

The home of collaborative contracting



Trust, Contracts and Outcomes

A Global Study of Construction
Supply Chain Relationships



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Foreword

Construction projects are built on relationships. The way organisations work together - how they communicate, how they share risk, how they respond when things go wrong - shapes everything that follows, from the earliest planning stages to project completion. When those relationships are built on trust and fair dealing, projects have the foundations they need to succeed. When they are not, the consequences are felt across the entire supply chain.

This research sets out to understand where the industry actually stands on those foundations. It draws on the views of more than 1,000 professionals across the UK, Australia, Singapore, Hong Kong and Peru - contractors, consultants, subcontractors, civil engineers, architects, surveyors and public and private sector clients. What emerges is a picture of an industry that understands, deeply and consistently, what good supply chain relationships look like and what they make possible. The commercial case for collaborative contracting is widely recognised - and among those who have worked within collaborative contracts, the evidence of what they deliver speaks for itself.

What the research also reveals is the distance that still exists between that understanding and how the industry operates in practice. Traditional approaches to contracting continue to dominate. The parties with the least commercial leverage continue to bear a disproportionate share of the risk. And in market after market, the research identifies the same underlying barrier: clients are not yet specifying collaborative approaches consistently enough to drive the change the industry needs.

In markets where major clients have committed to collaborative contracting at scale, the effects are visible in the data - and visible in the attitudes of the next generation of practitioners beginning their careers in a different kind of environment. That is an important signal. The direction of travel is clear, and this research gives the industry the evidence it needs to follow it with greater confidence and consistency.

At NEC Contracts, we have spent more than thirty years developing contracts that make collaboration a contractual obligation rather than an aspiration. This research affirms why that matters - and why, for the sake of every business and every professional working within construction supply chains, the industry cannot afford to wait much longer to act on it.



Andrea Naylor
Managing Director,
Thomas Telford Ltd

Introduction

The construction industry has made significant progress in recent decades. Better technology, more sophisticated procurement frameworks, and a growing body of evidence about what drives successful project delivery have all contributed to an industry that, at its best, is genuinely world-class. And yet, on one of the most fundamental questions - whether the parties involved in a project can work together in good faith, share risks fairly and solve problems collectively - progress has been frustratingly slow.

In 1994, Sir Michael Latham's *Constructing the Team* called for an end to the adversarial relationships that were holding the industry back. Four years later, Sir John Egan's *Rethinking Construction* made the same argument with greater urgency. Both reports identified collaboration and fair dealing as essential change to ensure the industry could deliver more for less, more consistently. Thirty years on, those arguments remain as relevant as they were then. The industry has moved on, but not nearly far enough.

This research, commissioned by NEC Contracts and conducted by OnePoll in early 2026, set out to understand where the global industry stands today. It surveyed 1,065 professionals across the UK, Australia, Singapore, Hong Kong and Peru - contractors, consultants, subcontractors, civil engineers, architects, surveyors and private and public sector clients. Alongside the quantitative data, in-depth qualitative interviews with UK-based procurement and commercial professionals give voice to the numbers.

What emerges is a picture that is both encouraging and sobering. The industry's commitment to the principles of collaboration is genuine and widespread. The commercial case for collaborative contracting is well understood. And yet adoption remains stubbornly low, traditional frameworks still dominate, and a significant proportion of the industry continues to experience the adversarial relationships, formal disputes and commercial damage that collaborative contracting is specifically designed to prevent.

This report examines those findings in full. It explores the gap between what the industry believes and how it behaves, considers what is holding progress back, and makes the case for why collaborative contracting is not simply an aspirational ideal - it is a practical, proven commercial necessity.

About the research

Both quantitative and qualitative research was undertaken with over 1,000 industry professionals across the built environment in the UK, Australia, Singapore, Hong Kong and Peru, including civil engineers, main contractors, subcontractors, private and public sector clients and legal and Procurement Professionals.

The quantitative survey was conducted by OnePoll between February and March 2026. Qualitative depth interviews were also conducted with UK-based procurement and commercial professionals. Full research results are available on request.

The State of the Industry

Project delivery and commercial pressures

The statistics on construction project performance have been uncomfortable reading for decades, and this research suggests little has changed. On average, respondents estimated that 58% of projects they have worked on in the last three years were delivered on schedule and to budget. That means more than four in ten projects, by the industry's own assessment, fell short on at least one of the two most fundamental measures of success. More troublingly, 14% of respondents estimated that a quarter or fewer of their recent projects met both criteria.

The commercial consequences of this persistent underperformance are significant. In the UK, construction insolvencies in England and Wales in 2025 represented the largest share of any sector, with 3,931 registered construction businesses becoming insolvent*. While an improvement on 2024, this figure remains 22% higher than pre-pandemic levels in 2019.



The picture is similar in Australia, where the construction sector continues to account for the largest share of insolvencies of any sector. The failure of Carillion in 2018 - which collapsed with £7 billion of debts, resulting in thousands of direct job losses and serious impacts throughout its international supplier network - remains the most visible example of what supply chain failure looks like at scale. It is not an isolated case. It is a warning about the structural fragility of an industry that builds adversarial relationships into its standard operating model.

58%
Average proportion of projects delivered on time and to budget

14%
Say a quarter or fewer of their projects met both measures

68%
Agree commercial and contractual pressures make project delivery more difficult

* The Insolvency Service March 2026

When asked about the factors most responsible for business instability, financial stress and disputes across supply chains, respondents pointed first to poor estimating and job costing (42%), followed by uncontrolled changes in project scope (39%) and late payment culture (33%). Inflationary pressures were cited by 31% of respondents globally, rising to 40% in Australia.

These pressures fall unevenly across the supply chain. In the UK, main contractors identified late payment

culture as their single biggest source of instability, with 59% selecting it - the highest figure for any sector in any market surveyed. In Singapore, civil engineers put uncontrolled scope changes at 64%. Australian subcontractors cited both poor estimating and late payment at 48%, a dual commercial squeeze at the most exposed end of the chain. The pattern is consistent across markets: the parties with the least commercial leverage are bearing a disproportionate share of the industry's structural problems.

Top three reasons for business instability, financial stress and disputes globally:

#1 Poor estimating and job costing	42%
#2 Uncontrolled changes in project scope	39%
#3 Late payment culture	33%

“ For Australia’s construction sector, this research paints a familiar picture: the industry recognises that collaboration delivers better outcomes, yet remains tied to adversarial contract models. The key instability drivers identified of poor estimating, inflationary pressures and uncontrolled scope changes are precisely the types of challenges that traditional fixed-price contracting struggles to manage effectively. ”

