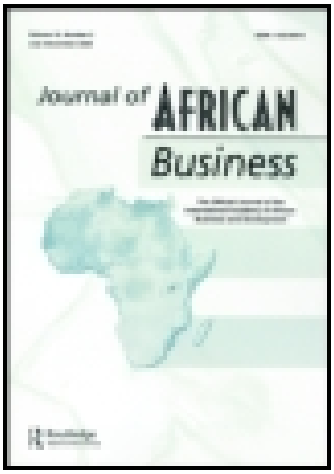

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Perceived Project Value, Opportunistic Behavior, Interorganizational Cooperation, and Contractor Performance

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Perceived Project Value, Opportunistic Behavior, Interorganizational Cooperation, and Contractor Performance

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Predictors of contractor performance have attracted the attention of researchers in the developed world. However, research from sub-Saharan Africa to corroborate these findings has remained sparse. What exists is speculative and at best anecdotal. Using data from construction firms in Uganda, this study finds that commitment to the project, perceived value of the project, interorganizational cooperation, and opportunistic behavior are significant predictors of contractor performance. This has both policy and managerial implications, which we present in this paper.

KEYWORDS construction, contractor performance, interorganizational relationships, opportunistic

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INTRODUCTION

The construction industry forms a crucial part of many national economies by providing infrastructure, which is fundamental to the development of a country. In Uganda, an estimated 50% of nonfarm employment is directly or indirectly provided by the construction industry (Ministry of Works, Housing and Communication [MoWHC], 2005). This percentage is supported by Wells (2001), who aver that in sub-Saharan Africa, there is a high dependence on the construction industry for employment. In 2002–2003, the estimated growth rate of Uganda's construction industry was 8.5% per annum contributing 7.3% of total gross domestic product (National Bureau of Statistics [UBOS], 2004). Currently, the construction industry in Uganda constitutes over 12% of the GDP (Alinaitwe, Mwakali, & Hansson, 2007). Strassmann (1970) asserts that the construction sector usually grows faster, often exceeding economic growth in the early stages of development. Such growth behavior is characteristic of economic growth as countries put their basic infrastructure in place during the early stages of development.

Despite the impressive growth, Uganda's construction industry still faces several problems such as collapsing buildings that kill on-site laborers, lack of commitment, and failure of projects to be delivered on time per contract specifications (Byaruhanga & Okure, 1999). Karuna (2004) admits that the frequency of buildings collapsing has increased and may continue to do so if nothing is done to avert the situation. According to the MoWHC, some of the problems that the construction industry faces are due to the failure of contractors to cooperate with each other because of their negative perceptions toward cooperation. Contractors feel insecure cooperating with each other because of the high competition for the few available construction contracts. Such behavior may negatively affect contract performance (Tore, 1999). Contractors tend to think less about client satisfaction and more about how to win the next contract, make money, and survive in the market. This state of affairs may be responsible for the low contractor-perceived value of projects and client–contractor mistrust. Clients view projects as unpredictable in terms of utility, quality, cost effectiveness, and timely delivery (Rwelamila, 1999).

Some researchers have voiced their concerns about the continued declining performance of contractors in the construction industry (Abdul-Hadi, Al-Sudairi, & Alqahtani, 2005). This failure to perform may be a consequence of opportunistic tendencies, which characterize business contracts in a principal–agent relationship. According to Jap and Anderson (2003), subtle behavior such as dishonoring a contract, careless work, shirking, and failure to fulfill are common characteristics of opportunistic behavior. The absence of detailed reliable contract enforcement and monitoring mechanisms aimed at minimizing abuses and opportunistic behavior exacerbates interorganization cooperation, which is a necessity in construction projects.

Whereas previous research has attempted to examine the predictors of contractor performance using models from a developed world context (Xiao & Proverbs, 2003), little research has been done in Uganda to corroborate these findings. Most of the existing literature is speculative and at best anecdotal. The purpose of this study was to examine the relationship between (i) interorganizational cooperation and contractor performance, (ii) interorganizational trust and interorganizational cooperation, (iii) interorganizational trust and contractor performance, (iv) commitment to the project and contractor performance, (v) perceived value of the project and contractor performance, and (vi) opportunistic behavior and contractor performance in Uganda and draw implications for Least Developed Countries (LDCs).

