, more complex projects with more integrated contracts. In the first case, the client behaves in a way that is closer to how the situation was before the construction fraud-affair: a lot of contact with contractors, and contracts are awarded

in a less 'strict' manner. In the latter case (complex projects with integrated contracts), more formal procedures and norms and values come into play. This difference is also explained by [ERIC] who works for a regional contractor: "It [communication with clients in pre-tendering phase during local projects]'s just a little bit more pragmatic. Strukton operates on a higher, more abstract level, then you have to think about interests, different stakeholders, that's about much bigger projects than ours. That concerns different interests." [ERIC]. Through his internship, and especially through experiences with trying to arrange meetings with clients, the author can state through personal experiences with great certainty that clients are quite reluctant when it comes to talking about communication and relationships with contractors during the pre-tendering phase. Most meetings were arranged over phone, and more than once a respondent said that they were very reluctant when it came to talking about communication with contractors, but usually they were quite willing to explain why over a cup of coffee. One respondent mentioned on the phone: "I'm so reluctant when it comes to talking to contractors, that I don't wish to even talk about it, even though it pains me not to be able to help a student with his project." [BRIAN]. [JASON] simply states that one-on-one contact with contractors is just not possible anymore. [JAMES], a jurist, also explained that partly because of the behaviour of clients during the pre-tendering phase, and the power that clients have, the initiative for communication between contractors and clients during the pre-tendering phase lies with the client and not with the contractor. This is an observation that is an essential issue for this thesis, and will be described in much larger detail later in this document.

About the behaviour of contractors, a couple of strong statements were made. [ERIC]: "Maybe that is a bold statement, but we as an organization, we're a bunch of farmers, a bunch of Neanderthals, and sometimes we don't speak the language of the client." The same respondent also states that the employees of his organization (regional contractor) sometimes have a tendency to shirk responsibilities. [PAUL] and [HUGH] state that contractors behave very reactively as opposed to proactively during the pre-tendering phase, and that this makes building relationships during the pre-tendering phase more difficult. [JASON] explains that he has had experiences in the past with contractors in which contractors showed opportunistic and strategic behaviour during later stages of the tendering process, and that this has made him more reluctant to talk with contractors during the pre-tendering phase. This type of behaviour was also described by a jurist [JAMES], who states that contractors are difficult to work with, as they often seek to exploit the limits of contracts in terms of extra work and therefore extra revenue. From a personal perspective, the author noticed during his internship that both clients and contractors are big organizations, with lots of different employees from different departments that communicate with clients simultaneously on different levels, meaning that different relationships (and therefore impressions, observations and opinions) can exist between the same organizations. Nearly all clients, at least including [PAUL], [HUGH] and [CHRIS], state that contractors do not communicate openly and transparently during the pre-tendering phase.

Do you think the pre-tendering phase is used to its full potential by all parties?

There are two respondents, working for either a contractor and a client, that describe the legislation as being very open and broad when it comes to the pre-tendering phase, but both also explain that that space is far from being used optimally in the current situation. As [HUGH] describes (see figure 5): "If the old law [2012] was a ball, and the new law [2016] adds the thickness of a finger to the size of the ball, I get the impression that through characteristics like risk avoidance and tension, we don't even use the space that
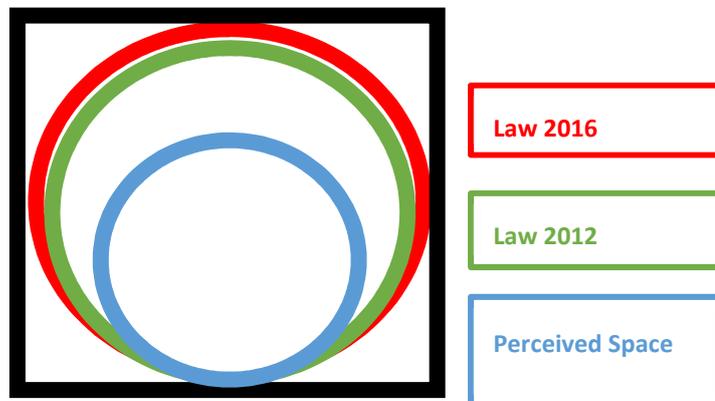

Figure 5: Formal Institutional Space vs Perceived Space

was given to us by the old law. Because, internally, and that's not just us but also the market: can or can't I ask this? The space that is there at the moment is not even fully used yet." However, on the other hand there are clients that interpret the law very strictly when operating in the pre-tendering phase. [PAUL] for example explains that he has little to no communication with clients during the pre-tendering phase, as he feels that the legislation restricts him in doing so. Both [PAUL] and [JASON] explain that communicating with market parties during the pre-tendering phase is difficult from a legislative point of view, as letting a market party be involved with the pre-tendering phase (whether it concerns a contractor or an engineering consultancy) has consequences for later phases of the tendering process. [JAMES] calls this "Chinese Walls-problems", which is explained in chapter 4. [CHRIS] states that when looking at public procurement, no matter in what industry, there is enough space to talk with market parties during the pre-tendering phase, as long as both before and after conversations clear agreements are made about what is done with the information that is being discussed during that conversation. [HUGH] feels that the market should use the current legislation, especially concerning maintaining a 'level-playing field', as a 'peep-system'. "And I said bluntly: it's a peep system. When the entire sector is served, and we do things that go differently than prescribed by the law, but everybody feels respected, non-discriminatory, transparent, the entire thing, and nobody peeps, then it doesn't matter what we do. As long as the people that want to have the opportunity to win a tender feel that they are given a chance." [HUGH] Another important observation about legislation of the pre-tendering phase, about how knowledgeable actors within the pre-tendering phase are about legislation, and how they interpret it, is that at least two clients admitted that they have received little to no training or education when it comes to legislation.

Other remarks

A couple of respondents have observed that the pre-tendering phase is not necessarily an isolated phase. Both clients and contractors state that after tenders are awarded to a certain party, losing parties are welcome to talk to clients about the tender, and why they missed out. This in fact means that the pre-tendering phase is not an isolated vacuum, but is connected to other stages. [ERIC] explains how contractors can use this space:

"[…]but I must tell you that when we're not awarded a contract, I always ask a client why that is. I'll ask questions such as: 'On what aspect did we lose out?' 'What should we have written differently?' To learn what we offered differently with respect to our competitors. Conversely, it's also a bit of acquisition. You should show a bit of humility, show a willingness to learn from your mistakes as an organization, and show a willingness to keep trying to cooperate with a certain client. [Name of project] is a very nice example. We entered a nice bid for a project, and we stated in our evaluation that: 'We regret that we proposed a different solution than you had in mind, and that's a pity because we thought that it was a very nice solution and we think that you should consider this kind of solution in the future.' They told me that they really appreciated that we communicated that, and mentioned that they would put us on the list of possible candidates for future projects. It's not really about asking them if they are going to put new projects on the market, but rather about relationship management. It's about showing clients that we take our job seriously, and that we want to cooperate with them."

Summary Results Institutions

Interview main question	Summary of answers
Can you describe the culture in your industry?	Distrust, fear, tense, black & white, traditional
How do you and the market deal with integrity and codes of conduct?	Both parties seem to have a lot more space than they realize or want to use. Integrity is dynamic and fluid, not stable.
What is your view on market consultations?	Closed view of clients on market consultations: difficult, scary, not profitable Open view of clients on market consultations: useful, free of form View of contractors on market consultations: Useless and too formal
Can you describe the laws and rules for communication between clients and contractors?	Two views: Open view: Laws and Rules give plenty of space for communication Closed view: I have little to no communication in pre-tendering phase because of laws and rules
How do clients and contractors behave during the pre-tendering phase?	Clients: Open and active during small projects, closed and scared during large projects. The latter makes the work of contractors difficult, difficult to take initiative. Contractors: Behave reactively, opportunistically, often causing conflicts. This makes clients less likely to behave openly during pre-tendering phase.
Other	Pre-tendering phase is not a vacuum. It overlaps other project phases, and therefore other institutional spaces.

Table 3: Summary results institutions

6.2   MANAGING AND BUILDING RELATIONSHIPS

In the following section, the data required for answering the second and third sub-questions is provided., including a summarizing table at the end.

Can you describe how relationships within the construction industry are build and maintained?

Multiple respondents have stated that it is difficult to build and maintain relationships between clients and contractors. To quote [RANDY]: "We just make it very difficult for ourselves." When looking at the pre-tendering phase specifically, [PAUL], [HUGH] and [CHRIS] explain that building relationships with contractors during the pre-tendering phase is difficult, as open and transparent communication is necessary to build strong relationships, but contractors in their opinion do not communicate open and transparently during that pre-tendering phase. "They always say: 'We'll put our cards on the table.' That's not true. That doesn't happen often enough. And when they're confronted, they…" as [HUGH] states.

[HUGH] provided a conversation between a client and a contractor that is, in his view, typical of both their behaviour during the preliminary phases of a tender:

"At a certain moment you notice that a certain party is describing and doing things politically, and then I say:

Client: 'Don't you just mean this?'

