THE ROLE OF PRESUMED CAPABILITIES IN INFLUENCING ACTORS' RISK PERCEPTION IN DIFFERENT PROJECT INDUSTRIES

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Abstract

Purpose of research. In the project industry some companies are more successful at closing a deal with buyers than others. We argue the answer lies in the presumed competence-based capabilities of actors. Some of these capabilities draw on the company's past (epistemic), whereas others represent a promise for a successful outcome (heuristic). Utilization, promotion and "selling" of these capabilities in business-to-business contexts is of strategic importance for any project actor. This study aims to explore the project actors' competence profile and its impact on their market and transaction uncertainty.

Research method. First, qualitative data was collected in two phases. In the first phase we used expert mini focus group interviews with decision makers in various industrial contexts. The objective of these interviews was to explore general views of project buyers and suppliers on project characteristics and their expectations throughout the project. In the second phase structured in-depth interviews were undertaken. Construction were categorised as hard-type, whereas IT and other types of consulting, advertising, media and market research were considered as soft-type projects. The objective of this phase was to identify factors that make projects successful where respondents had to categorise capabilities. Second, we are currently conducting surveys from three countries in order to model the presumed capabilities of the suppliers and buyers and their impact on the actors's value and risk perception as well as choice. After analysing our survey data we aim to validate our results by conducting a series of expert interviews (post-quantitative qualitative research) with respondents recruited according to the actors' level of involvement (high-low) and the level of tangibility of the project (high-low).

Research findings and further research. Our interviews revealed that (perceived) information asymmetry varies across contexts, which emphasizes the role of effective signalling and diagnostic cues. According to buyers, the actors need to demonstrate that they possess the ability (diagnostic cues) to be able to successfully cooperate and complete the project. From the second phase of qualitative research, both, buyers and sellers collectively agreed on three capabilities to be the most effective in influencing the risk perception of the other party, which are communication skills, expertise, and credibility. Processing quantitative data a four- and a seven-factor structure of expected project capabilities have been generated. In the last qualitative research stage these factor structures and their content will be interpreted and finetuned.

Main contribution. The findings from our qualitative interviews helped us to understand the pattern of capabilities and activities that most likely to have an impact on bilateral risk

perception of actors. The findings of this study enable us to enhance our knowledge on competence-based risk perception of actors and create general rules for selling of project-based capabilities and their impact on choice, risk and customer value across different project industries.

Keywords: projects; presumed capabilities; risk perception

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INTRODUCTION

In the last decades the marketing discipline has placed considerable emphasis on relationships by focusing on goods and services in both the business-to-business (Ganesan 1994; Morgan & Hunt 1994) and business-to-consumer markets (Garbarino & Johnson 1999; Sirdeshmukh, Singh & Sabol 2002). In contrast to relational exchanges, relatively fewer studies (see Cova & Salle 2007) have focused on discontinuous transactions, such as projects, where repeat purchase is limited. This study draws on agency and trust mechanisms (Singh & Sirdeshmukh 2000), project (Cova, Ghauri & Salle 2002) and solution marketing (Cova & Salle 2007), marketing of capabilities (Golfetto & Gibbert 2006), perceived risk and ambiguity (Taylor 1974) and competence-based value creation (Lapierre 2000; Möller 2006). By drawing on these concepts this research aims to investigate the role of project capabilities from both, the buyers' and suppliers' perspective and its influence on the buyer's risk and value perception. Therefore, this study can help managers understand competence patterns and highlight capabilities they need to invest in. In order to test the generalizability of our findings this study collected data in two countries, a less and a more developed country, Hungary and Germany, respectively. This research is sponsored by Hungarian Science Fund (OTKA K 81565). The remainder of the paper first reviews the existing literature on capabilities and their relations to risk and value perception in business-to-business settings followed by our qualitative and quantitative research, findings and conclusions.

CONCEPTUAL BACKGROUND

UNDERSTANDING PROJECTS

Projects can be defined as transactions that are *discontinuous*, *unique* and *complex* (DUC) (Mandjak & Veres 1998) and can have tangible (e.g. construction, engineering) and intangible (e.g. software, engineering consulting, production know-how; ad-hoc market research, event management) components. Projects consist of multiple phases (e.g. feasibility study, briefing, supplier selection, project implementation, debriefing, etc.) (c.f. Cova et al. 2002) , in which the interactivity of the buyer-supplier interactions can significantly change. Projects usually provide a unique (not standard) solution that requires systems thinking (also referred to as systems selling) (Cova et al. 2002) by involving a team of experts on both, supplier and buyer side (Veres 2009).