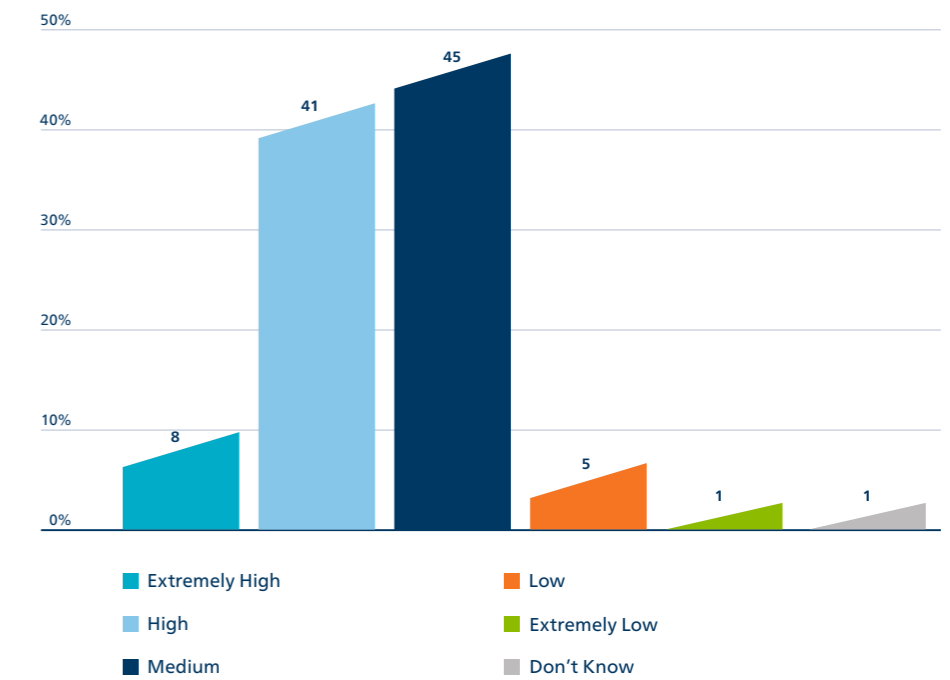
Lucy O’Dwyer, Special Counsel, Pinsent Masons Australia

An adversarial baseline

There is a word that comes up consistently when construction professionals describe their industry: adversarial. Not occasionally, and not in specific context, but consistently across roles, sectors and geographies. Almost two thirds of respondents globally (61%) agreed that built environment projects create supply chains that are inherently adversarial in nature. Only 11% disagreed. The finding was consistent across all five markets - suggesting that adversarial dynamics are understood not as a failure of individual projects or relationships, but as a structural feature of the industry itself.

This matters because it shapes everything downstream. When adversarial behaviour is expected, it is prepared for. Contracts are drafted defensively. Risk is allocated with protection rather than performance in mind. Relationships begin on the basis of suspicion rather than good faith. The cost of all this defensiveness - in time, resource and commercial friction - is rarely counted but is enormous.

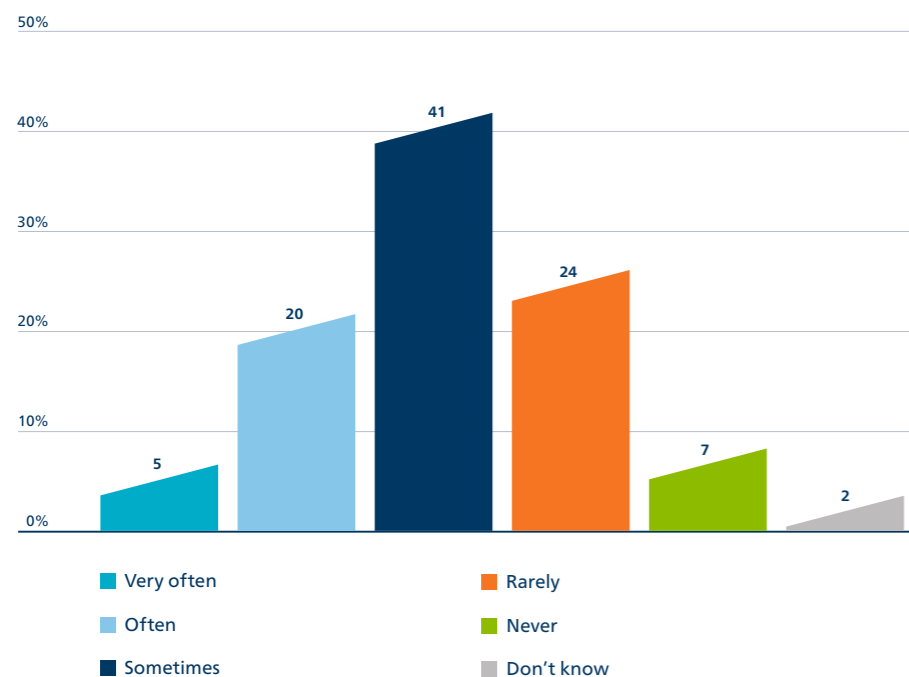
How would you rate the current level of trust between supply chain partners in the industry?



“ The pressures driving instability in construction supply chains are well known and long-standing. What this research tells us is that they haven’t gone away - and that the industry is still reaching for traditional tools to manage them, even when the evidence points clearly to a better approach. At NEC Contracts, we’ve seen first hand how the right contractual framework changes the dynamic. When risk is allocated fairly and parties are obligated to communicate early, the conditions that cause instability are managed before they become crises. ”

Rekha Thawrani, Global Director, NEC Contracts

Over the past 5 years, how often have disputes between supply chain members on projects you've worked on required formal external intervention (e.g. arbitration, adjudication, or litigation) to resolve?



The consequences show up clearly in the data. Six in ten respondents (65%) agreed that disputes between supply chain parties are an inevitable feature of complex projects. Over a quarter (26%) said that in the past five years, disputes on projects they had worked on had

often or very often required formal external intervention to resolve - through arbitration, adjudication or litigation. These figures point to an industry that has, in many ways, built formal dispute resolution into its standard operating model rather than designing it out.

“ It should always be collaborative and not adversarial. If an agreement is adversarial the supplier isn't necessarily incentivised to go above and beyond. ”

Procurement Professional

Dispute frequency by sector - UK

The variation in dispute frequency across UK sectors is striking. 63% of architects reported that formal external dispute resolution had been often or very often necessary in the past five years - more than twice the global average of 26%. 32% of UK main contractors and 30% of UK subcontractors reported the same.

These are not incidental findings. They point to specific pressure points within the UK supply chain where the commercial and human cost of adversarial contracting is being felt most acutely.



Formal dispute resolution is expensive, time-consuming and corrosive to relationships - and its effects extend far beyond the immediate dispute.

“ When trust is low, people fall back to a defensive position. That's not conducive to a happy working environment within the team, let alone interacting with the client team or subcontract team. ”

Commercial Manager

The operational cost of low-trust environments is equally tangible. A Procurement Manager described what low trust costs in practical terms: more time on site, higher

project costs, and the inability to manage multiple projects concurrently as resource gets consumed firefighting a single relationship breakdown. Problems go unreported until it is too late to address them efficiently, requiring roundabout methods and remedial work that adds both time and money. Early reporting, by contrast, is one of the clearest markers of a genuinely collaborative supply chain relationship.

This is precisely the behaviour that NEC contracts are designed to encourage. The early warning mechanism - requiring parties to notify each other as soon as they become aware of anything that could affect cost, time or quality - does not simply create a contractual obligation. It creates a

cultural expectation that problems are shared, not hidden. In a well-functioning NEC project, bad news travels fast. That is not a weakness. It is the mechanism by which small problems stay small.

“ Although a stakeholder may bring up some issues, I know that these are good things to bring up. Even if there are things that we need to sort out, as long as they are being seen and tended to, that's a sign that I can trust you, because you pointed it out straight away. ”

Procurement Manager

Focus on: Civil Engineers

Civil engineers occupy a distinctive position in the supply chain, and the research reflects the specific pressures they face. Project delivery rates reported by civil engineers globally were broadly in line with the overall average - 59% stated over half of projects were delivered on target - but this varied at country level, with higher rates in Peru (64%) and the UK (59%) and lower rates in Singapore (48%) and Australia (46%).

The reason for business instability selected by the largest group of civil engineers globally was uncontrolled changes in project scope (49%) - significantly higher than the 39% for all respondents. This was also the top reason at country level in Peru (55%) and Singapore (64%), reflecting the direct exposure civil engineers have to the impact that scope changes have on cost, programme and relationships downstream.