LITERATURE REVIEW AND HYPOTHESES

Interorganizational Cooperation and Contractor Performance

Interorganization cooperation has attracted the attention of scholars and practitioners given its strategic importance in determining performance. Cooperation is a specific type of relationship that links a defined set of persons, objects, or events and a model or metaphor. This kind of connection describes a large number of entities that come together to achieve benefits (Easton, 1992). Research undertaken on cooperation has a distinctive perspective that focuses on relations among actors, whether they are individuals, work units, or organizations. Van de Ven and Ferry (1980) reveal that cooperation can be analyzed at three levels: interpersonal, intraorganizational, and interorganizational. We regard cooperation as a total pattern of relationships within a group of organizations acting in order to achieve common goals (Van de Ven & Ferry, 1980). Relationships are building blocks of interorganizational cooperation. They create cooperation that is based on trust and commitment. According to Brűderl and PreisendÖrfer (1998), cooperation between firms is associated with improved performance. Cooperation makes information sharing and resource acquisition possible, leading to improved performance of firms.

Ntayi (2005) established that cooperative relationships among Uganda's commercial banks result in improved performance. He avers that banks develop competitive advantage by enhancing their resource base. The intricate network of relationships both within and outside the organization forms the circulation system that carries information and ideas to those who need it. Bakunda (2005) emphasizes the need for deliberate efforts to promote the use of interorganizational cooperation because it allows young and small firms to access key resources that they lack, thereby facilitating international development and improved international performance. Barrett (2000) argued that good contractor performance is possible if construction companies adopt a strong external orientation to address performance criteria that affect

other participants with emphasis on continuous improvement. Liu and Walker (1998) pointed out that overall project performance was a function of the performance of each participant in the project.

From the foregoing, we can infer that the performance of both subcontractors and main contractors affect the overall project performance. Reciprocity is a necessity for effective performance. It requires each participant in the interorganization network to perform duties effectively and in harmony with the others (Sanvido, Grobler, Parfitt, Guvenis, & Coyle, 1992). Soetanto, Proverbs, and Holt (2001) found that "management and coordination of sub-contractors" is one of the most important performance criteria. Maureen and Wilson (2004) revealed that profitability depended on the use of social/vertical cooperation at the early stage of development of the firm, asserting that performance might be contingent on the nature of networks used by the firm. From this discussion, we derive the first hypothesis:

H1: Interorganization cooperation positively relates with contractor performance.

Interorganizational Trust and Contractor Performance

Trust is one of the most widely examined and confirmed constructs in relationship marketing literature (Morgan & Hunt, 1994). It is the expectation that the partner is willing and able to act in the best interest of the relationship and the belief that a partner will show compassion in his or her actions to other partners directly or indirectly. It involves willingness to ascribe good intentions and reliability to the relationship (Helfer, 1997). Trust relies on the credibility of the relationship partner, belief that relationship partners have the competence to act for the benefit of the relationship (Moorman, Zalman, & Despandé, 1992), and consistency, the extent to which the behavior and performance of the partner are predictable throughout the process of interaction (Doney & Cannon, 1997). Trust plays a vital role in building successful interfirm cooperation and improving performance (Brass et al., 2004). Under conditions of uncertainty, trust protects and shields firms in interorganizational alliances by minimizing opportunistic behavior (Keister, 2001).

A high level trust in a partner opens the relationship to enhanced interaction. Ntayi (2005) contends that where trust is high, there is enhanced interorganizational cooperation, customer satisfaction, and firm performance. Reduced transaction costs are a likely benefit of such cooperation. In the context of interorganizational cooperation, Zaheer, McEvily, and Perrone (1998), in their study of buyer/supplier dyads in the electrical equipment manufacturing industry, established that trust in the supplier organization reduced negotiation costs and conflict and was associated with better performance. Soetanto et al. (2001) avers that trust between clients and architects was highly regarded because it led to better performance of the contract. Therefore, it is hypothesized that,

H2: Interorganizational trust positively relates with interorganizational cooperation.
H3: Interorganizational trust positively relates with contractor performance.

