

Risk, Responsibility and Liability in the Building Process

Final report: An exploration of the behaviours of homeowners and builders

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Executive summary

The research need

As the central regulator, MBIE manages the system that regulates building work. A misallocation of risk, responsibility, and liability can result in inefficient consenting or inspection processes that cause unnecessary delays, impacts on building quality and innovation, and homeowners may face significant challenges in obtaining redress if things go wrong.

To design effective interventions for these issues, MBIE requires additional information to fully understand the issues and behavioural drivers for two key groups, building contractors and homeowners, and the extent to which a misallocation of risk, responsibility, and liability may contribute to these issues.

The research approach

Given the research objectives were exploratory in nature, a qualitative approach was utilised. A series of 18 in-depth interviews were undertaken with homeowners, who were currently/or have been involved in the building process, which involved either building a new home or substantial renovations (>\$30,000) on their existing home. A series of 16 in-depth interviews were undertaken with builders, with a spread of organisational size which included sole traders, SMEs and larger businesses.

Interviews were completed in Auckland, Hawke’s Bay and Wellington.

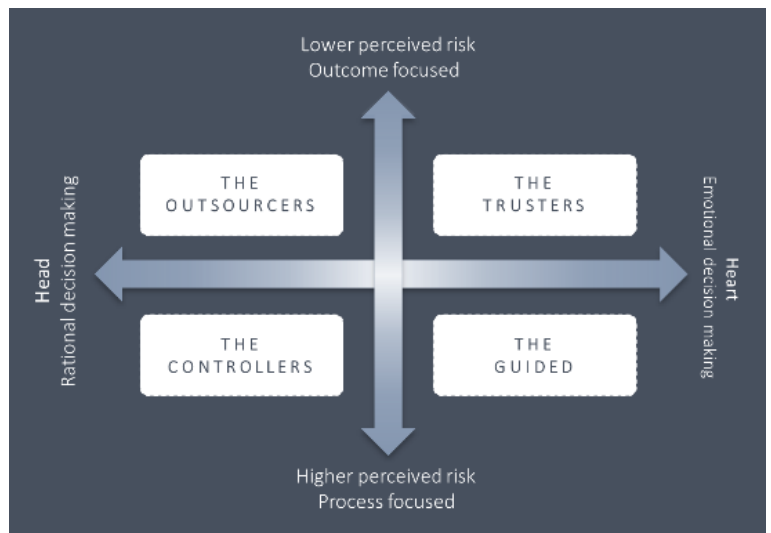
Key findings

Homeowners

During a major renovation or new build, most homeowners express similar priorities, which centre on budget, timing, and quality.

Homeowners also differ in their perception of the level of potential risk they face and their approach to decision making. It is important to note that homeowners view risk in terms of their priorities i.e. budget, timing, and quality. They often do not understand any other specific risks that they may face e.g. their builder going bankrupt.

These dynamics give rise to four typologies: *the Trusters*, *the Guided*, *the Controllers* and *the Outsourcers*.



Homeowners have limited understanding of the risks they face when commissioning building work

Homeowners at the bottom of the model (*the Controllers and the Guided*) appreciate the risky nature of a new build or significant renovation. However, their level of awareness and understanding generally operates at a generic level. Whilst they acknowledge there are risks, they may struggle to articulate specific risks or potential consequences. This in turn has implications for potential remedies, in that they don't know what they should be protecting against.

Those sitting at the top of the model (*the Outsourcers and the Trusters*) have little awareness or understanding of the risks they face, for different reasons. *The Trusters* are generally positive in nature and likely attribute negative events to external forces, such as bad luck. *The Outsourcers* have little awareness of risk because they do not see it as their responsibility. As their name suggests, they are effectively outsourcing risk (along with other aspects of the building process).

Although, homeowners differ in their *perceived* level of risk, no homeowner typology fully understood the risks they face during a significant renovation or new build.

Homeowners have very low awareness and limited usage of home warranty or insurance cover to manage risk

Awareness of home warranty or insurance cover as a means to manage perceived risk is very low across all typologies. Most struggle to differentiate between general house insurance and insurance cover specifically for new builds/renovations. Few homeowners purchased home warranty or insurance cover. The few who purchased this insurance cover did so because of a direct request from an influential other, typically their bank and less often, their builder. No homeowners in this study actively sought out home warranty or insurance cover on their own accord.

Homeowners have low awareness of the Building Act and the consumer protection measures contained within it

Homeowners know little about the Building Act – awareness is low across all typologies. They are even less aware of consumer protection measures, like disclosure statements and checklists. Homeowners are more likely to cite the Consumer Guarantees Act as a possible recourse should things go wrong. Again, most struggle to articulate any specifics.

Homeowner typologies have different barriers to compliance

Compliance barriers differ by homeowners typology. These are detailed in the table below.