Contractor: 'Yeah, but I can't really say that can I?'

Client: 'Of course you can! Everybody knows what you mean, so just say it in one sentence, so that we can continue.'

Contractor: 'Yeah, but that sounds..'

Client: 'Well, that's just the way you feel isn't it?'

Contractor: 'Well, when you're going to do it in such a way, we will feel screwed.'

Client: 'Why don't you just say so? We don't want you to feel screwed. Maybe I can't help it, but I can explain why we formulate it like this. Maybe you'll feel less screwed. When you explain in what way you feel screwed, maybe I can.. I learn from that.'

Contractor: 'Oh, is that the way this comes across? That's not the way we meant it at all.'

Then you can just clarify things. You can see them beating around the bush, and then it's nice to be the chairman of the table. You have to steer such a conversation in such a way that people feel comfortable to put their cards on the table."

[PAUL] explains that another reason why building relationships with contractors during the pre-tendering phase is difficult, is because it is not always clear to clients what the purpose or target of contractors is during communication with clients in the pre-tendering phase. This makes them uneasy about talking with contractors. Furthermore, he also stated that when he asks contractors during the pre-tendering phase whether the planning and budget of a proposed project are feasible, they often "keep their mouth shut".

[TONY] describes how building relationships with clients during the pre-tendering phase can be difficult as well from the point of view of a contractor, because of different reasons: "[…]there is also a retreating government, so more and more government services are procured. Engineering, services, those kinds of things. That kind of relationships exist as long as the project, so you don't really have [relationships in between projects], and that's something that both we and the government struggle with. We both have an interest in such a project, and those interests are often not aligned, and we try to adjust that to our own sake. That's when things start running out of sync. A retreating government is a threat to that entire process. […] Well, there is a person, and that person needs to wish to grant you something, and there should be an interaction, and [the amount of interaction] is decreasing. That's also something that municipalities and the government struggle with. That's something that you just notice." [TONY]

[MIKE] "So, the opportunity to speak with each other [after the Construction Fraud affair] became very small, and we lost a lot of relationships and contacts at the time. When looking at what kind of work Strukton Civiel did at the time, we had very little contact with clients, and that's just not good. We should rebuild that, and throughout the entire width of the company."

[SETH] explains why contractors do not always communicate openly about budgets and planning during the pre-tendering phase. As he states, contractors can sometimes have the feeling that having a too critical look on the planning and budget of a project of a client may lead to them not being invited for a tender, especially when other contractors do state that the planning and budget are feasible

What are your companies' policies/agreements or strategies about relationship management? Can you explain them?

When asking respondents of contractors about what strategies, tools, and/or policies they use during the pre-tendering phase, and how they are integrated into work practices, a couple of very strong opinions come forward. [RANDY], [ERIC], [JOSH], [TODD], and [MIKE] all conclude that Strukton has little to no policy about communication with clients during the pre-tendering phase.

[MIKE]: "I think that there is, formally, not even a policy about that. Well, if you really look at the policy, then it goes through the communication department, but that's not what we mean here. I think that it's not taken care of formally, and that makes it opaque, and leads to differences of insight, differences of opinion, not listening to each other, so that's something that we can take a lot of clear steps in. […] It's the responsibility of the management, but they have not assigned it. So uhmm, I do my own communication with clients, my own clients, and [Manager Strategy and Marketing] does so, and other colleagues do it too, and we talk to each other about it, but we don't really share it. Or, well, in my eyes structurally insufficient."

[RANDY]: "So yeah, policy, hmm, that's not really structured. […] Me personally, I would also like to go out more, but that's difficult, that's also to do with policy. Do we do it at the board level? Do we let [Manager Strategy & Marketing] do it? Or at the project level? That's not really structured yet policy wise. So, on a personal level, I would… Well yes it could really be improved, especially long-term relationships, overarching projects."

[ERIC] does add that the softer parts about communication cannot always be formalized through rules and codes: "Of course it could be managed more strictly, but the question is whether that's desirable, because that would mean that I have to communicate according to a certain template, and then it's not my own anymore. […] How do I communicate with my colleagues and my clients? When you manage something like that very strictly, in my opinion, people see through that immediately. They will say that you're performing a puppet show, a role-playing game."

Who should be responsible for relationship management?

Another remark that is made very often is that there are little to no clear agreements about account management, what it is, and who should do it.

[RANDY]: "Yeah and also because there are still not very clear agreements about account management, who does that. And you see that at every level.[…] And of course the frequency. We try to with every project, but actually it's still too little. And it's not like…, no it's just too little. If you just follow the lists of projects, there are lots of projects where we had little or no communication with clients, and don't really know what's happening with the client. That's a big problem. You can get a lot of information from the internet, but what really happens, you just don't know."

[TODD]: "[…]you really have to assign someone to them. Somebody that knocks on all doors over there, you know? A guy or woman that's good with people, and that just has a good network…[…] it's crazy that when you have one client, that you're never there. When I would have only one client, I would be there every day. I would have an office inside their office. But what, what are you going to do from your own office here? What do you hear? I uhmm…[…] But during times when things decline, and the competition is getting stronger, then you have to go to your clients. And you can see that Strukton is not very active in that regard. It's not a very commercial organization in my opinion."

How account management should be organized, and who should do account management, is a large and important point of discussion.

[MIKE] adds: "I don't believe that people, how should I say this, are account manager and just do that, and don't do anything else within the company. I don't believe in that. Those kinds of people always fail eventually. When you don't know what it's about, and you're only having contacts for the sake of it, that won't go well. […] So, the opportunity to speak with each other [after the Construction Fraud affair] became very small, and we lost a lot of relationships and contacts at the time. When looking at what kind of work Strukton Civiel did at the time, we had very little contact with clients, and that's just not good. We should rebuild that, and throughout the entire width of the company. That [responsibility] should not just lie with [Manager Strategy & Marketing]'s club, that should lie with everybody. There are many people that are working outside on projects, that's where you meet the most clients.[…] Well, someone should have the responsibility, and manage it, but it can't be the case that [the department of Strategy, Marketing & Communication] should have the contacts of the entire company. That's impossible. […] You can't say: 'You're responsible for [national client] now.' That will not work. That's more than a day's work on your own, and even then you won't have the proper input. So that should be stipulated and divided properly over different people. So, it can't be the case that [Manager Strategy & Marketing] does that on his own with his club. That's impossible."

However, [SETH] also stated that it is sometimes difficult to make project managers fully responsible for account management, as they should prioritize finalizing projects in a successful manner. [Seth] explained furthermore that account management is not just a matter of policies or institutionalizing certain positions, but also a matter of mindset for all employees.

How do you keep yourself up to date about your clients?

Two respondents have very strong opinions on if and how Strukton Civiel analyses stakeholders, and clients in particular:

[MIKE]: "Uhmm, we don't always know what our client looks like. [..] We were busy with the municipality, but we didn't know that they had departments that possessed their own independent budgets. They really were autonomous to a certain degree, and could make decisions that were in contrast to the opinion of the municipality. When I talk about it, it still sounds strange, but it happens. When you don't know about that, you can give the wrong answers. Those are the kinds of things of which I think: that's something that we really should improve. And then you should concern yourself with that, make time for it, make agreements with each other, and share with each other."

[RANDY]: "[…]there are lots of projects where we had little or no communication with clients, and don't really know what's happening with the client. That's a big problem. You can get a lot of information from the internet, but what really happens, you just don't know.[…] Yes, I think that [analysing the wishes of a client] can be improved massively. I think that sometimes we can get very close, but sometimes it's just a complete miss.[…] I think that sometimes we just fill in the blanks too quickly, without really knowing for sure. Sometimes we just don't understand it."

What seems to frustrate respondents of Strukton when it comes learning about clients, is that not a lot of information is shared between colleagues, and that colleagues do not confer enough about who has contact with whom. [JOSH] simply stated that he does not always wishes to share information, or the persons he has contact with. A lot of respondents talk about a so-called CRM-system (Customer Relationship Management). This is a piece of software that allows users to keep track of conversations they have with clients, who their point of contact is, what was being discussed, which agreements were made, etc.

[MIKE]: "[…] and we talk to each other about it, but we don't really share it. Or, well, in my eyes structurally insufficient.[…] but we have the CRM (Customer Relationship Management)-system. We have developed it, but we were going to implement it broadly, but we're not doing that properly. Accidentally, I was speaking to someone from [subsidiary company of Strukton Civiel] this morning, and he said that he saw in the CRM that the secretaries are the points of contact for certain clients. That's just unacceptable. That's just unacceptable. But

that's because someone forwards it to his secretary like: 'Fill it in.' And then you won't get the proper output out of it. "

[RANDY]: "Uhm, [information about clients] is (laughs politely) saved in the CRM, but that doesn't really happen a lot yet.[…] "

[TODD]: (in a slightly raised voice) "Well, that's one of the most discussed topics of the entire company. I just can't understand why it's so difficult to implement it properly. I think it's just a matter of a top-down decision: 'You have to start working with CRM!' Take care of it. I think the CRM-system has costed millions now, and we're not working with it yet. I have nothing against it, I think it's fine to share information, I think that that's good. […] But you still have the different branches here, they do their own thing, Rail does whatever they want, Civiel does whatever they want, so does Worksphere. But yes, we have less difficulties with it, you need to have a system. I don't know what it's depending on. I have concerned myself with it in the past, but I stopped doing that quite quickly, because I think: I'm not going to waste my time on things that I can't change. […] So I have no idea what the current status of the CRM-system is. But I think that it is very useful. I worked with it at […], my previous job, and I thought it was fine. I registered my contact information in it, and a report of conversations, and that worked fine. That was all I needed with CRM. […] When everybody, well the problem with CRM is that the output has the same quality as the input, and when ¾ does not participate, it's useless."