Commitment to the Project and Contractor Performance

Commitment is an enduring desire to maintain a valued relationship (Moorman et al., 1992). Dwyer, Schurr, and Sejo (1987) described commitment as the existence of an implicit or explicit pledge of relational continuity between exchange partners. Morgan and Hunt (1994) described commitment as an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it. Mowday, Porter, and Steers (1982) and Gundlach, Achrol, and Mentzer (1995) identified three dimensions of commitment: affective, instrumental, and temporal. Affective (attitudinal) commitment refers to a long-term orientation to a relationship – a willingness to make short-term sacrifices to realize long-term benefits from the relationship (Anderson & Weitz, 1992). Instrumental (behavioral) commitment refers to the tendency to engage in specific actions to invest resources and remain within a relationship. The temporal dimension of commitment indicates that relationships exist over time. Relationships are built on the foundation of mutual commitment (Berry & Parasuraman, 1991). Several scholars have established that commitment has a positive effect on relationships and therefore performance (Anderson & Weitz, 1992). Commitment develops and maintains interorganizational relationships (Johanson & Mattsson, 1988). It also shapes innovation input, such as research and development investment.

Today, customers and suppliers tend to believe that long-term relationships are a crucial source of competitive advantage (Kalwani & Narayandas, 1995). Improved quality and process performance are outcomes of such long-term orientation. Suppliers benefit from long-term customers through repeat sales, cross-selling opportunities, and information on competitive activities (Sharm & Patterson, 1997). In the context of the construction industry, Soetanto et al. (2001) found that architects ranked the spirit of interorganizational cooperation and commitment among contractors as a vital criterion for evaluating contractors. From the foregoing, we hypothesize that,

H4: Commitment to the project positively relates with contractor performance.

Perceived Value of the Project and Contractor Performance

Value is one of the most powerful forces in today's marketplace and is widely acknowledged as a new perspective in the search for business excellence (Anderson & Narus, 1998; Flint, Woodruff, & Sarah, 1997). The most common definition of perceived value in the marketing literature is a ratio or tradeoff

of total benefits received to total sacrifices (Monroe, 1990). Zeithaml (1988) has conceptualized perceived value as a comparison of weighted "get" attributes to "give" attributes relating to products, services, or relationships.

Wilson and Jantrania (1997) conceptualized value along three dimensions: economic, strategic, and behavioral. The strategic dimension includes core competencies, strategic fit, and time to market goods and services. The behavioral dimension includes culture, trust, and social bonding, while the economic dimension includes cost reduction, investment quality, value engineering, and recurrent engineering. Value, however, is an abstract concept with meanings that vary according to context (Sweeney, 1994). In economics, value is equated with utility or desirability, while in marketing, it is the customer's assessment of the product's overall capacity to satisfy his or her needs. It is the "difference between total customer value and total customer cost of a marketing offer to a customer" (Philip & Gary, 1997).

Value is determined by interorganizational trust and leads to commitment (Morgan & Hunt, 1994). It may only develop where there is "confidence in an exchange relationship because of the reliability and integrity" of partners (Morgan & Hunt, 1994). Safety, credibility, and security (trust) are believed to reduce the sacrifice in a relationship and therefore lead to higher relationship value. Thus, the more trust there is in a relationship partner, the more one values the relationship (Achim, Thilo, & Helfert, 2004). Value is a key strategic variable in explaining repeat purchase behavior, brand loyalty, and relationship commitment and trust, which are very vital for successful interorganizational relationships. Through these relationships, firms are enabled to create value adding partnerships where a set of independent companies work closely together to manage the flow of goods and services along the entire value-added chain. Networks help firms realize the value of internal capabilities (Lee, Lee, & Pennings, 2001) when visible networks are interpreted as a signal of quality that confers status on a firm and increases the price of its products or services (Podolny, 1993) and its stock value (Stuart, Hoang, & Hybels, 1999). Anderson and Narus (1998) aver that perceived performance is associated with perceived value. Thus, we hypothesize that:

H5: Perceived value of the project positively relates with contractor performance

Opportunistic Behavior and Contractor Performance

Opportunistic behavior is referred to as the "dark side" of interorganizational relationships and is a situation where "one firm may not abide by the terms of the agreement in order to exploit the other for short-term gains" (Parkhe, 1993). It is characterized by "calculated efforts to mislead, distort, disagree, obfuscate or otherwise confuse." Instances of such behavior include withholding or distorting information, avoidance or failing to fulfill promises

or obligations, appropriation of the partner firm's technology, etc. Despite efforts to put up governance structures that lessen opportunism, there is always some opportunism that remains in place. Trust and commitment are essential in successful long-term relationships between partners in the business environment (Jap & Anderson, 2003). When a partner senses opportunistic behavior, the ability to trust and invest in a long-term relationship is withdrawn and performance is negatively affected because partners are not compelled to give their best for fear of being taken for granted or exploited. From the foregoing discussion, we hypothesize that:

H6: Opportunistic behavior can negatively affect contractor performance.

