Adapting to PFI: substantive and symbolic management of legitimacy in construction

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ABSTRACT
The emergence of the Private Finance Initiative (PFI) is commonly portrayed as having had a significant impact on the UK construction sector. Much emphasis is given to the supposed benefits accruing from long-term commitment, customer satisfaction and through-life service. PFI is especially held to facilitate the collaborative working between design, production and operation. Several contractors are now routinely bidding for long-term concessions that involve the financing, design, construction and operation of assets that were previously managed within the public sector. These contractors no longer want to be looked upon as merely builders and instead seek to portray themselves as service providers. This paper outlines key themes in PFI research to date. It introduces a neo-institutional view of organisation and organisational strategy as an alternative theoretical framework and explores how it can be applied to the study of PFI procurement. Emphasis is given to the concept of organisational legitimacy and how firms seek to accommodate the expectations put on it by their constituents. In particular it is argued that large contractors could be understood to be seeking legitimacy in the PFI market through a variety of substantive and symbolic practices. The implications for future research efforts are discussed and suggestions of issues that merit further empirical attention are made.

KEYWORDS: PFI, legitimacy, substantive management, symbolic management, value.