According to [MIKE], one of the most important reasons why CRM is not used properly yet, is a lack of trust between colleagues: "We should trust each other, we should see the use of it together, which also requires that you should trust each other, and see the use of cooperating as opposed to everybody working for themselves. […] And uhmm, if I would ask people to use it, they'd say: 'I won't, because you'll rob me of my relationships.' If you work together like that, then it will never function properly. You can have a beautiful system and force people to use it, but when you don't trust each other, and don't deal with it properly, then it will never account to anything. That's what you should be working on the hardest, that you have that trust together.[…] Uhmm, you should live up to trust. But it also starts with giving trust. Look, you can only give trust before you receive it, so you need to take initiative and do that, and you should share it with others, and make sure that others can see that it functions and that they go along. People that don't want to, well I can be blunt about that, are not qualified to work in this organization. You should say goodbye to them."

Which skills are needed for relationship management?

The skills required for talking with clients and building relationships with them seem to be connected to the type of person you are and how you are educated, as the respondents at Strukton Civiel describe.

[TODD]: "Commercial people have other skills than technicians. What you often see at this kind of companies, is that they try to turn a technician into a commercial man. But those soft skills, that you're talking about, they don't have them. That's the only thing that a client… Of course, you need to have substance, but often it's about… It's about the people that you're talking to, and they are not always technicians. You can always take a technician along with you. When you have a technical meeting, you take a technician along with you. That's not really a problem, right? But you first have to become connected to a client. When he just doesn't like you, he will not start something with you."

The statement that people that are 'too technical' sometimes have difficulties with talking to clients is supported by [RANDY]: "That doesn't necessarily mean that we have incompetent people, there must be, yeah, maybe tender managers that have difficulties with understanding demands of clients, maybe because they're too technical and then you only think about how to construct it in a strong manner, but the client demands a lot of other things as well. That's also a completely different way of thinking. Sometimes I think that we're just not capable. It's also a matter of posing questions, that's also a quality that you should have."

The exact skills required to talk with clients were very thoroughly described by [TIM]. As he explains, getting connected with a client properly, and building and maintaining a relationship with him, essentially requires a very large amount of empathy.

[JOHN] adds to the previous observations that the skills required for communicating with clients also depends on what type of person you are talking to. In essence, talking with clients requires the skill to make a personal connection with them, but when the person you are talking to is a technician, you need to possess technical knowledge.

The employees of Strukton Civiel are being trained in the soft skills and very much so, and they feel that this is very positive, as [RANDY], [TONY], [MIKE] and [TODD] agree.

[RANDY]: "But within Strukton Civiel we have an education programme called 'Commercial Decisiveness', and all the directors went there, and I think that project managers participated as well, to really practice, like: you shouldn't just act like a car salesman, but should also make the client communicative. So, more about building a relationship rather than just saying that you know how to lay down asphalt, because the client already knows that. There exist educational programmes about that."

[TODD]: "Seriously, it's a good programme. Look, for me it's an everyday occurrence, communicating with clients, a bit more commercial. But there are a lot of project managers, they really have difficulties with having good conversations with clients. So, I think that it's very positive that they have these kinds of programmes, to develop those competences with those people. You learn about your conversation structure, asking the right questions, influencing the client, those kinds of things. But yeah, that's something that I learn a lot from."

[MIKE] "Oh you're still learning about [communicating with clients]. When you come to the point where you think that you're not learning anymore, then you should stop working. I think that you're always learning new things. That's something that I'm still doing too. It's also fun. […] I'm still being invited multiple times per year to follow courses at Strukton. I must say that Strukton really stimulates that.

How would you describe the balance between long-term goals and short-term goals?

It has been stated before, by various respondents, that contractors behave reactively, opportunistically, and focus on their own goals. This was emphasized also by jurist [JAMES]. [MIKE] and [ERIC] explain how contractors can focus on long-term goals when communicating with clients.

[MIKE]: "[…] That when you spoke to each other properly from the start, and was open and transparent about what the problems actually are, you could have influenced that. That does not mean that you influence it just to your own advantage, but for all parties. Actually, that would benefit the entire country, and with that protect the clients from experiencing problems, and then you will also receive trust from the client, so that they think: 'This is a party that I can start a game with.' Eventually, that's what it's about. It's about the client having faith in you, getting faith in you. Not that you, by playing smart games, make sure that the demand suits you, the chance is very small that that will succeed. Look at the bigger picture, look at the relationship, look at the trust that you should have in each other, and it should be the case that the client thinks that you're a good reliable party that honours commitments, and wants to cooperate only with you." [MIKE].

[ERIC] has a similar point of view: "But when you use a correct, positive implementation, and prevent the client from making a mistake, and you show a willingness to cooperate in producing a solution, and you formulate common goals to make sure that a project is completed successfully, then the client will be much more inclined to agree with you when you put in a justified claim."

Notice, however, that with the last few words, [ERIC] still is basically saying that formulating common goals with the client is especially good for the goals of the contractor.

Both clients and contractors state that the commercial interests of a contractor should not be a problem. As [HUGH] (client) states: "Clients and contractors have different interests. That's not something that you have to be secretive about. As long as you formulate common goals." A similar statement was made by [PAUL]. [ERIC] (contractor) has a similar point of view: "Of course we as a company have to achieve a certain amount of revenue, but we should achieve that while working with a client, and not while working against a client. That's just the most important aspect of communication with clients, to cooperate with them."

Multiple employees of contractors have a very strong opinion on which role a contractor *should* play during the pre-tendering phase. [MIKE], [ERIC] and [TONY] all agree that contractors should play a more proactive and positive role, both during the pre-tendering phase and after: "We want to have a more proactive attitude when it comes to providing solutions, and showing that those are the right solutions. You can see that some parts of the organization work in a reactive manner, and that's something that we should do something about." [TONY]

How do you as a contractor keep communication with clients consistent?

According to the literature, there are in essence two (not mutually exclusive) ways in which to keep communication with clients consistent: point of contact and language.

Client [PAUL] states that good, strong, relationships can occur during the implementation phase, when cooperation and communication between contractor and client lead to good results for both parties. But he also adds that the strength of these relationships can shift very fast. It is all dependable on which employees of contractors work during which phase, and on which projects.

[TIM] and [SETH] both stated that project overarching relationship management should work largely according to a 'zipper model'. [RANDY] explains what that should look like: "It is my personal opinion, and maybe that was your next question, that communication with project managers [of clients] should take place at different levels, and should overarch projects. For [client A], you should have someone in the board of [client A] that one of our board members should have periodical meetings with to discuss not just single projects like […], but the relationship in general and the market. Then at the project level, you should have [Manager Strategy & Marketing] first and then the project manager. And those are the kind of things that we try to implement, but they are not really taken care of yet. Well, actually not at all."

[MIKE] also explains how communication with clients works in terms of who is the point of contact with clients during different phases of the tendering process: "In every phase, there is one person that is in charge a little bit, but it's diagonal, not vertical. There is always a period during which you're both in contact. One contact ends, but the other one becomes stronger, but even then you can still be in contact. I'm still in contact with tenders that we didn't win." This is to make sure that no information about the client is lost, and that the client can get used to working with another employee of the contractor before the first one goes on to working on another project.

About the language and the type of communication, [MIKE] and [TODD] have some thoughts:

[MIKE]: "We've always had the appearance of a technically very capable company, but not very good at contracts and communication. Also not very good in relationships, always fighting, and Sanderink [the owner] said three years ago: 'We're not going to do that anymore, we're going to engage in conversations, we're going to do what we say, make commitments, it could hurt but that's what we're going to stand for.' You can really see that that produces results, that people start talking differently about us. We've had a very difficult period, but it's shifting, it's really shifting in a positive direction. […] Well, what we want is that we produce quality technology, that's what we stand for, but also cooperate with the client in a good relationship. And we don't want to fight, so we don't want to win with a cheap contract and then fight contractually and still get money. That means that you have to be very specific in the projects that you want to tender, that also means that clients that only want the lowest price are not our type of client."