METHODOLOGY

Research Setting and Sample

A field study was conducted to test the hypotheses using a census of all construction firms registered with the MoWHC (2004) and the Uganda National Association of Building and Civil Engineering Contractors (UNABCEC) (2004). Questionnaires were distributed to managers/owners of construction companies in Kampala, the capital and industrial city of Uganda. Subcontractors and client firms were selected using snowball sampling technique. Contractors were requested to provide a list of projects undertaken alongside with the contract value and a list of subcontractors they had collaborated with for the last five years. The contractor stratum was based on the records of the registration lists from MoWHC (2004) and UNABCEC (2004). These were stratified based on their size, experience, machinery, and financial capability. Of the 400 questionnaires distributed to managers and/or owners of construction companies in Kampala, 230 usable questionnaires, representing a 57.5 percent response rate, were received and entered in SPSS version 16. The unit of analysis was firms. Questionnaires from construction firms were linked to the questionnaires from subcontractors and client firms forming a case for each complete combination. The average tenure for the client firm was 4 years and longer, while that of construction firms was as follows: a majority of the respondents [53.5% (123)] had been in business for more than 10 years, followed by 24.8% (57) with tenure of 7 to 9 years. And 14.3% (33) of the firms had been in existence for 4 to 6 years. The remaining 7.4% (17) had tenure of 1 to 3 years. 90.4% of firms had collaborated with other construction companies. The average number of jobs undertaken was greater than 8.

Procedure for Data Collection

The self-administered questionnaire consisted of measurement item scales that were derived from the literature. Extra care was taken during the design

stage to minimize the common method bias. Consistent with Podsakoff, Mackenzie, Lee, and Podsakoff (2003), the predictor and criterion variables were examined and attempts were made to eliminate what they had in common. During the literature review, the similarity between the construct of opportunistic behavior and trust was noted (Dyer & Chu, 2000). For example, Chow and Holden (1997) measured trust in salespersons with three items that focused on the risk of trusting, opportunistic behavior, and being careful. The constructs of commitment and trust had a similar mix as revealed by Van de Ven and Walker (1984) and Moorman et al. (1993), who had used commitment as a dimension of trust.

After going through most of the item scales previously used by scholars to measure the constructs of commitment, perceived value, interorganizational trust, interorganizational cooperation, and opportunistic behavior, separate item scales to measure the study constructs were designed. These item scales were then critically examined and observed similarities eliminated. The scales were pilot-tested using 40 construction firms, yielding a 100% response rate. After the pilot study, item scales that were unclear and ambiguous were either improved or deleted from the questionnaire. All item scales had a Cronbach alpha reliability coefficient of 0.6 and over. Consistent with Aulakh and Gencturk (2000), data from the pilot test were loaded and subjected to an exploratory factor analysis. The output of the unrotated factor solution was then examined to determine the number of factors that were necessary to account for the variance in the variables. The analysis produced nine factors accounting for 71% of the variance. On close examination of the output, it revealed that discriminant validity existed. The first factor with initial Eigen values of 15.01 loaded on perceived value of the project construct, followed by interorganizational trust with 13.08 Eigen value. The third factor with Eigen value of 10.63 was interorganizational cooperation followed by 8.24 Eigen value for opportunistic behavior and 6.36 Eigen value for items measuring interorganizational cooperation family. The global commitment construct loaded on three dimensions of instrumental commitment with Eigen value of 5.51; 4.95 Eigen value was for normative commitment and 3.15 Eigen value for affective commitment. The remaining two factors loaded items that clearly belonged to the opportunistic behaviors category relating to distorting information with 2.16 Eigen values and 2.04 Eigen value for failing to fulfill obligations. The instrument used in the survey was fine-tuned basing on the pilot test results.

The final questionnaire covered all the variables under study on a four–point Likert-type Scale ranging from 1 = "strongly disagree" to 4 = "strongly agree." Odd numbers of responses were avoided because Raaijmakers, Van Hoof, Hart, Verbogt, and Vollebergh (2000) revealed that mid-point neutral statement of "neither agree nor disagree" is confused with "don't know" or "not available." In this study, it was preferred that respondents make a definite choice as is always the case in marketing research, rather than

choose a neutral position on the scale. Our decision was consistent with Garland (1991, p. 3) who revealed that "social desirability bias arising from respondents desires to please the interviewer or appear helpful or not be seen to give what they perceive to be a socially unacceptable answer, can be avoided by eliminating a mid-point category from the Likert scales." During the major study, respondents were assured that there were no right or wrong answers to the questions and were requested to respond honestly to the questions in the questionnaire. Data for the criterion variable were obtained from other contracting firms to minimize the social desirability bias.