The Outsourcers	The Trusters
<ul style="list-style-type: none"> • Lower perceptions of risk • Limited awareness of consumer protection measures • Do not perceive knowledge of consumer protection as their role 	<ul style="list-style-type: none"> • May not perceive a need as they don't understand what consumer protection measures are protecting them from • Possible risks not in their frame of reference • Presence of personal relationships and recommendations can override the perceived need for formal aspects (documentation) • Belief the builder would not risk their reputation by sub-standard work • Belief 'the market' will regulate behaviour • Relaxed and reactive personalities • Low self-efficacy and confidence in their ability to implement consumer protection measures • High need for security and this is derived from maintaining a positive relationship with their builder • Reference to ethereal concepts like luck and fate are difficult to argue against

The Controllers	The Guided
<ul style="list-style-type: none"> Limited awareness of some consumer protection measures 	<ul style="list-style-type: none"> Perceptions of risk, may operate at a 'generic' level – may be unable to articulate specific risks, and therefore unsure how to mitigate them Consumer protection measures not top of mind Low self-efficacy and confidence in their ability to implement consumer protection measures Presence of personal relationships and recommendations can counter the perceived need for formal aspects (documentation) Tendency to take things (e.g. comments from the builder) on 'face value'

Behaviour Change interventions need to be targeted to specific homeowner typologies

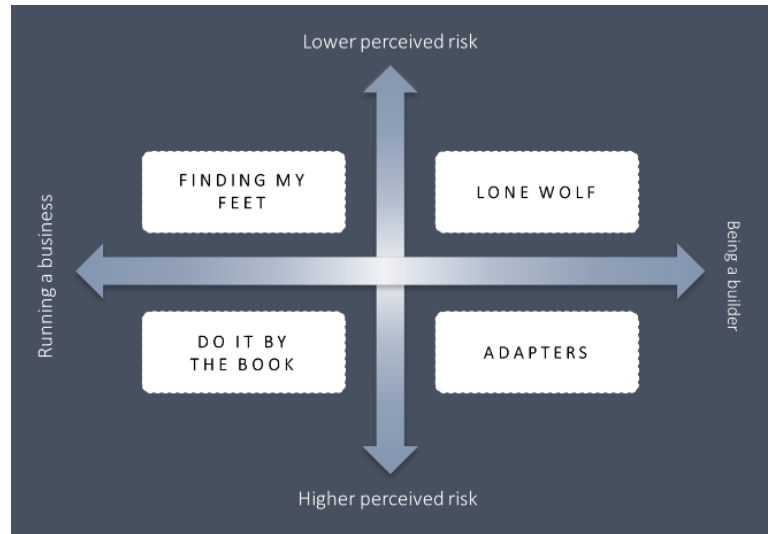
Any behaviour change interventions need to be targeted to the specific typologies to maximise effectiveness. Priority should be given to interventions targeting those typologies sitting to the right of the model: *The Trusters* (whose trusting nature makes them very vulnerable) and *the Guided* (who are willing to implement measures, but lack knowledge and self-efficacy). A secondary target are *the Outsourcers*. Recommended interventions are detailed in the table below.

The Outsourcers	The Trusters
<ul style="list-style-type: none"> Consumer education campaign to raise awareness of the various consumer protection remedies that are available Dial up social norms (especially around the concept of what an 'expert builder' would do) – given they are more likely to research a builder, rather than the building process 	<ul style="list-style-type: none"> Consumer education campaign to raise awareness of the risks involved Leverage external influences, particularly those perceived to be independent like banks, insurance companies, and councils Enhance relevance and self-efficacy – provide <i>Trusters</i> with the skills and strategies to request or implement consumer protection measures
The Controllers	The Guided
<ul style="list-style-type: none"> Raise awareness and educate about the existence of consumer protection measures and how they can be accessed and implemented Ensure <i>Controllers</i> can easily access information, ideally through multiple distribution channels like online, Council offices, and building supply companies 	<ul style="list-style-type: none"> Consumer education campaign building on their awareness of risk, e.g. what they are opening themselves up to and raise awareness of the consumer protection measures that are available Dial up social norms, as they look to others to reinforce their behaviour and provide reassurance Education to guide them through the process and enable them to initiate behaviour

Builders

Builders differ in their perception of the level of potential risk they face, as well as their business model and practices. These two dynamics give rise to four typologies: *The Lone Wolf*, *the Adapters*, *the Do It By The Book*, and *the Finding My Feet*.

It is important to note that builders view risk primarily in terms of business profitability. Hence, risks like non-compliance with the Building Act, and unhappy clients (due to over budget, delayed, and/or low quality work) are ultimately viewed in the context of their implications on current and future cash flow and profits.