Projects are transactions characterized by information asymmetry (both, supplier and buyer might know more in certain areas), adverse selection, and goal incongruence, hence agency theory provides an effective theoretical foundation (Pavlou, Liang & Xue 2007). These disadvantages can be reduced or eliminated by the supplier's communication (signalling). Signals convey information that can help buyers distinguish between 'high' and 'low' quality providers (separating equilibrium) (eg. Spence 1974). Signals can convey credibility and bonding, especially under the condition of bounded rationality (Singh & Sirdeshmukh 2000). Creating a promise with the purpose of generating some positive expectations in the buyer, but (after signing the contract) not delivering on those promises (c.f. Kracher & Johnson 1997)

creates the problem of opportunism (moral hazard). Therefore, in projects, when performance ambiguity and (high level of) interdependence is present between parties (Sitkin & Roth 1993) the role of trust emerges, which can be developed through leveraging the right capabilities.

CAPABILITIES IN PROJECTS

According to the resource-based view of the firm (eg. Barney 1991), suppliers can create competitive advantage by leveraging their tangible (e.g. hardware, buildings) and/or intangible (e.g. technology, reputation, alliance, know-how, relationship) assets (eg. Bharadway, Varadarajan & Fahy 1993; Srivastava, Shervani & Fahey 1998). Some of these assets draw on the company's past, such as previous project successes of the supplier, references, buyer-supplier relationship, and reputation (sources of epistemic capabilities), whereas some others represent a promise for a reliable and successful outcome (sources of heuristic capabilities) (c.f. Grant 1995; Möller 2006). For instance, a construction company's most important competence lies in the execution of complex tasks, whereas a consulting company's main competence revolves around its employees and their relationships with their clients (Sveiby 1997). Utilization, promotion and "selling" of these capabilities in business-to-business contexts is of strategic importance for any project actor (Gibbert, Golfetto & Zerbini 2006). While this study does not specifically focus on the communication of capabilities (Golfetto & Gibbert 2006), we aim to explore general patterns of capabilities that contribute to project success from both, the buyer's as well as the supplier's perspective.

EVALUATING PROJECT SUCCESS

The success of a project transaction is uncertain until it is completed, however, risk perception over the period of the project changes. For a review and graphical display of potential risk patterns see Veres (2009). The buyer and supplier risk perception is influenced by various factors. Since the project buyer lacks the required knowledge to complete the project, the major risk is related to the supplier's expected performance. Therefore, at the outset of the project a large emphasis is placed on the perceived capabilities of the supplier and promises of the expected benefits (Page & Siemplenski 1983; Veres & Sajtos 2012). Studies have found that buyers' perceived performance risk is linked to presumed weaknesses of the supplier (Veres 2009), but information on a particular supplier's competency profile reduces the buyers' market uncertainty (in the pre-transaction phase) (Golfetto & Gibbert 2006), and its transaction uncertainty (in the implementation phase) (Ford 2002). Besides – due to the interactive nature of problem solving in project transactions – significant expectations toward buyers' capabilities can also emerge (Veres & Sajtos 2012).

METHODOLOGY

We applied a three stage research design: First, qualitative data was collected in two phases. In the first phase we used 180 expert mini focus group interviews with decision makers in various industrial contexts. For this qualitative research, an equal number of on-site expert focus groups were conducted with buyers (90) and suppliers (90). Every focus group consisted of a team (2-3 people) of decision makers, such as project experts, business marketers with the aim to explore their perception on capabilities by using a standard qualitative interview guide. The objective of

these interviews was to explore general views of project buyers and suppliers on project characteristics and their expectations throughout the project.

In the second phase 129 structured in-depth interviews were undertaken. Construction and manufacturing were categorised as hard-type, whereas IT and other types of consulting, advertising, media and market research were considered as soft-type projects. The objective of this phase was to identify factors that make projects successful where respondents had to categorise capabilities according to their influence on risk perception. The findings from the qualitative interviews were used to develop an initial pool of items on capabilities that contribute to project success.