Measurement Instruments

Consistent with Morgan and Hunt (1994), commitment to the project construct was conceptualized as a multidimensional construct composed of affective commitment, normative commitment, and instrumental commitment. Questions were developed to tap all the three variables. The measurement instrument listed questions, and respondents were asked to think of a construction project they had worked on together with another company and then rate their level of agreement on a four-point Likert-type scale. Sample items read as follows: "We are proud to tell others that our construction firm is associated with this construction company or sub-contractor on this project." "We feel that this company we collaborate with views us as being an important team member rather than just being another construction firm." "We take our business dealings with this company as a great relationship to be connected with." "Our relationship with our partnering construction company is mainly based on the similarity of our values." "The reason we partner with this construction company is because of the values they stand for." "The objectives that the construction company we partner with stand for are important to us." "We need to continue partnering with this construction firm, since leaving would create hardship for our construction firm." "Even if we wanted to leave our partners, we wouldn't because our losses would be significant." "Changing our partnership with this construction firm now would be too disruptive for our activities so we continue to work with them." These scales were adapted from Gulati, Khanna, and Nohria (1994), Moorman, Zaltman, and Deshpande (1992), and Morgan and Hunt (1994). The Cronbach alpha value for this scale was 0.7, suggesting adequate internal validity. Nunnally (1967) states that reliability coefficients of 0.70 or more are considered good.

Questions for interorganizational trust were adapted from the scales of Zaheer et al. (1998), Achim et al. (2004), and Anderson and Weitz (1992). Trust measurement scales required collaborating construction companies to indicate their level of agreement on a four-point anchored Likert-type scale. Sample Item scales were as follows: "This construction firm/sub-contractor is trustworthy." "We are hesitant to transact with this construction firm/sub-contractor

when the specifications are vague." "Based on past experience, we cannot with complete confidence rely on this construction firm/sub-contractor to keep promises to us." "This construction firm/sub-contractor may use opportunities that arise to profit at our expense." "This construction firm/sub-contractor has always been evenhanded in its negotiation with us." Interorganizational trust yielded a Cronbach alpha reliability coefficient of 0.8.

Perceived value of the project was measured using modified measurement scales by Flint et al. (1997) and Achim et al. (2004). Item scales were intended to measure, acquisition value, transactional value, in-use value, and redemption value. Example of items used include: "There are many benefits which our company will enjoy by acquiring and/or working on joint projects." "There are many benefits which our company will enjoy by being associated with this construction company relative to the monetary benefits and costs related to acquiring it." "Our company has the pleasure of getting a good financial deal in this project." "Our company has a pleasure of getting a good bargain in this project." "Benefits of collaborating in this venture outweigh the costs associated with the project." "There are more added advantages in terms of project spin-offs at the end of the contract." The alpha Cronbach reliability value of 0.8 obtained for this variable indicated high internal consistency for the instrument.

Opportunistic behavior was measured by item scales adapted from DeLange and Vink (2003) and Morgan and Hunt (1994). Examples of items are, "My partner has always provided me a completely truthful picture of the collaboration." "My partner will never promise to do things without actually doing them later." "My partner seems to feel that it is okay to do anything within their means that will help further their own interests." The item scales yielded a Cronbach alpha reliability coefficient of 0.8.

Measurement items for interorganizational cooperation were derived from Ring (1996) and Andaleeb (1992). Sample items for the scale were: "Our partner we cooperate with has expressed a willingness to help our company gain a new account even if there is nothing in it for the firm." "Our partner we cooperate with takes the desire to prepare formal proposals for our firm to evaluate." "Our partner we cooperate with has expressed a desire to develop a long-term relationship." "Our customer we cooperate with treats our firm the same whether we are talking about a small or big business." The internal consistency scales yielded a Cronbach alpha coefficient of 0.7.