[TODD] brings up another point about image and marketing, and that is that the images that the different branches of Strukton Group (the holding) try to project, and the manner in which they try to do so, not always comply with each other: "How do we want the market to view Strukton? Still very strange that we as a Strukton Group have not really organized our communication well. We have all kinds of branches, they all communicate independently from each other, well… That's strange. They've decided to not really have a staff department at the top, beneath the holding. Why? I think that you need to coordinate this centrally. You need to have a communication department with a representative from every subsidiary, but that they are also one team together, you know? When you look at all the communication media of all the branches, you can't really see a clear path. It's difficult to define. They're all different, everybody does his own thing, I don't think that's very professional. It's a choice. When you don't want costs in your holding… In principle, it doesn't really matter. That's the reason they organize it like that. I don't know. There needs to be an overarching goal. The communications 'umbrella' is Strukton Group, and not the divisions. […] But [clients] don't care that they're different branches. It's about... they have a project that needs to be taken care of by somebody. Somebody that has the knowledge. And what part of the company does what… That's also something special. When we have a presentation, of the Strukton Group, and then we list all the different branches. Then I think: I'm not going to show that […] Nobody thinks in company names. Yeah, maybe Strukton, internally, but the clients think in projects, in specializations. Look, they don't think about [names subsidiary], they think about piling. Why do we have to present [a list of subsidiary companies]? When you present that, the entire room thinks: 'What the fuck?' You need to have a corporate communications department that coordinates that. The Strukton Group has one goal, and the subsidiaries need to adjust their communications to that one goal. How does the Group want to market itself? And the subsidiaries are derived from that. But, at Strukton it's the other way around, with no coordination from the highest level. Or, actually, when I look at what the different means of communication look like, the translation, there are so many differences. It's not unambiguous. But not my cup of tea."

What is your view on conflicts between contractors and clients?

It has been reported earlier in this chapter, that in the perception of the client, contractors often cause conflicts in the later stages of construction projects, and that this caused clients to behave differently in the pre-tendering phase.

SETH] and [TIM] share the same opinion when it comes to how conflicts with clients should be resolved during the realization stage. They both state that differences of opinion should be brought to higher levels of the organization (both at the client's end and at the contractor's end) as soon as possible, to make sure that those working at the project level can keep working on their project in the most positive way possible, and conflicts can be resolved by those that have an overarching view on relationship management from both sides of the table. Furthermore, they also state that they have had good experiences with agreeing to a common fund that the client and the contractor of a project share 50/50, that can be used to pay for risks met during the realization stage of which it is unclear whose risk it actually is. This reduces the amount of conflicts about risk and contract management massively.

[JOHN] brings up another point, and that is that Strukton is led by a single shareholder, who is also president of the company, that has a history of looking for conflicts with national clients. Simply Googling '[Owner Strukton] [Name of national client]' brings up a whole list of relatively recent news articles in which the owner openly expresses his dissatisfaction with the way [national client] recently has dealt with certain big projects and other aspects of the construction of civil infrastructure (NOS, 2015; Polman, 2015 & RTL Nieuws, 2015). This, as [John] states, damages the relationship with clients.

Summary Results Managing and Building Relationships

Interview Main Question	Summary of answers
Can you describe how relationships within the construction industry are build and maintained?	
What are your companies' policies/agreements or strategies about relationship management? Can you explain them? How would you integrate relationship management into company culture/practices?	There are no clear policies or rules about relationship management at the contractors interviewed
Who should be responsible for relationship management?	Single account manager vs Zipper Model
To contractor: How do you keep yourself up to date about your clients? To client: How do contractors keep themselves up to date about you?	Very often contractors don't understand clients. This can be improved massively. Also, colleagues don't really seem to share information about clients.
Which skills are needed for relationship management?	Soft skills are needed. Involves a lot of training. Contractors provide these trainings.
To contractor: How would you describe the balance between long-term goals and short-term goals? To client: How do contractors your goals versus their own goals?	Balance is not there yet. There seems to be the observation that this balance can be achieved, but there is little inclination to do so.
How do you as a contractor keep communication with clients consistent?	Difficult. Does not seem to really get a focus.
What is your view on conflicts between contractors and clients?	Most people at the management level agree that conflicts with clients should be taken care of as quickly as possible, in a positive manner.

Table 4: Summary Results Managing and Building Relationships

In this chapter we analyse the results of the previous chapter, by drawing parallels between the data, the theoretical framework, and the institutional context. Again, as most chapters in this thesis, this chapter is arranged according to the three perspectives, being institutions, network perspective, and marketing perspective.

7.1   INSTITUTIONAL PERSPECTIVE

In line with the Four Layer Model by Koppenjan & Groenewegen (2005), and the enabling and constraining factors of Oteman et al. (2014), the analysis of the institutional space is two-dimensional: One dimension is the layer, and the other dimension are the enabling and constraining factors of that layer. It must be noted here that layers 2 and 3 are already discussed in chapter 5.

Layer 4: Enabling and Constraining Factors of the Informal Institutional Environment

When it comes to the culture of the Dutch construction industry, and the norms and values that are a part of that, a couple of clear constraining factors can be observed. One of the most important factors is still the construction fraud affair that is fresh most practitioner's minds. As stated before, the construction fraud-affair caused a shift in culture in the industry, accelerated the institutionalization of the public procurement process in The Netherlands, and created a tense market.

A lot of clients are still very careful about communicating with contractors during the pre-tendering phase, especially when preparing tenders for larger projects. This makes it difficult for contractors to take the initiative for communication with clients during the pre-tendering phase. Furthermore, a lot of contractors fired or retrained their account managers after the construction fraud affair, meaning that personal relationships between clients and contractors were broken, and now need 'fixing'. Furthermore, the 'retreating' government also confuses contractors. Government organizations now believe that market parties should possess the expert knowledge, and that clients should mainly act as process managers. Contractors find it difficult to make connections with clients this way. The fact that a lot of respondents describe the market as tense, and respondents on both sides seem to blame each other for sustaining this tension with their actions and behaviour, both in the pre-tendering phase and in other phases, indicates that one should take into account that the pre-tendering phase is currently not a space that is free for just any kind of tools and policies. It is not a vacuum in which anything is possible, even when completely disregarding relevant legislation.

It must also be said, however, that the very fact that respondents from within the field describe the market as tense indicates that they realize that the market is up for improvement, especially concerning communication between clients and contractors. This, hopefully, means that both clients and contractors could respond positively to incentives to change the way communication is carried out during the pre-tendering phase.

The most important observation for this layer was made by correspondent [HUGH], who literally stated that the legislation gives a lot more space than practitioners within the pre-tendering phase currently use. This seems to be caused by a fear of juridical repercussions, even though there is not always a valid reason for this fear.

When looking specifically at market consultations (see also chapter 5), a tool specifically designed for the pre-tendering phase, some other observations can be made. Some clients view market consultations as very risky from a legislative point of view. This relates to the afore-mentioned issues as asymmetrical information supply and Chinese Wall problems. Others have the exact opposite view, and feel that market consultations are excellent opportunities to improve tenders, and hope that they can be used to formulate common goals between clients and contractors. Some clients regard market consultations as unnecessary, because they do not always

provide the desired results. Whether market consultations themselves can be regarded as enabling or constraining factors is dependent on the client.

Nearly all respondents talked about the Construction Fraud Affair, even those who were not yet working in the industry at the time Ad Bos came with his accusations. Most described the pre-tendering phase in two completely separate ways: The pre-tendering phase pre-Construction Fraud Affair, and the pre-tendering phase post-Construction Fraud Affair. Before the Construction Fraud Affair, as respondents state, clients and contractors had very good relationships, there was very little conflict between clients and contractors, and a lot of construction companies were able to survive. The pre-tendering phase was very informal, and building and maintaining relationships between clients and contractors was relatively easy. This also meant that both clients and contractors knew exactly which tenders where going to be on the market, and they could make sure that the market had enough capacity to finish all construction projects. This is not to say that the construction industry was perfect before the Construction Fraud Affair. As said before, construction projects cost, on average, 8.8% more than necessary for a long period of time. However, after the Construction Fraud Affair, the culture of the construction industry, especially on a national level, shifted completely. Relationships between contractors and clients were mostly demolished, little information about tenders and technology was shared, distrust grew among companies, organizations and colleagues, and a lot of companies went bankrupt. A lot of respondents mentioned that they, to a certain extent, missed the pre-Construction Fraud Affair situation immensely. It seems to me, as an observer, that the pendulum has swung far too much to the opposite side. Clients and contractors, to quote one respondent (again), just make it far too difficult for themselves. The pre-tendering phase of the national level should move more towards the direction of the situation before the Construction Fraud Affair, but without the illegal activities. It would be very interesting to compare the costs and the success rate of construction projects before and after the Construction Fraud Affair.

There is a strange paradox happening in the pre-tendering phase of the infrastructure construction industry. After the construction fraud affair, rules and laws were ratified that were supposed to prevent another similar happening. These rules and laws actually allow and even stimulate cooperation, even during the pre-tendering phase, a great deal. However, since many practitioners of the pre-tendering phase believe that the laws and rules try to prevent or limit cooperation during the pre-tendering phase, they choose to be very careful and avoid contact.