Second, we are currently conducting surveys from three countries (Germany, Hungary and New Zealand) in order to model the presumed capabilities of the suppliers and buyers and their impact on the actors's value and risk perception as well as choice. In Germany, companies were selected by using the list obtained from the Chamber of Commerce in Hamburg (Germany), whereas in Hungary company lists were used from various trade associations covering the entire country. As target population, this study considered all companies, who mainly undertake projects and targeted the CEO of the company as the primary respondent to the survey. While in Hungary we chose a face-to-face interviewing technique which ensured a very high response rate, in Germany 2000 emails were sent out to companies. This resulted in a final sample size of 392 (Hungary) and 214 (Germany) i.e. about 11 % response rate, respectively. As regards bilateral structure of the sample suppliers represented 61% and buyers 39% respectively, with a fairly balanced respondents' profile (gender, age, profession etc.). 31% of the firms were involved in dominantly tangible, 69 % in intangible projects. An additional survey on a smaller control sample will be conducted in New Zealand in the near future.

After analysing our survey data, in the third research stage we aim to finetune our results by conducting a series of expert interviews (post-quantitative qualitative research) with respondents recruited from 4 project types according to the actors' level of involvement (high-low) and the level of tangibility of the project (high-low). This last stage can serve for better understanding of limitations when interpreting survey results.

ANALYSIS AND DISCUSSION

This section provides a summary of the findings from our qualitative interviews, followed by a more detailed analysis of the findings of our quantitative survey. Finally preparatory works of a post-quantitative qualitative research will be outlined.

DISCUSSION OF QUALITATIVE RESEARCH FINDINGS

The interviews revealed that project uniqueness makes sales difficult and forces suppliers to move towards offering solutions. One supplier said that with regard to the issue of uniqueness that *"...buyers do not want standardized answers... but they expect us to find a solution for them…and the best situation is to find out together what his problems/needs are exactly and how to solve them"*. Hence, suppliers – instead of developing highly standardized offers – should divide complex problems into smaller (modular) tasks explore a range of solutions and develop

skills in effective service adaptation. Nevertheless, suppliers agreed that problem solving can take various forms, for instance, companies in high-tech industries (e.g. telecommunication) might require that the supplier replicate a competitor's innovative customer relationship management (CRM) system, however, in some other cases problem solving means finding out how to increase cost efficiency.

Project suppliers commented on the challenge of managing buyers' expectations, from the start of the project. Managing these expectations is a crucial activity, because "… *project selling is never about a physical thing, but rather a sale of a future promise."* Therefore, suppliers have to provide some tangible evidence, among others, such as quality control systems (eg. ISO), references, company size, financial stability, access to unique resources, etc. in order to prove that they are capable of delivering on this promise. Being able to deliver on the promise is closely related to the buyer's main threat, namely the supplier's opportunistic behaviour. Opportunistic behaviour can potentially emerge due to information asymmetry between buyers and suppliers, which tends to be higher in the pre-transaction phase, due to the client's need uncertainty, however, it decreases over the course of the project.

Information asymmetry and the potential threat of opportunistic behaviour increase risk perception on the buyer's side, hence risk communication (discussion of potential risk factors) is vital. This is especially true in projects, because "*if a project is abandoned then its outcome is destroyed."*, which can have devastating consequences for both parties. Nevertheless, solely communicating risk factors by the supplier will only increase the buyer's risk perception, and thus, risks always need to be presented with a solution. While suppliers argued that they aim to reduce buyers' risk perception by establishing standard procedures, such as regular meetings and providing updates, buyers revealed that the frequency of visits and the introduction of support contracts are not only very effective tools in reducing their risk, but they also make buyers more involved in the project. By increasing the buyer's involvement – suppliers explained – the level of efficiency increased through improved coordination and cooperation, which in our view can also lead to value (co-)creation.

DISCUSSION OF QUANTITATIVE RESEARCH FINDINGS

Based on the findings from our qualitative study our aim was to develop a set of items that reflect the project capabilities that contribute to a successful project completion. The initial pool of items underwent various purification processes by both, industry experts as well as project participants and the final set contained 40 items with a speculative classification into the following dimensions: communication; innovational capability**;** relationship management**;** project management skills**;** trustworthiness**;** HR profile**;** conflict solving capability**;** competence to act (for example: permission)**;** material inputs used**;** financial resources**;** (foreign)language communication**;** expertise (know-how)**;** financial reliability**;** delegation of responsibility and competence**;** recognition of the limits of own competence**;** own network**;** extension of own competence**;** ethical behaviour**;** corporate reputation**;** instruments, devices used. Considering that N/A rate did not exceed 2% the 40 items seemed to be comprehensible for the respondents and allow to assume an insignificant non-response bias.