In the UK and Australia, inflationary pressures featured more prominently. UK civil engineers cited both inflationary pressures and fixed price contracts at 41%, while their Australian counterparts cited inflationary pressures, poor estimating and late payment culture equally at 38% - a picture consistent with the cost environment both markets have faced in recent years.

On disputes, civil engineers globally showed notably higher levels of resignation: 79% agreed that disputes are an inevitable part of complex project supply chains, compared to 65% for all respondents. This was consistent across Singapore (80%), Peru (79%), Australia (77%) and the UK (76%). Civil engineers are also among the groups most likely to agree that supply chains are inherently adversarial - and yet, given their position in the supply chain, they have significant potential influence over whether projects are set up collaboratively from the outset. The research suggests this potential is not yet being fully realised.



Supply chain relationships: what is at stake

Supply chain relationships are not a soft concern, sitting alongside the commercial fundamentals of project delivery; they are the commercial fundamentals. Seven in ten respondents (69%) said supply chain relationships directly affect their productivity on projects. When asked to be more specific, the data was consistent: operational costs (40%), key project outcome measures including timescales, costs and asset quality (39%), the financial strength of

businesses (38%) and the stability of the industry as a whole (36%) were all identified as areas significantly shaped by the quality of supply chain relationships.

Put simply: when supply chain relationships fail, projects fail. When they work, projects have a genuine chance of succeeding. The data confirms what experienced practitioners know from working in it every day - and what NEC Contracts has observed across three decades of project delivery around the world.

78%
Agree supply chain relationships have a significant influence on project success

75%
Agree poor supply chain relationships risk business continuity

75%
Agree poor supply chain relationships destabilise the industry



Attitudes to Trust and Collaboration

What the industry believes

Here is the paradox at the heart of this research. An industry that describes itself as inherently adversarial simultaneously believes, by an overwhelming majority, that trust and collaboration are essential to good outcomes. More than four in five respondents (81%) agreed that higher levels of collaboration help issues to be resolved more quickly. A similar proportion (83%) agreed that trust between parties is critical to achieving successful project outcomes. Eight in ten (80%) agreed that collaboration positively influences multiple areas of project performance.

These are not marginal findings. They represent a cross-industry consensus, consistent across roles and markets, that the way construction projects are typically procured and managed is at odds with what the people doing that work believe would make them better. The aspiration is there. The structures that would convert it into practice are not yet consistently in place.

Practitioners described trust not as an abstract value but as something with direct operational and

83%
Trust between parties is critical to successful project outcomes

81%
Higher collaboration helps issues to be resolved more quickly

78%
The most effective supply chain relationships are based on trust and co-operation

commercial consequences. In high-trust environments, subcontractors invest time and resource at pre-tender stage, support design work and pricing, and engage proactively with social value and sustainability targets - knowing they may not even win the contract. That level of early commitment is only possible where trust has been genuinely established and is genuinely reciprocated.

The inverse is equally instructive. A Procurement Manager with extensive experience on major infrastructure projects, described what low trust looks like in practice: an absence of psychological safety, problems covered up rather than spoken about, and a culture where mistakes happen more frequently because communication has broken down.

“ When trust is high and there is the presence of psychological safety, you are more likely to be working in an environment where mistakes happen less frequently because there’s more communication. There’s an atmosphere where people are approachable and therefore nothing’s off limits, so when there’s a potential problem it’s addressed early instead of avoided. ”

Procurement Manager

“ We’ve got the trust in the relationships with a lot of key subcontractors that they will come and help us in the early contract stage, help us bid for works, help us with a design, help us with early contractor involvement. That level of trust goes deep. ”

Procurement Manager



The belief-practice gap

The strongest finding in this research is not the level of support for collaborative working - it is the distance between that support and actual behaviour.

79% feel positive about wider adoption of collaborative contracts. Fewer than one in eight actively drive for their use. This gap is not explained by scepticism about benefits - it is explained by structural barriers, client behaviour and, in some markets, a significant awareness deficit. Understanding why the gap exists is central to closing it.

Trust flows in both directions

A consistent theme across the qualitative research was that trust cannot be one-directional. It must flow upstream, between contractors and clients, as well as downstream through the supply chain. The challenge of gaining trust from clients - particularly those under significant budget pressure and accountability - was identified as real and sometimes significant. But the rewards of achieving it are equally clear: clients who trust their contractors buy into strategies more readily, support decision-making more confidently and enable better long-term delivery.

Downstream, trust manifests in concrete commercial ways. One Procurement Manager described

how established trust with key subcontractors has enabled their organisation to remove retention requirements, stop requesting bonds and eliminate parent company guarantees - because the relationship itself provides the assurance that would otherwise require financial security.

“ We don’t use retention, ask for bonds, or request a lot of upfront financial commitment from subcontractors because we’ve built that trust in the tender process. The way we’ve bought into the client, we want them to buy into us. ”

Procurement Manager

“ We have a lot of targets in terms of social value, environment and sustainability. If we know that they’re a collaborative party, then we know that we can go to them and ask them for help on those targets. If we identify an opportunity to save money or carbon, we’ve got the confidence that they will take that on board and try to push the innovations through. ”

Procurement Manager

The commercial benefits of trust extend further still. When collaborative relationships are well established, subcontractors become genuine partners in delivering social value, environmental commitments and innovative solutions - not parties simply executing instructions to the letter of a contract.



Focus on: Peru

Among the five countries surveyed, respondents from Peru were the most likely to indicate high or extremely high levels of trust between supply chain members, with 58% rating it in these two highest categories versus 48% for all respondents.

The findings suggest that Peruvian construction professionals recognise the importance of trust to an exceptional degree. Nine out of ten (91%) agreed that trust between parties is important for achieving successful project outcomes, including 72% who strongly agreed - compared to 83% of all respondents agreeing and 50% strongly agreeing. A similarly striking 90% agreed that the most effective supply chain relationships are based on trust and cooperation, with 57% strongly agreeing, compared to 78% of all respondents agreeing and 37% strongly agreeing.

This high level of conviction in Peru is perhaps a reflection of the culture of relationship-focused business practices in that market and the important role that trust plays in commercial relationships more broadly. It also creates an instructive contrast: Peru simultaneously shows the strongest belief in the value of collaborative approaches and one of the widest gaps between that belief and actual collaborative contract adoption - a tension explored further under Barriers to Adoption.



The role of communication and early engagement

Respondents were clear about what they consider most important in minimising disputes. Effective communication came first across all five markets, cited by 48% of respondents globally. Clear boundaries and processes agreed from the start came second (39%), followed by positive supply chain relationships built on trust and cooperation and contracts that support transparency and risk-sharing both cited by 34% of respondents.

In the UK, the top two factors were the same; however, strong client leadership featured alongside positive supply chain relationships in third place – both cited by 29% of UK respondents. Contracts that support transparency and risk-sharing and contracts that support collaboration were each cited by 24% of UK respondents – a reminder that the contractual framework is understood as a practical tool in dispute prevention, not simply a legal formality. Face-to-face conversation, particularly when issues arise, was identified repeatedly as critical. Attempting to resolve problems over email or in written correspondence was described

Top three factors globally for minimising disputes:



“ Face-to-face conversations, however hard they are, are a lot better than having an email war or a letter war, because people don’t understand and they retreat to their silos and become defensive. ”

Commercial Manager

consistently as counterproductive - creating defensiveness and delay rather than resolution.