Layer 3: Enabling and Constraining Factors of the Formal Institutional Environment

The most concrete and clear constraining factors of the pre-tendering phase are the boundaries defined by both European and Dutch legislation. The rationale behind these boundaries is that communication between clients and contractors during the pre-tendering phase may not give contractors an unfair advantage for the continuation of the tendering process . A-symmetrical information supply between the client and one particular market party could lead to a situation in which this market party has more information about the coming tender than other potential bidders. The law forbids a client to give one market party more information than other potential bidders, as this damages the level playing field. Further, there is the issue of what may be called a Chinese Wall. A market party hired to help a client with the preparations of a tender (such as an engineering consultancy) is often excluded from entering a bid in the tendering phase, because clients fear that the information that was discussed during this preparation might 'leak' to teams of the same company (or another company from the same holding) working on the tender bid. In practice so called Chinese wall agreements should prevent this leak. However, this is difficult to prove in practice. As a consequence, market parties, such as contractors, are careful with acting too much as an advisor during the pre-tendering phase.

Based on personal observation by the author through his internship, it must be noted that the knowledge and interpretation of respondents about relevant legislation varies greatly. This is both an enabling and constraining factor, depending on 'who's side you are on'. Respondents with more knowledge about relevant legislation tend to talk and move more freely within the pre-tendering phase, while respondents with less knowledge about

relevant legislation tend to act in a very evasive manner, and sometimes seemed downright scared of being 'caught'. This is especially true for respondents from clients. This topic will be addressed further in the next chapter.

Layer 2: Enabling and Constraining Factors of Formal and Informal Institutional Arrangements

Generally, formal institutional arrangements, such as integrity codes, tend to be more constraining than the legislation. In essence, because they give more concrete examples of what is or is not allowed during the pre-tendering phase. The word generally is specifically used, because codes of conduct can be open for interpretation. Also, because they are more closely regulated and scrutinized than legislation. When looking at the formal and informal institutional arrangements in more detail, a couple of observations can be made. First of all, clients clearly state that the norms and values of clients vary with the size of the project, and even vary per person. Furthermore, respondents also state that integrity is not merely a set of written rules, but also something intuitive, subconscious. To make matters even more complicated, one respondent also stated that formal and informal institutional arrangements are not fixed. How enabling or constraining codes of integrity are, varies over time. As one respondent mentioned, clients tend to 'close things up' after there are (public) reports of integrity issues, but this strictness fades out over time, until new public reports of integrity issues arrive.

In other words: it is very difficult, and maybe even inappropriate, to pinpoint the exact institutional space in this layer. This is definitely the most complex and dynamic layer of the institutional space regarding the pre-tendering phase.

Layer 1: Enabling and Constraining Factors of Actors and Games in Socio-technological Systems

As was also described in the analysis of layer 2, the behaviour of clients within the pre-tendering phase varies. When it comes to smaller projects, clients tend to behave in a more relaxed way, and communicate more with contractors. So, the space of the pre-tendering phase is large in smaller projects. In larger tenders mostly tendered as integrated contracts, things become more abstract, and more formal procedures and ways of communicating come into play. So, in essence: the larger the project, the less space clients give for communication between contractors and clients during the pre-tendering phase.

To analyse the behaviour of contractors during the pre-tendering phase from the point of view of clients, two observations have to be made. Multiple respondents from clients stated that contractors themselves constrain the institutional space within the pre-tendering phase, simply by the way they act. Clients get the impression that contractors do not communicate openly during the pre-tendering phase, and describe how strategic and opportunistic behaviour of contractors in later stages of tenders makes clients more tense during the pre-tendering phase.

Patterns, remarkable findings, and how this fits within the literature

The formal institutions (rules and laws) do not literally restrict the institutional space of the pre-tendering phase that much, but what is interesting is that clients do experience fear just by the mere presence of legislature. 'There is a law, so I must be careful'. Kadefors (1995) observation that institutionalization constrains the construction industry is therefore at least partly true. The perceived space varies per client, as the interpretation of both legislature and integrity varies per client, and even per project. This makes that the opportunity space as defined by Kornish & Ullrich (2011) is difficult to define. However, it is safe to say, especially when considering the in-depth analysis of [HUGH], that the institutional space is larger than the perceived space, so there is an opportunity space.

Both clients and contractors have the same understanding of the situation: for various reasons, the space is not used completely, and the market is tense. However, both parties keep the situation intact, and point at each other to come up with solutions. According to clients, contractors should behave more pro-active and less

opportunistically. Contractors believe that behaving pro-actively has no benefit for them, as from their perspective clients do not trust them enough when they are behaving pro-actively. Basically, contractors make clients tense with their opportunistic and reactive behaviour, while clients make contractors less transparent with their risk-avoiding behaviour. This is a catch-22.

There is clear evidence in the data that different institutional layers interact with each other (Koppenjan & Groenewegen, 2005). For example, it is clear that the tense culture of the market (layer 4) is caused by the behaviour of both clients and contractors, and the interactions between them (layer 1). Furthermore, behaviour of contractors (layer 1) influences how clients think about integrity (layer 2). Another clear example is that the mere presence of legislation (layer 3) gives clients a sense of fear and therefore influences their behaviour (layer 1). And it must not be forgotten that the ratification of the Public Procurement Law (layer 3) was the direct result of the Construction Fraud Affair, which in itself was caused by behaviour of, and interaction between, the clients and contractors (layer 1). This is clear evidence that interaction between layers works both ways, but also that behaviour creates institutions (Alexander, 2005)

7.2   NETWORK PERSPECTIVE

Trying to build relationships during the pre-tendering phase is something that seems difficult for both contractors and clients. Open and transparent communication is necessary to build relationships during the pre-tendering phase, but when looking into the pre-tendering phase it becomes clear that this is easier said than done. Clients often have the impression that contractors do not always communicate open and transparently during the pre-tendering phase, and this hurts the relationship between client and contractor. Also, contractors state that building relationships with clients is difficult for multiple reasons. One of which is that the government is 'retreating', meaning that more and more responsibilities are shifted towards market parties, and as a consequence less and less government officials are active in the network.

The recommendations of Ford et al. (2011), which generally states that suppliers should play a pro-active and advisory role, were almost literally mentioned by respondents from clients. Despite the little space they give for communication, clients appreciate when contractors give a lot of advice, behave pro-actively, and tell clients where they are going wrong. The question remains: how do clients expect contractors to behave in this way, if they do not give them the space to do so? Respondents from both clients and contractors state that contractors should play a pro-active and advisory role. This makes them more trustworthy. However, contractors sometimes make a conscious decision to not play that role.

As Ford & Mouzas (2010) state in their article, businesses can use the problem-uncertainty of their clients to emphasize their own problem-solving capabilities. This is actually in compliance with what respondents of both clients and contractors said about how contractors should behave during the pre-tendering phase: proactively, and help clients with judging whether their budget and planning for projects is feasible. Clients have uncertainties about how to formulate a tender, contractors can and should help to deal with these uncertainties. Respondents of contractors, particularly at Strukton Civiel, call this 'unburdening the client' (ontzorgen). Although multiple respondents have said that Strukton Civiel tries to do this as much as possible, some clients state that, in general, contractors could improve this a lot. Furthermore, clients also state that contractors have a tendency to NOT communicate openly and transparently during the pre-tendering phase. However, it must be noted here that contractors sometimes feel that being too critical about the client's planning and budget during the pre-tendering phase may lead to not being invited, or even excluded, from the tendering phase. So, there is some ambiguity here. Clients, and even contractors, want contractors to behave more pro-actively during the pre-tendering phase. However, contractors sometimes seem to think that it hurts their competitive position during tenders to do so.

Theory argues, that the most important aspect of building project-overarching relationships is being consistent in your communication. This statement is repeated by many respondents. However, what consistent

communication is, is up for debate. Three respondents from contractors stated that project-overarching relationship building should be provided by what they call a zipper model. In essence, this means that every employee is responsible for relationship building at his or her own level. This automatically means that managers and board members of a contractor are responsible for building relationships with managers and board members of clients. Since managers and board members have project-overarching responsibilities, relationship building then occurs automatically in a project-overarching manner. Communication internally between different levels is done through what they call a Customer Relationship Management (CRM)-system: a piece of software that helps employees with registering and sharing agreements and information about clients.

However, two respondents were not too positive about such a zipper model. Their most important argument against the zipper model is that a lot of employees that already have a lot of responsibilities are given an extra responsibility that they do not really have time for. Project managers, for example, already have the great and difficult responsibility to successfully complete projects. Having extra responsibilities could have a negative influence on their productivity, and reduce the effectiveness of relationship building, as it is not a top priority for them. Instead, the opponents of the zipper model propose hiring account managers. These are people that are explicitly given the task of building relationships, without having other responsibilities. This, according to the respondents, has three large advantages: Firstly, other employees can focus on their primary priorities. Secondly, there are clear agreements about who is responsible for building relationships. And thirdly, there are employees who are fully committed to building relationships. Opponents of pure account management mention that pure account managers often lack the technical knowledge that is needed to understand the details of a client's problems, that account managers will experience that clients do not want to talk to them due to risk-avoidance, and that it often is not even clear for an account manager whom he or she should make a connection with, as clients can be very large and complex organizations.