Beside other statistical analyses we conducted on these variables an exploratory factor analysis with varimax rotation to reveal any justifiable grouping among capabilities. We searched for the variables which have the lowest final communality. If the extraction communality of a variable was less than 0.25 it was eliminated. To find a well-interpretable factor structure we eliminated also those items which belonged to more than one factor. Finally a four-factor structure has been identified (see Table 1). The emerging factors explain 41% of the total variance which is low, though when applied maximum likelihood analysis still acceptable. The KMO value is 0.77, Bartlett's test came out as significant, which indicates that our variables were suitable for a factor analysis. The results are based on only 13 variables because the other items were eliminated due to a lack of communalities, or to difficulty in the interpretation of factors. In such a way the findings are result of a minimalist approach with a combination of statistical goodness and clear illustration of the phenomenon under investigation. The picture that we got is really very clear: Business ethical considerations (correctness) dominate actors' expectations and even relationship aspects (personal contact) in their explanatory force can be compared to the more professional capabilities (verified competence). Lower weight of financial capabilities probably reflects much more the fact that this is a sine qua non of partnership than a real ranking of expectations. Finally it is to mention that Cronbach-alfa for the total 40 items was 0.9 while for the involved 13 items still 0.75.

Table 1. Four-factor structure of expected project capabilities

Items	*Factor loading*	*Factor label (explained variance in %)*
discuss problems/risks with us honestly	*.70*	*Correctness (13.3%)*
make the limitations/boundaries of their capabilities clear to us	*.58*	
open to clarify problems	*.49*	
react quickly to emerging issues	*.49*	
adapt quickly to new business partners	*.46*	
apply the most up-to-date methods	*.67*	*Verified competence (9.8%)*
quality assured (eg. ISO)	*.64*	
have both theoretical knowledge and business experience	*.44*	
good at nurturing our business relationship even if we do not have a joint project	*.72*	*Personal contact (9.1%)*
have a great personal relationship with them	*.54*	
their credibility is supported by their personal connections	*.45*	
do not have outstanding debts	*.65*	*Financial reliability (7.5%)*
meet their financial obligations according to the contract	*.60*	

(KMO=.77; total variance explained =41%)

As regards the above presented analysis by its procedure it can be considered as a robust outcome in statistical terms. In order to achieve a better comparability with the assumed structure of project capabilities in the next step we sacrificed statistical robustness to a certain extent and made some compromise when evaluating communalities. Following this approach the dataset provided us with seven factors (see Table 2), where open communication and predictability-

timeliness were the most important ones (explaining the most variance), whereas relationship orientation, tangible evidence, adaptation and financial stability were less important. It is to mention that although relationship orientation apparently proved to be less significant, in its broader sense i.e. in the communication dimension to have confidence in the partner is a must. And – as an interesting finding - contrary to our expectation, tangible evidence proved to be only the last factor, which means making a credence project setting most tangible is not one of the most critical success factors (in contrast to our qualitative results).

Table 2. Seven-factor structure of expected project capabilities

Items	*Factor loading*	*Factor label (explained variance in %)*
allocate time to understand our needs and expectations	.68	*Open communication (23%)*
make the limitations/boundaries of their capabilities clear to us	.66	
discuss problems/risks with us honestly	.54	
good at assessing whether adequate resources are available inside their own company	.54	
meet deadlines	.72	*Predictability-timeliness (8%)*
do not change the conditions during the course of the project	.60	
notify us of changes on time (eg. delays)	.57	
keep to their word	.50	
have a great personal relationship with them	.78	*Relationship-orientation (6.5%)*
good at nurturing our business relationship even if we do not have a joint project	.77	
their credibility is supported by their personal connections	.66	
good at selecting project participants	.65	*Project management skills (6%)*
their project leaders are authorized to make decisions on upcoming problems	.63	
tasks and responsibilities are well defined in their project teams	.52	
meet their financial obligations according to the contract	.81	*Financial discipline/stability (5%)*
do not have outstanding debts	.68	
do not ask for things that are not specifically included in the contract	.55	
quickly adapt to new business partners	.74	*Adaptation (5%)*
in cases, when they have got sufficient expertise they reach out for external help	.64	
willing to come to a consensus	.62	
quality assured (eg. ISO)	.82	*Tangible evidence (4.5%)*
apply the most up-to-date methods	.70	

(KMO=.83; total variance explained =58%)

Based on a multivariate analysis of variance by using all capabilities as dependent and project participants and country as independent, significant differences can be found between suppliers and buyers. Nevertheless, the correlation between the ratings of the two parties are very similar

(correlation coefficient of .83), which indicates that suppliers and buyers think alike. Furthermore, all items are rated higher by buyers, except for financial competences and relational aspects, which show that suppliers focus on financial issues, but also that they are more relationship-oriented than buyers. In sum we can state that project capabilities are actor-specific but in a limited degree. As a further fieldwork of this stage the sample needs some correction in order to improve the representation of the different project industries. Additional statistical analyses are going on with the combined database and with that of the research target countries respectively.