Early engagement with the supply chain - before contracts are signed and in some cases before projects are awarded - was cited repeatedly as the most powerful

mechanism for establishing the collaborative foundation a project needs. Bringing subcontractors into planning sessions early, giving them visibility of conditions and scope, and approaching tender evaluation as a relationship-building exercise rather than a pure document-scoring process were all described as practices that set projects up for success.

“ A really important part of our process is the collaborative planning process. As soon as we know who we’re going to work with, we invite them in for collaborative planning sessions, even when the contract hasn’t been signed yet. ”

Procurement Manager

“ Trust in construction isn’t a soft concept - it has a hard commercial value. When trust is high, supply chain partners share information earlier, innovate more freely and absorb risk more willingly. When it’s low, every interaction becomes transactional and defensive. We designed the NEC suite around the principle that the contract itself should create the conditions for trust, not simply assume it exists. ”

Rekha Thawrani, Global Director, NEC Contracts

“ A lot of the times when we’re having issues I just go to speak to them directly and say: it’s an us versus the problem issue. We’ve got to tackle the problem, not tackle each other. ”

Procurement Manager





Collaborative Contracting in Practice

Current adoption and the belief-practice gap

The construction industry does not have a belief problem when it comes to collaborative contracting. It has a practice problem. Across all five markets, 79% of respondents who were familiar with collaborative contracts felt positive about their more widespread adoption. Yet fewer than one in eight respondents in any market said they actively drove for the use of collaborative contracts where possible. The gap between those two numbers is the challenge this industry faces.

Across all markets, 70% of respondents said their organisations operate within traditional contract frameworks. The client was identified as the primary driver of this in 43-48% of cases depending on market - a finding that repeats consistently and points to where change needs to begin.

Which of the following statements best reflects your view of how many businesses in the industry want to work collaboratively?



79%
Feel positive about more widespread adoption of collaborative contracts

70%
Operate within traditional contract frameworks

9%
Actively drive for use of collaborative contracts

“ A significant 70% still operate within traditional contract frameworks. This reflects a massive gap between “awareness” and “practice.” Businesses and clients need to more actively promote the application of collaborative contracts to unlock their immense potential in improving profitability, reducing risks, and stabilising the industry. ”

Betty K Y Lo, NEC APAC Tutor

The supply chain drove traditional framework use in a further 19-33% of cases. The choice of contracting approach is overwhelmingly determined by client preference, and clients are predominantly choosing what is familiar over what the evidence suggests works better.

Awareness is a significant factor too, particularly in the UK. One in five UK respondents (20%) said they had never heard of collaborative contracts - the highest figure across all five markets. Only 27% of UK respondents had worked on projects using collaborative contracts, compared with 40% in Hong Kong and 38% in Australia. In a market where NEC contracts have been actively promoted for decades and are mandated on some of the country's largest infrastructure programmes, that awareness gap points to how unevenly collaborative contracting has penetrated beyond major projects into the broader supply chain.



Behaviour ahead of the contract

The research reveals an important paradox in how collaborative practices are applied in practice. Only 10% of respondents said they always use collaborative contracts such as NEC3 or NEC4, yet 56% said they always or often engage in early engagement with supply chain partners, and 63% always or often share information on potential project risks in a timely manner.

Collaborative behaviours are more embedded in day-to-day practice than the formal contracts designed to codify them. The contract, in many cases, is lagging behind the culture it was designed to create.

“ The finding that only around one-third of respondents across all markets have worked on projects using collaborative contracts is particularly significant. It points to a substantial gap between aspiration and practice, and, in my view, highlights the scale of the opportunity. The data points to substantial headroom for growth in collaborative contracting, with NEC well placed to bridge the gap between what the industry knows delivers value and how projects are still commonly procured. ”

Alvin Ho, Partner, Pinsent Masons Hong Kong

Focus on: Public Sector Organisations

Central and regional governments have in many cases been a driving force for greater collaboration, with NEC Contracts endorsed across many of the surveyed regions, including the Hong Kong Government Development Bureau, the Singapore Building and Construction Authority, the UK Government and the Ministry of Economy and Finance of Peru. Understanding how those working in the public sector view the current state of trust and collaboration is therefore particularly instructive.

The research found that a smaller proportion of public sector respondents (49%) agreed that supply chains are inherently adversarial, compared to 65% for all respondents, 70% for project managers working for main contractors and 69% for civil engineers. Similarly, fewer in the public sector (56%) agreed that disputes are an inevitable part of complex project supply chains compared to 79% of civil engineers. These more optimistic views may reflect the experience of public sector clients who have actively worked with collaborative contracts on major programmes.

Among the collaborative behaviours public sector respondents would most like to see more of on projects, formally integrated project teams ranked highly - second with 32%, behind active support of project objectives throughout and working with other parties to resolve issues without formal disputes (both 38%). This client-side appetite for integrated project teams is a positive signal: it is a model that has repeatedly been shown to improve project outcomes and communication between project partners.

Globally, a smaller proportion of public sector respondents have directly worked on projects using collaborative contracts (19% compared to 33% for all respondents), although 67% know about them. This relative lack of direct experience may partly explain why 26% feel neutral rather than positive about more widespread adoption. The implication is clear: greater direct exposure to collaborative contracts in practice would likely shift these views, as it has in markets where public sector procurement has more consistently mandated NEC.

What collaborative contracts actually deliver

Among those with experience of or familiarity with collaborative contracts, the perceived benefits are clear and commercially significant. This is not enthusiasm for an abstract idea - it is evidence-based confidence in a tool that practitioners have seen work.

76%
Collaborative contracts help protect their business

74%
Improve project delivery timescales

71%
Reduce legal disputes

71%
Reduce improper risk allocation

71%
Help reduce the impact of uncontrolled scope changes

69%
Improve project profitability

The connection between these benefits and the causes of instability identified earlier in the research is direct and worth making explicit. The top three causes of commercial stress across supply chains were poor estimating and job costing, uncontrolled scope changes and late payment. Collaborative contracts directly address two of these three - through transparent risk allocation, compensation event mechanisms and the mutual obligation to give early warning when conditions change.

The contracts are designed specifically around the problems the industry most commonly faces.

Individual markets reinforce this picture with notable regional emphases. In Peru, 86% agreed that collaborative contracts improve project delivery timescales and 85% agreed they help protect their business. In Australia, 74% agreed collaborative contracts improve timescales and 73% agreed they help protect their business. Singapore and Hong Kong showed broadly similar patterns, with strong majority support across all benefit statements.

The benefits of collaborative contracting: a closer look

The breadth of the benefits case for collaborative contracting is striking. One of the most widely identified causes of supply chain instability was uncontrolled changes in project scope - and 71% of respondents agreed that collaborative contracts help reduce the impact of this. The same percentage agreed that collaborative contracts reduce legal disputes and reduce improper risk allocation.

On cost and payment - two further pressure points consistently identified in the research - collaborative contracts address instability through clauses that ensure equitable compensation terms for all parties. 69% agreed they improve project profitability compared to traditional contracts, 70% agreed they help reduce severe contract penalties and 74% saw improved project delivery timescales as a benefit.

The impact extends beyond individual projects. 76% agreed collaborative contracts help protect their business, 72% agreed they encourage knowledge sharing across the supply chain, and 77% believed they help stabilise the industry by protecting businesses from commercial risks. Taken together, these figures make a compelling case: the benefits of collaborative contracting map directly onto the problems that are doing the most damage to construction businesses today.