Respondents from Strukton Civiel Projecten talked very passionately about the subject of account management. During and just after the construction fraud affair, a lot of account managers were either fired or given different positions. Firstly, because of financial reasons. They were expensive, and did not necessarily have a position that directly influenced short-term goals. Secondly, because after the Construction Fraud Affair trying to make contact with national clients became 'scary'. During the research, it became obvious quite quickly that the employees of Strukton were either strongly in favour of pure account management, or strongly against it. Those in favour argued that hiring specific account managers meant that the company could easily make very clear agreements and policies about the responsibility for building and maintaining relationships with clients, without burdening other employees with extra work. Those against pure account management stated that pure account managers would be likely to fail, as they would lack the technical knowledge to be able to talk about construction projects. When assessing the respondents who were against using specific account managers it was noticeable that most (if not all) had positions that made them partly responsible for communicating with clients. When assessing the respondents who were in favour of using specific account managers, it was obvious that most of these had been account managers in the past (either at Strukton or at another construction company), and would not mind having that job again. In other words: most respondents were very biased when it came to account management, and seemed to have some sort of personal political interest when it came to the subject.

Patterns, remarkable findings, and how this fits within the literature

The literature about networks and relationship building within networks keeps emphasizing how important it is to behave pro-actively in order to create trust. This recommendation from the literature does not take institutional space into account, as the literature (such as Ford et al., 2011) makes the assumption that parties are actually able to behave pro-actively. This is not necessarily true for the pre-tendering phase.

Again, the impasse is observable when looking at the processes of relationship management in the pre-tendering phase. Contractors want to improve relationship management, and clients want contractors to improve their relationship management, but they are not giving contractors enough space, and then blame them for not

behaving proactively. Conversely, contractors damage their own opportunities for relationship management through their reactive and opportunistic behaviour.

This section provides an analysis of the different aspects of marketing and specifically Corporate Diplomacy. As there is a lot of overlap between different aspects of relationship marketing and the concept Corporate Diplomacy, not all exact concepts of the theoretical framework concerning marketing will be explicitly mentioned in this section.

The essence of Customer Intimacy (Treacy & Wiersema, 1993) is that in a market where prices and products are very similar, a company must understand their clients better than their competitors, and thereby adjust their supply better to their clients. As described before, this seems to be a viable business strategy in the infrastructure construction industry. However, even though this research was partly facilitated by a contractor, contractors do not really seem to develop, implement, and execute a customer intimacy strategy.

A lot of the aspects of Corporate Diplomacy were discussed with the respondents from Strukton Civiel Projecten, and this section gives an overview of which aspects and tools of Corporate Diplomacy were used, not used, or seen as unnecessary or irrelevant for the construction industry.

Corporate Diplomacy starts with analysing who your stakeholders are and what they do. *Due diligence*. Respondents were very clear about this aspect: more often than not the company has little to no idea who they are dealing with, and are often surprised by how clients operate and are structured. Analysing clients, and sharing information about clients, is an aspect that seems to be overlooked. This also relates to the insufficient use of the CRM-system, which will be discussed in the section about learning.

A very important aspect and step of Corporate Diplomacy is to *integrate* relationship management policies into everyday business practices. As can be seen in the previous chapter, the analysis of this aspect can be very short: the company has no policies concerning relationship building, so there is nothing to integrate. Respondents were quite frustrated about the total lack of policies on relationship management and that nobody seems to be held responsible for relationship, and stated that this makes relationship management very unclear, which leads to a lot of misunderstandings. However, one respondent noted that you should not regulate relationship management too strictly, as this could limit an employer's individual character and development.

To make relationships more *personal,* one requires soft skills, and these skills should be trained continuously. Two respondents mentioned that in the construction industry, a lot of employees are technicians that have a lot of technical knowledge, but often lack the soft skills to build relationships. This also relates to earlier observations made about who should be responsible for relationship management, and is an argument in favour of hiring specific account managers that are specialized in building and managing relationships. It must be emphasized here that the company Strukton Civiel Projecten provides a lot of opportunities to train soft skills, and respondents were very positive about that programme.

Learning about clients and analysing them is probably the aspect of Corporate Diplomacy that is most overlooked by Strukton Civiel Projecten. The most important problem is the insufficient use of the CRM-system. Nobody seems to be taking real responsibility to implement it properly and a lot of people do not want to use it to its full extent. This relates to the problem that the responsibility for relationship management is also not defined properly, and in essence the same conclusion can be drawn: unclear and little agreements on the responsibilities and policies of relationship management makes it unclear, which leads to misunderstandings.

Building and managing relationships requires a degree of *openness.* What can be said about Strukton Civiel Projecten in this regard, is that they do try to be very open about the fact that the company is in the midst of a transformation: from an opportunistic, 'fighting' company, towards a company based on engaging in

conversations and making commitments. This also relates to wanting to have a more proactive, and advisory role, as described in the analysis of the networking perspective. One respondent brought up the point that the different subsidiaries of the Strukton Group communicate quite differently and have very different names, but it must be noted here that many subsidiaries of Strukton Civiel that had various names are now all simply called 'Strukton Civiel'. In other words, time has caught up with the data in this case.

The aspect called *mindset* one can be quite brief about. Although the realization is there that the mindset of the company should switch towards one where relationship management is more important than short-term goals, there is not a lot of evidence in the data that a focus on relationship management is integrated into the policies and practices of the company.

Concerning avoiding and resolving conflicts, respondents from contractors indicate that conflicts should be resolved immediately as soon as they appear. This should be done, they say, by taking the conflict to a higher level of hierarchy immediately. In this way, the employees of clients and contractors within a project can keep cooperating with each other, and leave the responsibility of the conflict to a higher level of management.

Patterns, remarkable findings, and how this fits within the literature

One can be blunt here. The theories, concepts, and recommendations about (relationship) marketing as described in the literature in chapter 3 were mostly not observed during this research. The principle of customer intimacy (Treacy & Wiersema, 1993) as a business strategy does not really exist in the construction industry, based on the data. Furthermore, most aspects of corporate diplomacy (Henisz, 2014) were not observed either. Due diligence (analysing the network and its actors) was barely noticeable, and no clear agreements or responsibilities about relationship management were noticeable. Data about consistent communication was partially caught up by time. Some observations made by respondents from contractors about the consistence of communication are not valid anymore, so it is difficult to analyse this data properly.

One can be forgiven for reading the previous paragraph and thinking: 'If contractors do so little about relationship management, does that not mean that they are the cause of the difficult relationships between clients and contractors? Would the market not be less tense, if contractors would start taking relationship marketing seriously?' This is of course a large part of the equation, but one most go back to paragraph 7.1: from the perspective of contractors, relationship management is made difficult by clients. Again, the catch-22.

Sub question	Concept, proposition, or recommendation from literature	Summary
Institutional Space	Institutions should be considered in Four Layers: • Layer 4: Culture • Layer 3: Formal institutions • Layer 2: Formal and informal institutional arrangements • Layer 1: Behaviour	• Layer 4: Tense • Layer 3: Causes fear • Layer 2: Fluid, flexible • Layer 1: Catch-22 • General: Impasse • Layers interact with each other
	Institutions in the construction industry constrain behaviour	• True, legislation causes fear
	Behaviour of clients and contractors creates (constraining) institutions	• True, e.g. behaviour of contractors directly influences openness of clients
	Institutional Space – Perceived Space = Opportunity Space	• Opportunity Space is very large, but also fluid
Network and Marketing Perspective	Due Diligence: Analysing the network and the actors within the network	• Contractors analyse and understand network and clients very little
	Transaction Costs	• Contractors show opportunistic behaviour based on short-term goals
	Relationship investment	• Non-existent
	Conflict Management	• Realization that conflicts should be avoided or resolved, but no policy
	Relationship Management Strategies	• Non-existent
	Communication	• Employees receive good training in soft skills • Data about consistent communication is already out-dated

In this chapter the research question 'How can contractors build and maintain relationships optimally with clients during the pre-tendering phase within the current institutional space?' will be answered by discussing and answering the sub-questions as formulated in chapter 2.

8.1   WHAT INSTITUTIONAL SPACE IS AVAILABLE FOR CONTRACTORS TO BUILD AND MAINTAIN RELATIONSHIPS WITH CLIENTS DURING THE PRE-TENDERING PHASE?