Contractor performance scales were adapted from Smallwood (2008) using "completion of defect" and Ward, Curtis, and Chapman (1991), using "quality." These were adapted as common measures of contractor performance. Additionally, "contract volume," time, and cost measures were built into the survey instrument consistent with earlier studies as indicators of contractor performance. Contracting firms were asked to determine the frequency to which client's requirements relative to the following performance measures are met. A four-point anchored Likert-type scale was anchored

as follows; with 1 = "never" to 4 = "always." Cronbach alpha reliability coefficient was .8.

RESULTS AND DISCUSSION

There was a significant positive relationship between all the predictor variables and contractor performance, supporting H1, H2, H3, H4, H5, and H6. Specifically, commitment to the construction project was significantly positively correlated with contractor performance ($r = 0.354$, $p < .05$) as shown in Table 1.

There was a significant positive correlation between perceived value of the project ($r = 0.407$, $p < .01$), interorganizational trust ($r = 0.223$, $p < .01$), interorganizational cooperation ($r = 0.336$, $p < .01$), and contractor performance. These results imply that if the contractors improve their commitment to construction projects, improve the value they attach to the solicited construction projects, trust their construction partners, and improve interorganizational cooperation, the performance of construction projects will generally improve. Table 1 further shows that opportunistic behavior was significantly negatively correlated with contractor performance ($r = -0.437$, $p < .01$). This means that when opportunistic tendencies like shirking, carelessness in project performance, increase, performance of the contract is likely to reduce. Consistent with the above results, the regression model shown in Table 2 revealed that perceived value of the project (beta = .262, Sig = .01), interorganizational cooperation (beta = .136, Sig = .05), commitment to the project (beta = .197, Sig = .01), and opportunistic behavior (beta = −.450, Sig = .01) were significant predictors of contractor performance, accounting for 28.2 percent of the variance in contractor performance. The variance inflation factor revealed no collinearity problems with all item scales as revealed by the VIF values of less than 3.00.

Significant positive relationships existed between the variables of commitment to the project, perceived value of the project, interorganizational cooperation, opportunistic behavior, and contractor performance.

TABLE 1 Zero-Order Correlations

	1	2	3	4	5	6
Commitment to the project (1)	1.000					
Perceived value of the project (2)	0.332**	1.000				
Interorganizational trust (3)	0.234**	0.238**	1.000			
Interorganizational cooperation (4)	0.304**	0.410**	0.157*	1.000		
Opportunistic behavior (5)	–0.544**	–0.392**	–0.629**	–0.362**	1.000	
Contractor performance (6)	0.354**	0.407**	0.223**	0.336**	–0.437**	1.000

Note. *Correlation is significant at the 0.05 level (two-tailed). **Correlation is significant at the 0.01 level (two-tailed).

TABLE 2 Regression Model Summary Coefficients(a)

	Unstandardized coefficients		Standardized coefficients			Collinearity statistics	
Model 1	Beta	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	.672	.304		2.208	.028		
Commitment to the project	.116	.040	.197	2.873	.004	.665	1.504
Perceived value of the project	.304	.075	.262	4.059	.000	.751	1.332
Interorganizational trust	.106	.085	.092	1.250	.213	.574	1.741
Interorganizational cooperation	.196	.093	.136	2.112	.036	.760	1.315
Opportunistic behavior	–.539	–.106	–.450	–5.071	.000	.398	2.515
$R = 0.546^a$		$R^2 = 0.298$	Adjusted $R^2 = 0.282$			Std. error of the estimate = .44	

[a]Dependent variable: contractor performance.

In Uganda, currently the actions of contractors contradict the content of the contracts they sign. UNABCEC – the contractors' association and the major interface for networks (interorganizational cooperation) of contractors – recently revealed the contractor development challenges. They revealed that active membership participation was lacking. This may have contributed to lack of mutual commitment to interorganizational cooperation. Some of the contractors are run unprofessionally. That is why many construction companies are not registered members of UNABCEC; this may have affected interorganizational cooperation (Zaribwende, 1999). Many researchers have acknowledged the value of building interorganizational cooperation, which promotes reduced transactional costs (Brass et al., 2004). If contractors' perception of the value of interorganizational cooperation improves, then commitment to the project can be built and this is likely to affect contractors' behavior positively.