“ The benefits of collaborative contracting are not theoretical - they are what our clients tell us they experience on the ground. Better cost outcomes, fewer disputes, more productive supply chain relationships. What encourages us most about this research is that this understanding is now widespread globally. The challenge is giving more organisations the confidence and the mechanism to act on it. ”

Rekha Thawrani, Global Director, NEC Contracts



“ Across the Asia Pacific markets in this research, there is genuine enthusiasm for collaborative contracting - and in markets like Singapore, we are seeing strong momentum of interest translating to a growing number of pilot projects that are planning to launch the next couple of years. Meanwhile, in a mature market such as Hong Kong, data shows that when collaborative contracts become the norm on major infrastructure projects, attitudes shift - particularly among younger professionals who form their views early in their careers. ”

Renee Paik, Head of Asia Pacific, NEC Contracts

“ Encouragingly, the research shows strong positivity in the Australian market toward wider adoption of collaborative contracts. This aligns with the increased interest we are seeing in models such as NEC4 and incentivised target cost, which provide clearer mechanisms for transparency, early resolution of issues and shared risk management. As the research makes clear, the drive towards more collaborative contracting must be led by clients procuring projects and supported by a shift at all levels of the supply chain towards adopting more collaborative behaviours. ”

Lucy O'Dwyer, Special Counsel, Pinsent Masons Australia



How contract design shapes behaviour

It is a mistake to think of a contract as simply a legal document that sits in a drawer until something goes wrong. A contract is a behavioural framework. Its terms, its risk allocation, its mechanisms for communication and dispute resolution - all of these shape how every party in a project relates to one another from the moment it is signed. Get the contract right and you are building the conditions for collaboration from day one. Get it wrong - or, more commonly, reach for a standard form and amend it heavily to protect a single party's position - and you are embedding adversarial dynamics before the first spade is in the ground.

An Associate Director highlighted how the NEC early warning mechanism makes this principle concrete. Using it is not merely a contractual obligation - it is a collaborative practice that surfaces issues before they become costly problems.

NEC Contracts clause 10.2, which places a mutual obligation on both parties to 'act in a spirit of mutual trust and co-operation', provides the contractual foundation for this approach. For practitioners who have worked within it, the effect on project culture is tangible.

“ Consistent with Australian survey findings highlighting the central role of strong supply-chain relationships in project success, collaborative contracting is increasingly applied through NEC-style structured alliancing, ECI and split-contracting models, with clearly defined parameters, pragmatic dispute resolution and balanced pain/gain regimes that incentivise performance rather than transfer unsustainable risk- in other words, alliancing within clear parameters as opposed to alliancing by trust. ”

Lloyd Chater, Partner,
CMS Australia

“ Collaborative behaviours are fundamentally formed in project planning stages, yet the industry still underinvests in that phase. We often fail to normalise early information sharing and joint risk planning - this almost guarantees downstream inefficiencies and disputes. ”

Elena Lindsey, Senior Civil Engineer at JBA Consulting and ICE President's Future Leader - 2023/24



NEC clause 10.2 - mutual trust and co-operation in practice

NEC contracts place an explicit mutual obligation on both parties to 'act in a spirit of mutual trust and co-operation'. This is not aspirational language - it is a contractual requirement that shapes how every interaction between the parties should be conducted.

For practitioners who have worked within this framework, its effect on project culture is consistently described as significant. It creates an expectation of openness and good faith that changes not just how contracts are administered but how supply chains relate to one another throughout the project lifecycle.

“ I think that clause 10.2 allows for much longer-term relationships with our supply chain and it leads to a better relationship with our clients as well. It feeds all the way through. ”

Procurement Manager



Fair Contracting and Supply Chain Protection

The impact of amendments and non-standard terms

Every contract tells a story about the relationship the parties expect to have. A contract built around mutual obligation, transparent risk allocation and clear mechanisms for change tells a story about parties who expect to work together. A contract laden with punitive clauses, one-sided amendments and provisions designed to limit liability at the expense of the other party tells a different story entirely - one that sets the tone for every interaction that follows, regardless of the goodwill either party brings to the project.

One of the clearest findings from the qualitative research concerns the damage that excessive or poorly considered contract amendments can do to supply chain trust before a project has even begun.

“Most people, most contractors, most clients know what the standard NEC options are. If you’ve got three or four pages of amendments, they’re almost completely rewriting the contract. That makes you suspicious from the outset as a tenderer, and it makes you wonder why the client is amending it to that extent.”

Commercial Manager

Contractors who identify problematic terms during the tender process face an impossible choice: raise concerns and risk being seen as adversarial, potentially losing the opportunity, or accept the terms and manage the risk commercially. A Commercial Manager noted that challenging

contract terms during a tender often results in you being discounted from the process entirely, before any conversation about the substance of the concerns can take place. Neither outcome serves the project, the client or the supply chain.

“From a contractor’s perspective, if you see Z clauses in there, the first thing you naturally think is they are manipulating the contract to be more in their favour. That’s probably what I would think as soon as I see them unless there’s a reason, for example insurance or a special requirement for something.”

Associate Director



The solution is not fewer amendments - there are legitimate reasons to adapt standard contracts to project-specific requirements. It is earlier and more open dialogue about the reasons for those amendments, at a stage where both parties can discuss rather than simply accept or reject. Standard wording in established contracts such as NEC3 and NEC4 exists for good reason. Significant departures from it, without

explanation and engagement, create the commercial uncertainty that collaborative contracting is specifically designed to eliminate.

There is also a technical risk: amending one clause without appreciating its interaction with others creates unintended consequences that can fundamentally undermine how a contract operates in practice.

“ When we see heavy amendment schedules being applied to NEC contracts, it often reflects a misunderstanding of what the standard wording is designed to achieve. The mutual trust and co-operation obligation, the early warning mechanism, the compensation event process - these clauses work together as a system. Amending one without understanding its relationship to the others can create exactly the kind of commercial uncertainty that collaborative contracting is designed to eliminate. ”

Rekha Thawrani, Global Director, NEC Contracts

Contract literacy and its consequences for the supply chain

A well-drafted collaborative contract only delivers its intended benefits if the people operating within it understand what it requires of them. This sounds straightforward. In practice, it is one of the most significant barriers to the collaborative behaviours the research shows the industry aspires to.

A Procurement Manager identified the implications of this gap with precision:

“ It’s the drafting and the negotiation, understanding the effect that certain things put into contracts can have. Certain words, certain sentences can open you up to massive risk. There’s certainly improvement to be made on their understanding of legal wording and the legal consequences of the wording. ”

Procurement Manager



The connection to supply chain trust is direct. When those populating a contract do not fully understand its implications, the downstream parties who must operate within it are exposed to risk they cannot see or plan for.

An Associate Director reinforced this from the receiving end. Working with counterparties who demonstrably understand the contract creates a fundamentally different project environment - less ambiguity, more confidence in how situations will be handled, and a stronger platform for collaborative delivery.

A Procurement Manager observed a consistent gap between commercial and technical teams:

commercial teams generally understand the contract well, but their technical counterparts often do not. This asymmetry creates friction at the operational level, where the people managing day-to-day delivery may lack the contractual grounding to recognise or escalate issues correctly.

Plain English and supply chain accessibility

One of the distinctive features of NEC contracts is their commitment to plain English drafting - a deliberate design choice that reflects a conviction that contracts should be understood by the people operating within them, not just the lawyers advising on them.

Contract literacy as a supply chain issue

Contract literacy is not simply a professional development question. It is a supply chain trust question. When key parties in a project do not fully understand the contract they are operating within, the collaborative behaviours it is designed to encourage cannot function effectively.