It seems that the legislation itself (layer 3) does not explicitly limit communication between clients and contractors in the pre-tendering phase, as long as competing market parties do not gain an unfair advantage. However, just the mere presence of legislation creates fear in the minds of clients. These are the 'outer walls' of the space. It is more the culture within the construction industry (level 4) that is constraining than the legislation, but one must keep in mind that the mere presence of legislation constrains behaviour through fear. The market is described as tense, difficult, and traditional. When looking at the institutional space at lower levels, two constraining factors come into view. First, the norms and values and the codes of integrity of the clients (layer 2). These give very clear and explicit rules (both written and unwritten) about which types of behaviour are allowed or not. But this layer is problematic to describe: the exact space varies over time, and becomes bigger or smaller in wave-like movements (see figure 6). Furthermore, this space also varies per client and per project

size. This layer 2 may be described as follows: Each client has its own institutional space at layer 2. This institutional space for each client is like an elastic band. Just after reported integrity issues, the elastic band becomes tense and provides little space to manoeuvre. But as time passes, the tension gradually decreases, providing more space over time, until the next integrity issue pops up, when it tenses up again. It is therefore of the upmost importance for contractors to really analyse each client specifically to see at what phase the metaphorical elastic band is.
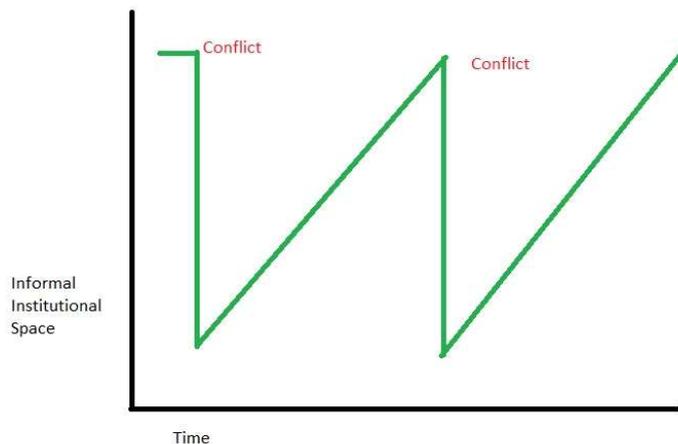
Figure 6: Informal Institutional Space over Time

Paradoxically, contractors partly create (or at least influence) their own institutional space. By causing conflicts during later stages, clients tense up. When clients tense up, their norms and values and codes of integrity become more constraining. The result of this, is that a relatively small space of the formal institutional space is being used. The positive side of this is that this means that the actual opportunity space is quite large, as the space that is being used is a lot smaller than the formal available space (see figure 7). When

Figure 7: Formal Institutional Space - Perceived Space

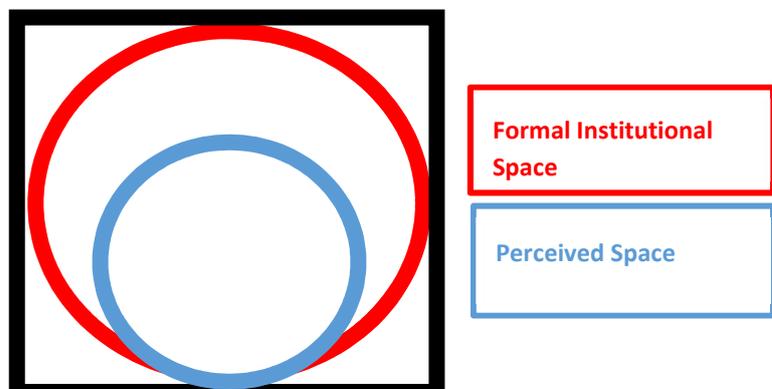contractors would learn to avoid conflicts more, they would relax clients, and therefore increase the space in which to perform their relationship building strategies.

8.2 WHICH STRATEGIES, TOOLS, AND CONCEPTS ARE USED BY CONTRACTORS FOR BUILDING AND MAINTAINING RELATIONSHIPS WITH CLIENTS DURING THE PRE-TENDERING PHASE? AND WHAT ARE THE PROS AND CONS?

Based on the data and the analysis, the answer to this sub-question can be quite short: Very little strategies, tools, and concepts are used by contractors during the pre-tendering phase. However, an overview can be provided of which strategies, tools, and concepts are used, or at least attempted to be used. It must be noted here that the following answer will name very little strategies, tools, and concepts that were mentioned in the theoretical framework. This is not because these were not assessed, but simply because they were not used by contractors during the pre-tendering phase. The strategies, tools, and concepts which were not used, but should be used, will be assessed when answering the third sub-question.

Both clients and contractors state that *the objective of a contractor in the pre-tendering phase should be to behave in a pro-active manner, and to play an advisory role*. Some contractors, however, have reservations because being too open and honest during the pre-tendering phase could mean that they become excluded from the tender. Despite the general opinion that an advisory and pro-active role is useful or even effective, it is not really used that often. Clients indicate that they want to be 'unburdened', but are also inclined to exclude market parties that are too much involved in the pre-tendering phase. This makes playing a pro-active and advisory role during the pre-tendering phase a very difficult balancing act.

One of the key points of *Corporate Diplomacy* is to have a way of continuously analysing stakeholders (in this case clients), and to have a way of continuously sharing information about stakeholders with the entire company. This is attempted by contractors through using a CRM-system. So, the intention to continuously analyse stakeholders and share information about them is there. In theory, the CRM-system is a very effective and intuitive way of analysing clients, and to share information about them among colleagues. But the CRM-system has one big disadvantage: Its effectiveness and output are only as strong as its input, and its input comes from the employees that are willing to use it properly. To quote Shakespeare: 'Ay, there's the rub.' Using the CRM-system properly requires employees to be motivated to use it.

Another key factor of Corporate Diplomacy is to *openly communicate about the goals of your company*, and to provide a brief mission statement that describes those goals. Contractors do attempt this. Strukton, for example, communicates openly towards clients that they want to transform from an opportunistic 'fighting' company towards a company that is focussed on building relationships. This is precisely what the concept of Corporate Diplomacy recommends.

To be able to build relationships, the concept Corporate Diplomacy argues that employers should keep updating the *soft skills* of their workforce. Based on the data collected at Strukton, contractors put a lot of investment and effort into the soft skills of their employees.

8.3 IN THE INSTITUTIONAL SPACE THAT IS AVAILABLE TO THEM, WHICH STRATEGIES, TOOLS AND CONCEPTS SHOULD BE USED BY CONTRACTORS FOR BUILDING AND MAINTAINING RELATIONSHIPS WITH CLIENTS DURING THE PRE-TENDERING PHASE?

The key to building project-overarching relationships during the pre-tendering phase seems to be to keep communication as consistent as possible. This is most easily done when contractors provide the same point of contact for clients during different projects, and different phases of a project. So, the person who speaks with client A during the pre-tendering phase of one certain project, should also be the point of contact during the next phases of that project, but also during different projects concerning the same client. This sounds easy but is quite challenging in current practice. The responsibility for communication with clients is not clearly defined, let alone

who communicates with whom. This leads to vagueness, inconsistencies, and frustration. Clear agreements on points of contacts should therefore be made. Assigning specific account managers could increase clarity within the organization of who is responsible for communication with clients at all times, and would make it possible to hire specialists. The organization should also realize however, that account management does not give you instant results. Account management is a long-term process with long term goals. Furthermore, contractors should realize that account managers should have sufficient knowledge about the client and the industry to be of value for the client.

Due Diligence means that contractors should continuously analyse clients. This is definitely not done yet, as there is often great uncertainty about clients, and which departments of clients decide upon budgets and tenders. Herein lies a big opportunity for improvement, and as this aspect does not necessarily require a reciprocal relationship with a client, institutional space is not very relevant for this tool. This relates to the aspect of *learning,* which states that a company should have a continuous live data feed of information about clients. Both the above recommendations can be integrated into the CRM-system. The software is already there (at Strukton), but the willingness to use it should be improved greatly. Contractors should clearly define who is responsible for the implementation and proper use of the CRM-system within the company, and all employees who need to communicate with and analyse clients should be greatly motivated to use it properly. Only then will the CRM-system be a useful tool for analysing clients and sharing information about clients with colleagues. This of course does not only apply to the pre-tendering phase specifically, but to all phases. However, the results of a proper use of the CRM-system will be most visible during the pre-tendering phase, as this is where having information about clients is the most useful.

To build and maintain relationships, Corporate Diplomacy advises to make relationships with clients as *personal* as possible. To do this, the amount of interaction with clients should be increased immensely. As most (if not all) employees have responsibilities and priorities that are considered to be more important than communicating with clients by themselves and their employers, it seems unpractical and ineffective to give the responsibility of increasing interactions with clients to such employees. This relates also to the advice to have consistent communication and points of contact with clients. It seems more logical to hire employees that have the distinct responsibility of communicating with clients and building relationships with them. In essence, account managers. Another important aspect of making relationships more *personal* is to keep up to date about the norms and values of clients. This strongly relates to layer 2 of the institutional space. Norms and values of clients vary per client, per project, and over time. To be able to know how much space there is to manoeuvre within the pre-tendering phase, it is absolutely necessary to analyse each client individually. This will also mean that a contractor will have a clear picture of which clients are willing to communicate openly and often during the pre-tendering phase, meaning that a contractor can allocate resources appropriately and affectively during the pre-tendering phase.