The construction industry in Uganda generally remains fragmented. Contractors find it difficult to learn about tender opportunities and seek advice about problems being faced due to low levels of interorganizational cooperation (MoWHC, 2005: Byaruhanga & Okure, 1999). This certainly reduces the benefits of sharing experiences, which help contractors to cope with the challenges in the construction industry. According to DiMaggio and Powell (1983), information transmission within interorganizational cooperation leads to imitation. Lee et al. (2001) suggested that network ties help firms realize the value of internal capabilities. Podolny (1993) asserted that when visible network ties were interpreted as a signal of quality that conferred status on a firm, this increased the price of its products or services and its stock value. From the foregoing we assert that contractor performance

improves through the consequences of cooperation ties' interaction through information transmission, imitation, and performance positioning. In Uganda, the level of interorganizational cooperation remains low, making it hard to improve contractor performance. This poor performance due to low-level interorganizational cooperation may be responsible for the collapse of buildings, resulting from quality-related aspects. All services related to the contract that require specialist knowledge that is not at the disposal of the contracting firm can be outsourced, rather than trying to build capacity at the time of project execution. Despite the fast growth of the construction industry, Karuna (2004) admitted that the frequency of buildings collapsing and killing people has increased, posing implications for policy makers and construction firm management.

The level of opportunistic behavior among construction contractors in Uganda is very high. According to various scholars, opportunistic behavior negatively affects performance through commitment and perceived value. Opportunism is characterized by calculated efforts to mislead, distort, disagree, confuse, withhold, or distort information; avoidance of or failure to fulfill promises or obligations; and appropriation of the partner firm's technology (Jap & Anderson, 2003). Such occurrences have been widespread among Ugandan contractors, making them unwilling to create interorganizational relationships (under the notion that benefits will not be realized).

IMPLICATIONS FOR POLICY MAKERS

The poor performance of contractors and recurrent collapse of buildings are now the focus of policy makers and the public. Devising methods of improving contractor performance has attracted the attention of both academic researchers and policy makers. There is a powerful voice in Uganda among the local construction companies that government should create a policy to protect the local contractors so as to enable them to build capacity in order to improve performance. The draft *Government Policy, Strategies and Plan of Action for Capacity Building of the Local Construction Industry* outlines these issues. This draft policy may limit the participation of foreign contractors who have greater capacity and better performance to compete for contracts. The intervention of the government in the development of the construction industry may not be in the best interest of the industry. Business challenges can only be solved completely through the development and promotion of interorganizational cooperation. This study provides the policy makers with insights into ways of encouraging interorganizational cooperation between foreign contractors in the higher stratum and local contractors in the lower stratum. Foreign contractors should be encouraged to develop cooperation relations with local contractors through training. Contractor performance could also be improved through information transmission and information sharing.

We strongly recommend the strengthening of UNABCEC. UNABCEC can be allowed to attend the bidding process and be involved in making industry policy, encouraged to have its own publication to promote information exchange between contractors, and allowed to make regulation that requires construction firms to evaluate contractors' qualification and classify the contractors appropriately. Policy makers may also consider introducing tough sanctions for contractor opportunistic behavior.

IMPLICATIONS TO MANAGEMENT OF CONTRACTOR FIRMS

The management of contractor firms should not perceive other contractors in the industry as only competitors but rather as potential business partners. Interorganizational cooperation among contractors will enable construction firms to offset their weakness and benefit from the strong points of firms with which they are in partnership. Managers need to enhance their performance through cooperation. This can be made possible by creating networks with other players in the industry. Attending functions like meetings and other gatherings that are likely to be attended by these players can be a useful avenue for sharing business ideas and business information. Managers of construction firms that are currently cooperating should show competence and commitment. UNABCEC should also consider establishing a third party organization to handle conflicts arising out of opportunistic behaviors.

LIMITATIONS OF THE STUDY AND AREAS FOR FURTHER RESEARCH

Although the study provides some interesting findings and makes important contributions to contractor performance literature, several potential limitations are worth noting. First, a cross-sectional approach was undertaken. This approach prohibits studying the sequential aspects of contractor performance and opportunistic behaviors. The negative perception of contractors in Uganda makes opportunistic behavior a sensitive matter. Although respondents were assured of confidentiality, social desirability bias could have set in. Empirical studies in the area of contractor performance have just taken root, given the fact that it was not more than five years ago when the public procurement and disposal of assets regulations were enacted in Uganda. This limited the researchers' sources of local scholarly literature on which to base the development of this study, yet the study was largely quantitative in nature. The use of qualitative studies with in-depth interviews could have given more insights. The study population was limited to contractors in Kampala who were registered with the MoWHC and UNABCEC.

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