Builders differ in their awareness and perception of the risks they face

Those at the bottom of the model (*Do It By The Book* and *Adapters*) acknowledge a higher level of risk and the corresponding compliance requirements they face in their working environment. They take active steps to mitigate these risks. *The Do It By The Book* have appropriate systems and processes in place. *Adapters* seek to adjust their working environment (to negate the need for consumer protection strategies that fall within the Building Act). For example, they may only take on smaller jobs (in terms of monetary value) to ensure they remain under the threshold at which contracts are required.

Those at the top of the model (*Finding My Way* and *Lone Wolf*) have a lesser appreciation of the risks involved. They will often equate the high quality of their workmanship (doing a good job) as a rationalisation for reduced risk or hold the belief that people (clients) are generally good and trustworthy.

Builders differ in their attitude towards and acceptance of compliance requirements aimed at managing risk

Builders at the bottom of the model acknowledge the need for the various compliance requirements in managing risk. They typically have structures and processes in place to mitigate risk or seek to change their working environment; there is less requirement for the compliance elements.

Those at the top of the model may employ a number of rationalisations to manage risk that they face. Strategies include a belief they operate in a transparent manner, being selective of clients (to lessen the risk of difficult clients or non-payment), using and signing quotations as a proxy for contracts, along with a strong reliance on payment schedules to mitigate potential for non-payment.

Barriers to compliance differs by builder typology

With the exception of *Do It By The Book*, other builder typologies have ad hoc or non-existent behaviours when it comes to complying with consumer protection measures. The barriers to compliance differs by typology, which are detailed in the table below.

Finding My Feet	Lone Wolf
<ul style="list-style-type: none"> • Lower awareness (due to their naivety) • Approach may be somewhat ad hoc – lack the systems to support their behaviour 	<ul style="list-style-type: none"> • Do not acknowledge some risks as being relevant to their situation • Reject many of the suggested measures (and may be anti-establishment) • Quality of work used as a proxy for the lack of formal protection measures

	<ul style="list-style-type: none"> • Informal approach to business – systems or processes likely to be minimal • Not a priority in the context of other demands of running their business • See measures as having a personal direct cost to them • May be doing their own ‘version’ of a contract (e.g. payment schedule, and see this as adequate) • Hold a number of beliefs/rationalisations about contracts • Lack of clear consequence of not undertaking the behaviour
Do It By The Book	Adapters
<ul style="list-style-type: none"> • Few – they accept compliance as a function of being in business 	<ul style="list-style-type: none"> • Effectively undertaking their own environmental restructuring, through modifying the context so they do not have the need to implement consumer protection measures. • Interventions should focus on education and ensuring <i>Adapters</i> are kept informed of industry changes

Behaviour Change interventions need to be targeted to specific builder typologies

Any behaviour change interventions need to be targeted to the specific typologies to maximise effectiveness. Priority should be given to interventions targeting those typologies sitting at the top the model: *The Lone Wolves* (the most challenging typology with multiple barriers to compliance) and *the Finding My Feet* (who want to do the right thing, but lack knowledge). Recommended interventions are detailed in the table below.

Finding My Feet	Lone Wolf
<ul style="list-style-type: none"> • Education around legislative requirements and how to implement the necessary systems • Formal training around general business practices 	<ul style="list-style-type: none"> • Multi-strand approach required • Environmental restructuring linking consumer protection measures to a regulatory framework e.g. Consents process, LBP • Enablement to ensure Lone Wolves have the skills and resources to undertake the desired behaviour • Education, particularly around what constitutes a ‘contract’ • Leverage external pressure with other organisations, for example consumer protection measures as a condition of lending from banks • Leverage homeowners as an influence – a direct to consumer campaign educating homeowners on the necessary consumer protection measures and giving them strategies, so they feel comfortable requesting these documents from builders • Stronger enforcement of non-compliance around consumer protection measures
Do It By The Book	Adapters
<ul style="list-style-type: none"> • Positively reinforce their behaviour to ensure this behaviour is maintained over time • Establish mentoring roles (provide role modelling for others in the industry) 	<ul style="list-style-type: none"> • Few barriers as they recognise the need for the consumer protection measures • Ensure they are kept up to date with any regulatory changes, so they can adjust their working conditions appropriately

Background and objectives

MBIE is the lead policy advisor to government on the building regulatory system. It is responsible for advice on legislation and regulations, including the Building Code. Its stewardship role requires MBIE to look across the system as a whole and provide advice on how to ensure the building regulatory system is high performing. As the central regulator, MBIE manages the system that regulates building work.

The allocation of risk, responsibility, and liability has important effects on building processes. A misallocation of risk, responsibility, and liability can result in inefficient consenting or inspection processes that cause unnecessary delays, impacts on building quality and innovation, and homeowners facing significant challenges in obtaining redress if things go wrong.