A POST-QUANTITATIVE QUALITATIVE RESEARCH

The third research stage planned for second half of 2012 will be the finetuning of the quantitative results. To this verification of the quantitative findings expert interviews will be carried out. An interview guideline has been designed for this third research stage. In the test phase 10 interviews with project managers of hard and soft projects – construction industry, engineering, IT-systems, ad hoc market research, project-type consulting – have been carried out both on supplier and on buyer side. The objective of the test was to improve the interview guideline and to make a pre-estimate regarding verification of the factor analysis' results. At the same time the interviews aimed to reveal the significance of business networks – beyond actors' own capabilites - in the projects' success.

In the test interviews first we asked the actors to review the 13 partner capability items (see Table 1) and to group the interconnected capabilities in categories. The aim of this question is to justify the reliability of the four-factor structure revealed. Test interviews suggest that the way of thinking is probably very different by project industries. Certain actors might feel that project capabilities include both professional knowledge (up to date methods, experience, reliability) and interactive relationship management, others distinguish the issues related to knowledge and relationship. There is more consensus on the financial reliability, most of the project managers involved in the test phase consider outstanding debt and accomplishment according to the contract as factors related to financial reliability however some of them treat those items as factors of the professional reliability.

In a next module we are going to test the credibility of the seven-factor structure. Test interviewees were asked to interprete the seven assumed factors by recalling project episodes which illustrate the factor in question and get a better view on their interpretation. With the help of this test we wanted to verify the explanatory force of the seven factors. Let us see a few details by factors:

Open communication. The project managers stressed the importance of information exchange: the suppliers need proper information regarding changes affecting the projects and on time delivery of the necessary data. Buyers expect quick response to the problems arising. Both actors believe that project meetings are very important in clarifying details, specifications. Nevertheless the bigger the organization is the more obstacles can distort communication. Key issue of communication is openness. Correct communication is the base for keeping deadlines and ensuring high quality. And – what is more – solid, trust-based relationship with actors can be resulted in getting even sensitive information as well.

Predictability-timeliness. Both sides' actors emphasized the importance of predictability. Due to the frequently occuring unexpected conditions it is very important to map the problematic issues, such as obtaining permissions. Keeping the deadlines is of high importance therefore both the supplier and the buyer should indicate any possible threat risking the project's success. What counts - is the beginning of the project. I.e. to find the most reasonable point for starting. *„Most in-transaction difficulties of projects are rooted in a mistaken time management at the beginning."* - an interviewee affirmed adding that trap-like force-path character of projects dominates actors' behaviour. Either constructive or destructive. *„Sitting in the same boat…we are beating each others' head but with one arm we have to row…"*

Relationship-orientation. The interpretation of the relationship-orientation differs by the role of the actors. By definition interviewees overwhelmingly meant long term relationship building activity of the suppliers. Relationship-orientation is important for them in terms of future business opportunities. Buyers rather emphasize the importance of personal relationship regarding trust, openness and cooperation. The importance of relationship management with external partners, like authorities was also mentioned. There are cases however where relationship is rather mechanical and mostly impersonal.

Project management skills. Suppliers perceive project managment skills of the partner on one hand as understanding of the project. Good project management means an overall view of the project with all the interconnections. With a slight paradoxon it is a sort of art to comprehend partners' organization which is in fact not transparent at all. Further interpretation is the decision making ability of the partner. *„Its project management skills can help even better understand our managerial dificculties."* – a manager from the construction industry told. Willingness for cooperation in project management is however extremely depends on corporate culture.

Financial stability. The project managers agree that the financial stability of the partner is of high importance. In order to decrease the risk they make a thorough reconnaissance regarding the financial situation of the partner. The term financial stability recalls the „chain debts" phenomenon in certain sectors of the crisis-economy. In this capability-dimension basically two different attitudes of actors can be observed. Either they endeavour to insist to the maximum contractual coverage of financial risks or they limit their activity to the most reliable circle of partners. *„I am built in those (market) structures where verbal agreements still work."* - as one said.