Early warning notices go unissued. Compensation events go unrecognised. Disputes arise from misunderstanding rather than bad faith. Addressing the contract knowledge gap across the full supply chain is one of the most direct interventions available to improve collaborative project delivery.



77% agree that 'Collaborative contracting practices can help to stabilise the industry by protecting businesses from commercial risks'

For much of the construction industry's history, complex contract language has placed smaller contractors, subcontractors and family businesses at a significant disadvantage, unable to fully understand their rights and obligations without expensive specialist support.

The shift towards plain English contracting has real commercial and social consequences that extend well beyond legal clarity.

“ The fact that we now have more collaborative contracts designed to be written in plain English means that they're much more accessible for smaller subcontractors or family-run organisations. They're able to understand the contracts and therefore know what their rights are. ”

Procurement Manager

Accessibility and fairness are closely connected. A contract party that does not fully understand their obligations and rights cannot operate collaboratively, even with the best intentions. Transparency requires comprehension. And comprehension, across the full breadth of the supply chain, requires language that is genuinely clear. The research reflects this: contracts that support transparency and risk-sharing and contracts that support collaboration were both cited by 24% of UK respondents as among the most important factors in minimising disputes.

Protecting businesses in the supply chain

The case for collaborative contracting as a commercial protection mechanism is well evidenced in the data. Three quarters of respondents (76%) who were familiar with collaborative contracts agreed that they help protect their business.

In Singapore this figure was 77%, in Australia 73% and in Peru 85%.

The protection operates across several dimensions: reducing the likelihood of formal disputes (71%), reducing improper risk allocation (71%), helping to manage severe contract penalties (70%) and stabilising the industry overall (71%). These are the same pressures that respondents identified as most damaging to supply chain health at the start of the research. The data makes a direct connection between the problems driving instability and the mechanisms designed to address them.

A Site Manager noted how the contractual provisions for cost reimbursement, delay terms and design change management provide essential protection in practice. These mechanisms are not adversarial in intent. They exist to ensure that risk is fairly allocated and that parties are compensated appropriately when circumstances



change - exactly the principle that enables trust to develop and persist over the course of a project.

The commercial case for collaborative contracting does not stand alone. Across the markets in this research, regulatory frameworks are increasingly reflecting the same principles that collaborative contracting is designed to embed - and the direction of travel is consistent.

The legislative direction of travel

In the UK, the Housing Grants, Construction and Regeneration Act 1996 established statutory rights to interim payment and adjudication that gave supply chain members meaningful protection for the first time. The Prompt Payment Code, now mandatory for government suppliers, sets a 30-day payment standard that directly addresses one of the most frequently cited causes of supply chain instability in this research. Most recently, the Procurement Act 2023 introduces requirements for public sector contracting authorities around transparency, supplier treatment and payment practices - creating a legislative framework that increasingly supports the principles of fair, collaborative supply chain management.

These are not peripheral developments. They reflect a growing recognition at regulatory level that adversarial supply chain behaviours are not simply a cultural problem to be solved by goodwill -

they are a structural problem that requires structural responses.

Similar frameworks are taking shape internationally. Australia's Security of Payment legislation provides statutory protections for subcontractors and suppliers across all states and territories. Singapore's Building and Construction Industry Security of Payment Act 2004 offers equivalent adjudication rights. The direction is consistent: governments internationally are recognising that fair supply chain treatment requires more than voluntary commitment.

NEC contracts do not simply comply with this legislative direction - they go further, embedding in every project the fair dealing, early communication and transparent risk allocation that regulation increasingly demands, and doing so not through enforcement but through the collaborative framework the parties have chosen to work within.

Barriers to Wider Adoption

The client leadership problem

The single biggest structural barrier to wider adoption of collaborative contracting is also the simplest to state: clients are not asking for it. In every market surveyed, the client was identified as the primary driver of contracting framework choice. Where traditional frameworks dominate, it is overwhelmingly because the client has specified them. This is not a new finding - it is consistent with everything the industry has known since Latham and Egan. What this research adds is the scale of the gap between what the supply chain wants and what clients are currently providing.

Supply chain respondents are consistently more enthusiastic about collaborative working than those representing client organisations, yet it is client organisations that determine contracting approach. In Australia, subcontractors showed stronger belief in the benefits of collaborative contracts than civil engineers or public sector clients. The UK showed similar patterns. The parties with the least power over contract selection are often

the most convinced of its value - and the parties best placed to drive change are the slowest to move.

Strong client leadership was identified as one of the most important factors in minimising disputes globally - not simply in terms of contract selection, but in the tone and culture that clients set from the very start of a project.

“*The single most powerful lever for wider adoption of collaborative contracting is client commitment. When a major client - particularly in the public sector - specifies NEC and means it, the effect cascades through the supply chain. Contractors adapt their processes, supply chain members build their knowledge, and collaborative behaviours become the norm rather than the exception. We've seen this happen on major infrastructure programmes. The question is how to replicate it more consistently.*”

Rekha Thawrani, Global Director, NEC Contracts

The strict-terms paradox

One of the more revealing tensions in the UK data lies in two questions that draw majority agreement from the same respondents. On one hand, 71% agree that the most effective supply chain relationships are based on trust and cooperation. On the other, 65% agree that the most effective supply chain relationships are governed by strict contract terms. Read superficially, these findings appear to contradict each other. They do not.

What they reveal is something more interesting: a recognition, perhaps not fully articulated, that the best commercial relationships are both things simultaneously. They are built on genuine trust and cooperation between people. And they are underpinned by a contractual framework that is clear, fair, and rigorously upheld. The industry does not need to choose between human relationships and legal rigour. It needs contracts designed to support both - and that is precisely what collaborative contracts such as NEC3 and NEC4 are designed to do.

Two truths, one contract

65% of UK respondents agree that strict contract terms govern effective supply chain relationships. 71% agree that trust and cooperation are what makes them work.

These are not contradictory findings. The best collaborative contracts are both things simultaneously - legally precise and commercially protective, while creating the conditions in which trust can genuinely flourish.

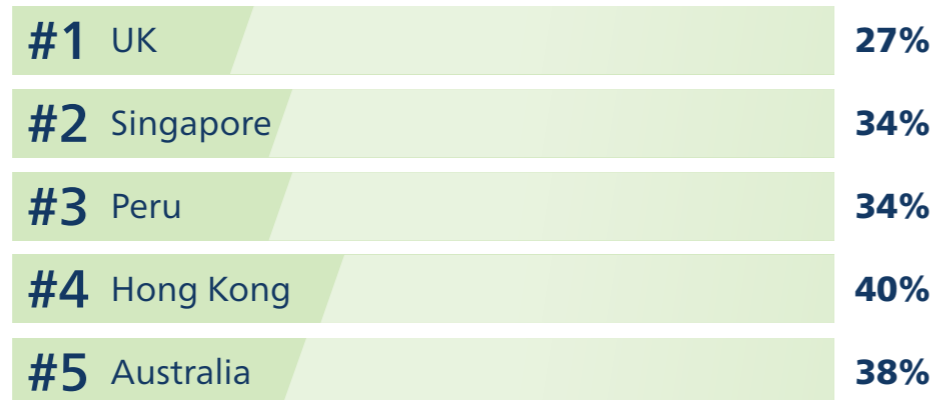
The strict-terms paradox dissolves when the contract is designed with both in mind from the outset.