9 CONCLUSIONS AND RECOMMENDATIONS

Improving relationship building with clients during the pre-tendering phase starts with a different behaviour of contractors to clients. Contractors limit their own space to interact with clients by causing conflicts in later stages of projects for all kinds of reasons (legitimate or not legitimate). Conflicts lead to client tension and subsequently a narrowing of space. So, the first step to better relationship building with clients during the pre-tendering phase, is by changing their behaviour in later phases of projects (after tender). Less conflicts during later stages means more relaxed clients. More relaxed clients means less strict integrity rules issued by clients. Less strict integrity rules means more space to communicate with clients during the pre-tendering phase. More space to communicate with clients during the pre-tendering phase, means more space and reasons to implement, improve and use relationship building strategies for contractors in the pre-tendering phase. Essentially, this is the process of trust building between the contractor and a client. Trust takes a long time to build and can be gone in a second.

Internally, contractors have to invest in the soft skills of their workforce, learn from mistakes and the reaction of clients following those mistakes, formulate clear policies and responsibilities for relationship building with clients, and show to their employees that they take relationship building seriously. This makes relationship building, and the responsibility for it, clear for everyone, and makes relationship building accountable and measurable (up to a certain point). Furthermore, contractors should keep on analysing clients, and their relationships with clients. Implementing tools such as CRM can be of great help.

Externally, contractors should always communicate open, transparent, and consistent with clients before, after and during any project and during any stage of a project. Open, consistent and transparent communication should be done not just before, during, and after successful projects, but also (even especially) during and around unsuccessful projects. Furthermore, even when a client is not preparing or has finished a project at the time. This refers to keeping and maintaining so-called 'sleeping relationships'.

In the particular case of Strukton Civiel Projecten, a lot of the above recommendations can be implemented directly. Employing specific account managers means that you can assign specific points of contact for clients during different stages of projects, for different projects, and in various situations. This makes it very clear for clients who they should talk to, and makes communication (presumably) very consistent. Furthermore, it will be very clear for everyone in Strukton who is responsible and accountable for account management, and will make it easier to formulate, implement and execute a policy concerning relationship building. Employing specific account managers will presumably also make it slightly easier to prevent and solve conflicts in latter stages of projects, meaning clients will be more relaxed during the pre-tendering phase (see earlier discussions about opportunity space). All-in-all, this will make relationship building with clients during the pre-tendering phase a clear and circular process.

I found that writing a thesis is almost a research in itself. Both through writing the thesis and through my internship at Strukton Civiel, I have probably learned more about myself and the work field than during any other period as a student. It was a period of massive personal development. I have learned a lot about e.g. conversation techniques, which aspects of my study interest me the most, what kind of job I would like to have in the future, and where my personal skills and talents lie. Furthermore, being able to combine writing this thesis with an internship meant that I was continuously confronted with reality by practitioners. This always provided me with tons of motivation to keep going. Strukton Civiel also provided me with my own desk, in a room with two very friendly colleagues, who've also become personal friends. Writing a thesis in such an environment really motivates you to keep on going.

In terms of the actual research, it took me some time before I got enthralled by the subject, but once the first interviews were conducted, it became quite clear to me that this research would interest me very much. This was also helped by the fact that many respondents talked quite passionately about the subject. As described in the methodology chapter, I had to adjust my style of interviewing to make respondents feel more comfortable. This immediately led to better results. The biggest challenge was to balance a scientific thesis and doing a useful internship in the company. I think I achieved this balance eventually. The thesis gives both a thorough overview of the institutional and opportunity space of the pre-tendering phase, and it gives Strukton Civiel recommendations to improve its performance during this stage. If I would do this research again, I would maybe conduct less interviews, and select respondents more carefully. Not all interviews were equally relevant, and not all of them have produced data that has been included in this thesis.

Furthermore, writing the thesis took a lot more time than I planned. This is partly because of my character, and partly because I found a wonderful fulltime job while I was writing my thesis. One that, not coincidentally, involves relationship building and public procurement a great deal.

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Sub question	Concept, proposition, or recommendation from literature	Interview Main Question	Possible sub question	Source(s)
What institutional space is available for contractors and clients to build and maintain relationships during the pre-tendering phase?				
	Four Layer Model	Can you describe the culture in your industry?	How does that make you feel?	Koppejan & Groenewegen (2004)
	Four Layer Model + Institutions limit/enable behaviour	Can you describe the laws and rules for communication between clients and contractors?	Do they limit or enable certain behaviour and how?	" + Kadefors (1995)
	Four Layer Model + Transaction Cost	How do clients and contractors behave during the pre-tendering phase?	How does this influence your work?	Koppejan & Groenewegen (2004) Williamson (2014)
	Four Layer Model	How do you and the market deal with integrity and codes of conduct?	How does this influence your work?	Koppejan & Groenewegen (2004)
	Institutional Space – Percieved Space = Opportunity Space	Do you think the pre-tendering phase is used to its full potential by all parties?	Of not, how can this be improved?	Kornish & Ulrich (2011) Oteman et al. (2014) Samset et al. (2013).
Which strategies, tools, and concepts are used by contractors for building and maintaining relationships with clients during the pre-tendering phase? And what are the pros and cons? In the institutional space that is available to them, which strategies, tools and concepts should be used by contractors for building and maintaining relationships with clients during the pre-tendering phase?				
		Can you describe how relationships within the construction industry are build and maintained?		
	Analyse the network, and the clients within that network. Especially regarding their problems, demands and wishes.	To contractor: How do you keep yourself up to date about your clients? To client: How do contractors keep themselves up to date about you?	To client: Do you get the feeling that contractors understand your wishes?	Ford & Mouzas (2010) Henisz (2014) Klijn & Koppejan (2004) Kotler (1998)
	Balance short-term financial gains versus long-term goals	To contractor: How would you describe the balance between long-term goals and short-term goals? To client: How do contractors your goals versus their own goals?	To contractor: Profit or positive relationship?	Henisz (2014) Williamsom (2014)

	Only invest in relationships that are profitable and dyadic	How do you decide which relationships to invest in, if at all?	How do you value relationships? Which are most important to you?	Ford et al. (2011) Henisz (2014) Kotler (1998) Palmatier (2006)
	Avoid conflicts with clients, or if necessary, resolve them quickly and fairly	To contractor: What is your view on conflicts with clients? To client: How many times does a project result into a conflict, and why?	To contractor: How do you avoid conflicts? Why and how do you use conflicts with clients? To client: How could contractors avoid conflicts?	(Henisz (2014) Palmatier et al. (2006)
	Make clear agreements about building and maintaining relationships with clients within the company, and integrate building and maintaining relationships with clients into company culture and processes	What are your companies policies/agreements or strategies about relationship management? Can you explain them? How would you integrate relationship management into company culture/practices?	If none: Why not?	Henisz (2014)
	Ensure that communication with clients is consistent in terms of medium, language, information	(How) do you keep communication with clients consistent?		Henisz, 2014 Smyth, 2014
Extra	Account Management	Who should do account management?	How should the responsibilities be divided over the company?	
	CRM Systemt	Would you use CRM system?	Why (not)?	

12.2 CODING

Subject	Category	Answer	Code
Institutional Space	Culture	Fear	Culture Fear
		Anxious/Tense	Culture Tense/Anxious
		Other	Culture Other
	Laws & Rules	Limiting	L&R Limiting
		Enabling	L&R Enabling
		Other	L&R Other
	Informal Arrangements		Informal Arrang.
	Behaviour Contractors	Conflict	Contr. Confl.
		Opportunist	Contr. Oppurt.
		Non-transparent	Contr. Non-T
		Creating Institutions	Contr. Creat.
		Other	Contr. Other
	Behaviour Clients	Fear	Cli. Fear
		Closed	Cli. Closed
		Open	Cli. Open
		Creating Institutions	Cli. Creat.
		Other	Cli. Other
Networks	Analyzing Network	Yes	Ana Network Yes
		No	Ana Network No
		Other	Ana Network Other
Relationships	Contractor knowledge about clients	Present	Knowledge Yes
		Not Present	Knowlegde No
		CRM	CRM
		CRM used	CRM Y
		CRM Not used	CRM N
	Focus Contractor	Short term/financial	Focus Short
		Long term/relationship	Focus Long
	Prioritizing which relationships to develop	Yes	Prio Y
		No	Prio N
	Conflicts contr/client	Cause	Confl. Cause
		Tendency present to avoid	Confl. Avoid Y
		No tendency to avoid	Confl. Avoid N
		Resolved	Confl. Resolved
	Agreements/policies	Contractor has agreements/policies about relationship management	A/P Yes

		Contractor has no agreements/policies about relationship management	A/P No
	Communication Contractor	Open	Comm. Open
		Closed	Comm. Closed
		Consistent Time/Phase	Comm. Cons. Time/Phase
		Consistent Person	Comm. Cons. Pers
		Different for different phases	Comm. Diff. Phases
	Soft Skills Contractor	Present	Soft Yes
		Not Present	Soft No
		Training	Soft Train
Extra	Account Management Specialist vs Ladder Model	Specialist why Yes	Specialist Yes
		Specialist why No	Specialist No
		Ladder Model why Yes	Ladder Yes
		Ladder Model why No	Ladder No
		Other	Acc Man Other
	Construction Fraud Affair		CFA