Ability to adapt. Due to the changing conditions during the process adaptability is important on both sides. It means empathy, tolerance and readiness for compromise. In case of a construction work adaptibility often means the suppliers' effort to avoid production breakdown. If breakdown is unavoidable adaption of buyer can be comprehended as a sacrifice, at least as an argument in its communication. In soft projects ability to adapt is rather flexibility. Specifically in the government sector actors – typically buyers – expect suppliers' ability to adapt without the least measure of mutuality.

Tangible evidence (of competence). These capabilities mean different things for the actors. First the professional knowledge and experience of the partner. Besides that authorization for decision

making is also important. Another aspect mentioned by the project managers is the clear division of capabilities within the organisation. Significant stress was laid on decision competence in financially disputable issues and on conflicts emerged by competence asymmetry. These latter so-called competence conflicts are usually based on the gap between real and presumed competence of actors' own competence. Conflicts due to high negotiation power and overestimated own competence are especially difficult to manage. In these situations there is a tendency for more formal, risk-reducing (written) communication against verbal one.

Besides the interpretation of the seven factors we also asked the experts to evaluate their relevance. By this approach information can get on the gaps between latent and stated (explicit) relevances. By test interviews following differences seem to be clear: Evidences of competence are stated as far more while relationship orientation as less important for the project managers. We can also discover a slight difference among suppliers and buyers. Partners' predictability-timeliness turned to be more relevant for suppliers and – on the contrary – open communication for the buyers.

Test interviewees affirmed that success of the projects is considerably depending on the business network of the actors. The motivation, cooperation and performance of the network members could contribute to the project success. The most often mentioned network relationships are with authorities, administrative agencies, local governments. The so-called fuzzy boundaries phenomenon can also be observed. One of the interviewees told about a project episode where buyer's consultant had realized that a mistake having committed by him could threat good performance of the supplier. Therefore the consultant became a temporary ally of the supplier in order to solve the difficult problem together and to avoid any intervention of the buyer. Although the behaviour of the consultant in this episode can be interpreted as an immoral one this was the only way to continue the project without destroying conflicts between actors. Consequently third parties' position in the project can move between principal actors. *„Third parties role can be destructive, too."*- as a respondent argued. It happens that position seeking firms in the network provide with false information, either consciously or not. Manufacturers behaviour in the market for example is frequently schisophrenic. Under the enormous pressure to sell their products sometimes they are willing to enter an uncontrollable price-competition and by this they narrow users' room for tactics.

Former professional relationship in the network can naturally act as a leverage in certain situations. That is why building and retention of constructive relationship with potential influencers like authorizing offices, labs, consultants is a must. In certain industries like for example market research actors have been building up strong professional links or even formal associations. This continuous relationship with competitors – similarly to project management associations of the construction or IT industry – makes possible a very intensive exchange of competences or best practices, in other words.

CONCLUSIONS

In the methodology section a detailed explanation has been given on the three staged research design. In summary, learning about critical success factors in projects from both, buyers' and suppliers' perspective can make the project participants become more involved and proactive.

Our qualitative interviews underlined that suppliers, who show leadership, pro-activity and provide a range of solutions have a better connection to the buyer's organization by cutting through organizational silos. Furthermore, this could also bring about strong involvement in the buyer towards the project, which is likely to create opportunities for joint value creation. Our qualitative interviews also revealed the importance of showcasing tangible evidence especially in reducing the buyer's risk perception, which can be also reduced by appropriate risk communication (providing solutions with risk).

Our quantitative findings highlighted the factor structures of capabilities and their ratings for both, buyers and suppliers across two countries. Although we found numerous differences across these groups, the analyses undertaken showed a significant alignment across the groups, which means that buyers and suppliers do not expect substantially different things. The role of transparent and open communication is dominant, which should focus on both, speaking and listening. These discussions should include risk assessment and boundaries of capabilities and hence, setting expectations.

FURTHER RESEARCH

As regards the quantitative survey beside some comparative analyses between the research target countries for our future analysis work running a finite mixture analysis in PLS (partial least squares) could be suggested to account for unobserved heterogeneity in the sample. By this we could identify different groups of respondents that show a different factor structure and "types" of expected project capabilities as well. A natural research limit however cannot be eliminated. It is the confusion of respondents' project-experience and project-expectations. From this point of view explorative research on post-, actual and would-be relationship effect could be interesting in the future.

From the post-quantitative qualitative research we are expecting to gain a very deep insight into project actors' way of thinking as regards content and relevance of capabilities of partner firms. Before starting this third research stage the interview guideline – based on the tests - need to be revised and finalized.

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