Awareness and familiarity

Awareness of collaborative contracts varies significantly across markets, and the UK - where NEC contracts are most widely used and where NEC Contracts is headquartered - presents a finding that should give pause for thought. One in five UK respondents had never heard of

collaborative contracts, and fewer than three in ten had worked on projects that used them. This is the highest awareness gap of any market surveyed, and it suggests that even decades of active promotion have not fully penetrated the broader supply chain beyond major infrastructure clients and tier-one contractors.

Percentage who have worked on projects with collaborative contracts:



“ It is entirely unsurprising that Hong Kong respondents hold such a positive view about the benefits of both collaborative contracting and sensible dispute resolution and dispute minimisation strategies. Hong Kong Government has long championed the use of mediation, adjudication and arbitration, and also for many years has introduced and trialed through pilot schemes initiatives such as partnering, mediation, adjudication and the use of innovative contract regimes such as the NEC suite. These various strategies are now firmly embedded in the fabric of the industry here. ”

Glenn Haley, Partner, CMS Hong Kong LLP

“ What we see in markets like Hong Kong where major infrastructure clients commit to collaborative contracting and Singapore where key public agencies are starting to publicly announce their adoption of NEC, the effects are generational. Young professionals who start their careers on NEC projects develop a fundamentally different set of expectations about how projects should be managed - and they carry those expectations with them as they progress. The UK data, where early career professionals are more pessimistic than their seniors, tells a different story. It is a reminder that exposure matters as much as education. ”

Renee Paik, Head of Asia Pacific, NEC Contracts

“ The research shows that a genuinely collaborative culture does not take hold overnight. It often takes years for collaborative behaviours to become embedded in day to day practice, ultimately shaping the industry decision-making and DNA. ”

Alvin Ho, Partner, Pinsent Masons Hong Kong

The markets showing stronger awareness and adoption demonstrate that this is not inevitable. 40% of Hong Kong respondents and 38% of Australian respondents had worked on projects with collaborative contracts. The difference is largely attributable to the profile of infrastructure procurement in those markets, where public sector clients have more consistently specified collaborative approaches. The lesson is clear: where clients lead, awareness and adoption follow.

The aspiration-adoption gap: a global picture

The gap between belief in collaborative contracting and actual use of it was present in every market surveyed, but its character differed in ways that are instructive. Peru presents the most extreme version of this tension. Peruvian respondents produced some of the most emphatic agreement figures in the entire dataset: 91% agreed trust is critical to successful project outcomes, 90% agreed that the most effective supply chain relationships are based on trust and cooperation, and 84% agreed that collaborative contracts help stabilise the industry. Yet 76%

“ Regional differences remind us that when promoting collaborative contracts and improving supply chain relationships, we must consider local business cultures and regulatory environments to develop tailored strategies. ”

Betty K Y Lo, NEC APAC Tutor

still operate within traditional contract frameworks, and 38% said that very few or a minority of organisations actually want to work collaboratively in practice.

This is not contradiction. It reflects the reality that individual conviction, however strongly held, cannot overcome structural norms without a corresponding shift in how clients specify and procure projects. The aspiration is there in abundance. The enabling conditions are not yet consistently in place.

In the UK, the gap takes a different form. The challenge is less about strong aspiration frustrated by structures, and more about a genuine awareness and exposure

deficit. UK respondents showed lower headline agreement figures across many collaboration statements than their counterparts in Peru or Australia, and the highest proportion of never having heard of collaborative contracts. The intervention needed here is different: not just enabling adoption, but building the understanding that makes adoption feel desirable and achievable.

Early Career Professionals and the pipeline challenge

The research included a specific focus on Early Career Professionals - those within the first five years of their career - and the findings raise questions that go beyond the immediate data. They speak to the kind of industry the next generation will inherit and the attitudes they will carry into leadership.

In the UK, 53% of Early Career Professionals said that very few or a minority of organisations want to work collaboratively, compared to 32% of non-Early Career respondents. They were also significantly less likely to

Focus on: Early Career Professionals

It is important to understand how Early Career Professionals - those within the first five years of their career - view the current state of the industry. This is the generation that will shape construction over the coming decades, and their baseline attitudes matter.

Globally, ECPs are more likely to see supply chain relationships as inherently adversarial: 22% strongly agree this is the case compared to 14% of those beyond the first five years of their career. ECP respondents were also more pessimistic about the proportion of organisations that want to work collaboratively, with 42% saying very few or a minority sought collaboration compared to 29% of non-ECPs.

Early Career Professionals also reported a higher proportion of disputes requiring external resolution: 33% said this was necessary very often or often, compared to 19% for non-ECPs. Only 18% of ECPs said it was rarely necessary, compared to 30% for non-ECPs.

There were notable market differences. In the UK, only 62% of ECPs agreed the most effective supply chain relationships are based on trust and cooperation, compared to 78% of non-ECPs, and just 55% agreed collaborative contracts are an effective mechanism for building trust compared to 75% of non-ECPs. In contrast, in Hong Kong ECPs rated trust levels higher than non-ECPs and were more positive about collaborative contracts - almost certainly a function of greater exposure to NEC-based infrastructure projects early in their careers.

Given the proven benefits of collaborative contracting, these findings point to a clear need: more must be done to ensure that those at the start of their careers gain genuine exposure to collaborative approaches - not just as a training exercise, but through the projects they work on. The next generation's default is being set now.

agree that collaborative contracts are an effective mechanism for building trust: 55% agreed, compared to 75% of non-Early Career respondents. Strikingly, they reported higher rates of formal dispute resolution on projects they had worked on than their more experienced colleagues - suggesting that the most junior people in the industry are being initiated into its most adversarial practices first.

The APAC markets told a more optimistic story. In Hong Kong and Singapore, Early Career Professionals rated trust levels in the industry higher than non-Early Career respondents and showed stronger support for collaborative contracts. In Hong Kong, 75% of Early Career respondents agreed that collaborative contracts are an effective mechanism to build trust, compared to 63% of non-Early Career respondents. The difference between the two pictures is almost certainly exposure: young professionals who begin their careers on projects using collaborative contracts form positive expectations that persist. and the parties best placed to drive change are the slowest to move.



Strong client leadership was identified as one of the most important factors in minimising disputes globally - not simply in terms of contract selection, but in the tone and culture that clients set from the very start of a project.

The implication for the UK is clear and uncomfortable. If the next generation of industry practitioners is entering a more adversarial environment and forming more pessimistic views as a result, the cultural shift that collaborative contracting requires will be harder to achieve over time, not easier. Addressing the exposure deficit - through procurement mandates, client leadership and deliberate early engagement of new entrants with collaborative practices - is not a long-term strategic consideration. It is an urgent one.

64%
Percentage of Early Career Professionals who see supply chain relationships as inherently adversarial

59%
Percentage of those beyond the first five years of their career

“ Early Career Professionals are being brought into projects too late in the relationship cycle—often at delivery stage—missing exposure to early-phase commercial strategy, which is where collaborative behaviours are commonly established. ”

Elena Lindsey, Senior Civil Engineer at JBA Consulting and ICE President's Future Leader - 2023/24

A Global Perspective

What the international data tells us

One of the most distinctive features of this research is its geographic scope. By surveying professionals across five markets at meaningfully different stages of collaborative contracting adoption, the data allows us to move beyond the question of whether collaborative contracting works - the evidence on that is clear - and ask instead: what conditions enable it to take hold? The answers are instructive.

Singapore stands out for its relatively strong project delivery performance. 64% of Singapore respondents said in the last five years more than half of their projects were delivered on time and to budget - a notably higher figure than the other markets. This sits alongside strong support for collaborative working (83% agreeing that trust between parties is important for achieving successful project outcomes) and a higher prevalence of client-driven collaborative contract adoption than in other markets. The connection between public sector procurement commitment and positive delivery outcomes is visible in the data.

Australia presents a picture of relatively high awareness and reasonably strong adoption, combined with structural challenges that adoption has not yet resolved. The late payment culture figures for Australian subcontractors (48%) remain concerning - a supply chain experiencing commercial stress at its most exposed end, despite general awareness and support for collaborative approaches. The data serves as a useful reminder that collaborative contracting is a necessary condition for better supply chain outcomes, but not on its own a sufficient one.

Hong Kong's data is distinctive in what it reveals about the relationship between early career experience and long-term attitudes. Young professionals entering the industry in Hong Kong are more positive about trust and collaborative contracts than their senior counterparts - the reverse of the UK pattern. This almost certainly reflects the profile of infrastructure procurement in Hong Kong, where collaborative contracting has been more consistently applied at scale, giving new entrants formative positive experiences that shape their expectations.

“ *The positive sentiments on collaborative contracting in Singapore are not surprising, given the intentional push by the Government. That said, as collaborative contracting is in its nascent stage in Singapore, some of these sentiments may be coloured by aspirations. Given more time to oil the collaborative machinery, Singapore looks set to be a star player in this space.* ”

**Kelvin Aw, Partner/Senior Accredited Specialist (Building & Construction) SAL
CMS Cameron McKenna Nabarro Olswang (Singapore) LLP**



“ The global picture in this research is ultimately an optimistic one. In every market, the industry understands the value of collaboration. In every market, people working within collaborative contracts report better outcomes. The variation we see between markets is not about different values - it is about different levels of exposure and enablement. Where clients lead, the industry follows. That is both the challenge and the opportunity. ”

Renee Paik, Head of Asia Pacific, NEC Contracts

Peru’s data is the most striking in terms of the gap between conviction and practice. Agreement figures across virtually every statement about trust, collaboration and collaborative contracting are the highest of any market. The challenge is not conviction - it is the availability of enabling mechanisms: familiar contract forms, clients experienced and willing to specify them, and a supply chain with the knowledge to use them effectively.

What works everywhere

Five markets. Five different contexts. One consistent set of findings.

Effective communication is the top factor in minimising disputes in every market surveyed. The client drives contracting framework choice in every market. Support for collaborative contracts is strong wherever they have been used.

The barriers to wider adoption are structural and addressable - not cultural and fixed. The same levers drive progress everywhere: client commitment, early engagement, and a supply chain with the knowledge to make collaborative contracting work.

Effective communication agreed as the most important factor for minimising disputes:



What the markets have in common

Beneath the regional variation, several findings hold with remarkable consistency across all five markets. Effective communication is universally the most important factor in minimising disputes. The adversarial baseline is recognised everywhere - not as an isolated problem but as a systemic one. Support for collaborative contracts among those who have used them is strong in every market without exception. Clients are consistently identified as the primary gatekeeper of

contracting approach and, therefore, of the pace of change.

These consistent findings point to a consistent set of levers. The same actions that drive progress in Hong Kong - public sector clients specifying collaborative contracts at scale, creating exposure for early career professionals and demonstrating the benefits through major projects - are the actions that would drive progress in the UK and Peru. The barriers are structural and, crucially, they are addressable. This is not an industry waiting for a cultural revolution. It is an industry waiting for its clients to lead.

“ This research reinforces something we have believed and advocated for throughout NEC’s history: that the way we contract shapes the way we work together, and the way we work together shapes what we build. Better contracts produce better projects. Better projects produce a better industry. The evidence is here. The direction is clear. The work now is to accelerate it. ”

Rekha Thawrani, Global Director, NEC Contracts

Conclusion

The Case for Collaborative Contracting

Thirty years after Latham and Egan made the case for moving beyond adversarial contracting, this research finds an industry that agrees with them more strongly than ever - yet is still struggling to act on that agreement at scale. The evidence for collaborative contracting is not in question. The industry's commitment to its principles is genuine. What remains in question is whether the conditions that would convert that commitment into widespread practice will be created quickly enough to make a meaningful difference.

The findings point clearly to where those conditions need to come from. Client commitment is the primary lever.

Where major clients - particularly in the public sector - specify collaborative contracts consistently and genuinely, the effects cascade through the supply chain. Contractors adapt, supply chain members build knowledge, and the next generation of practitioners forms its expectations in collaborative rather than adversarial environments. The APAC data in this research shows what that looks like. The UK data shows what happens when it does not.

For practitioners who are already working collaboratively, the research offers clear validation. The benefits they experience - fewer disputes, better project outcomes, more resilient supply chain relationships - are real, measurable and widely recognised. The early engagement practices, collaborative planning processes and trust-based approach to contract management that characterise the best projects are not marginal improvements. They are what good project delivery looks like.

“ Collaboration delivers results. NEC4 and Constructing the Gold Standard back it, and the Environment Agency has seen the benefits for years. Our Commercial Strategy continues this approach because it works—for us, for partners, and for the public. ”

Veronica Flint, Contract & Risk Manager, Environment Agency



For those who have not yet made the shift, the case is straightforward. Collaborative contracting is not a philosophical position. It is a commercially rational response to the pressures this research documents: late payment, scope change, dispute costs and the

instability they generate across the supply chain. The 70% operating within traditional frameworks are not doing so because they believe it produces better results. They are doing so because it remains the default. The research calls clearly for that default to change.

“*NEC contracts represent the direction our industry needs to take. They prioritise collaboration, transparency and shared responsibility into the way projects are delivered, moving us beyond the adversarial, risk-shifting models that have constrained productivity for decades. NEC gives Australia a genuine off-the-shelf model for modern, collaborative contracting, with built-in mechanisms that help projects respond to change rather than amplify uncertainty. In today's volatile environment, that level of resilience is essential.*”

Peter Colacino, CEO Australian Constructors Association



“*This thorough research suggests that whilst a majority believe in the benefits of collaborative contracting, only in a minority of cases is this being followed through in practice.*

This seems to be particularly critical in the context of supply chain relationships - between Client and Contractor, and between Contractor and Subcontractor. The vast majority agree that supply chain relationships directly affect the success of the contract. However, whilst it is considered that the most effective supply chain relationships are based on trust and cooperation, relationships tend to be adversarial.

NEC contracts were developed to encourage a high level of cooperation and collaboration between the parties to replace the adversarial nature of previous contracts. It appears from this research, however, that people are not always taking sufficient advantage of the benefits that can be achieved.”

Peter Higgins, Chair, NEC Contract Board and Director, pdConsult

About the research

Both quantitative and qualitative research was undertaken with over 1,000 industry professionals across the built environment in the UK, Australia, Singapore, Hong Kong and Peru, including civil engineers, main contractors, subcontractors, public sector clients and Procurement Professionals. The quantitative survey was conducted by OnePoll between February and March 2026. Qualitative depth interviews were also conducted with UK-based procurement and commercial professionals. The research set out to explore attitudes to trust and collaboration within supply chains, and the role of collaborative contracting in improving project outcomes and stabilising the industry. Full research results are available on request.

About NEC Contracts

NEC Contracts, published by Thomas Telford Ltd (the commercial arm of the Institution of Civil Engineers), is an end-to-end portfolio of plain-language contracts for works, services and supply that has been adopted and recommended by governments and industry worldwide. Its collaborative, risk-managed model replaces adversarial procurement, facilitates the implementation of sound project management and procurement principles, and defines legal relationships.

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The home of collaborative contracting