To design effective interventions for these issues, MBIE requires additional information to fully understand the issues and behavioural drivers for two key groups – building contractors and homeowners – and the extent to which a misallocation of risk, responsibility, and liability may contribute to these issues. Overarching research objectives include:

- Identify homeowners and building contractors' knowledge about the current allocation of risk and responsibility
- Understand the incentives and behaviour created by the current allocation of risk and responsibility for homeowners and building contractors
- Support the development of assumptions about how behaviour would change under various policy options to address the misallocation of risk, responsibility, and liability.

Specifically, MBIE wish to explore the following research questions with homeowners:

- How well do homeowners understand the risks they face in commissioning building work?
- To what extent are homeowners aware of their options in the market to manage risk through the purchase of home warranty or insurance cover?
- What factors are influencing their decisions of whether or not to purchase home warranty or insurance cover?
- To what extent are homeowners aware of the suite of consumer protection and remedy measures in the Building Act 2004 that help them to avoid and manage risk?
- To what extent are homeowners complying with their obligations in this respect (e.g. entering into written contracts for work over \$30,000) and when people are not complying, what are the causes?
- What issues do homeowners experience in practice in commissioning building work? How do homeowners try to resolve these issues, and what are the results?

And the following research questions with builders:

- To what extent do building contractors understand the risks they face in undertaking building work?
- How do building contractors manage the risks they face?
- To what extent are building contractors complying with their legal obligations to protect consumers (e.g. providing a checklist and disclosing certain information before the building contract is signed), and where there is non-compliance, what are the drivers?
- What issues have building contractors experienced when dealing with homeowners in the context of undertaking building work? How did they resolve these issues, and if not resolved, why not?

Methodology

This section details the methods adopted for this study, including the data collection approach, the sample composition, data analysis and reporting.

Qualitative approach

Given the exploratory nature of the objectives, a qualitative approach was utilised incorporating a series of in-depth, face-to-face interviews with both homeowners and builders.

Homeowners

Homeowners are defined as those who have currently/or have been involved in the building process, which involved either building a new home or undertaking substantial renovations (>\$30,000) on their existing home.

Qualifying homeowners were identified and recruited via a number of channels. In the first instance, homeowners were sourced through the Colmar Brunton national consumer panel. Homeowners were also identified through networking, via other homeowners and building contractors. Homeowners completed a screening questionnaire to ensure a spread of variables across the sample. Other variables across the sample include a mix of gender, ethnicity, and spread of household income.

Interviews were completed across a range of urban and provincial locations, which included Auckland, Hawke's Bay, and Wellington. Interviews were typically completed in participants' homes and were around 1.5 hours in duration. Homeowners completed a pre-task detailing their building journey, prior to attending the interview. In homes where there were joint decision makers, (e.g. a couple) both were invited to attend the interview.

A total of 18 in depth interviews were undertaken with homeowners, as detailed in the table below.

	Partway through the building process	Completed their build in the last 12 months	Completed their build in the last 5 years	Total number of interviews
New build	3	3	3	9
Renovation / Significant Alteration (>\$30k)	3	3	3	9
Total number of interviews	6	6	6	18
Total number of participants				22

Homeowners who could potentially have higher knowledge levels than the general public, for example, tradespeople and council employees, were screened out of the sample. A further breakdown of sample variables can be found in the appendix.

Builders

Key variables of interest for builders included organisational size/type and a mix of those that focused on new home builds or substantial renovation (>\$30,000).

Qualifying builders were also identified and recruited via a number of channels. This included the Colmar Brunton business panel, advertising methods (such as the Yellow Pages, newspaper advertisements, signage at building sites) and networking through other tradespeople and homeowners.

Interviews were undertaken in Auckland, Hawke's Bay, and Wellington. Interviews were completed in a range of locations, which included building sites, the builder's home, and Colmar Brunton offices. Interviews were around one-hour duration.

A total of 16 individual in depth interviews were undertaken with builders, as detailed in the table below.

Group	Self-employed sole trader	SME 1-5 employees	Larger businesses >5 employees	Total number of interviews
New build	2	4	2	8
Renovation / Significant Alteration (>\$30k)	2	4	2	8
Total number of interviews	4	8	4	16
Total number of participants				17

Interviews with sole traders and SMEs were undertaken with the business owner. Interviews with larger businesses were completed with those in a client facing role.

In general, the builders and homeowners were not known to each other, with the exception of two interviews.

Data analysis

All interviews were recorded (with permission) and some were transcribed for analysis purposes. A thematic analysis of the data was undertaken following a general inductive approach¹. This involved an initial review of a selection of the transcripts by a lead researcher, and the development of a coding framework. Following discussions with other members of the research team, this was then modified and subsequently used to code the remaining interviews. The typologies used in this report were derived from the interviews. As the typologies are qualitative in nature, there is no data on the relative size of each.

Reporting the findings

Our qualitative analysis seeks to explore and understand homeowners' and builders' viewpoints, rather than measure them. This means we avoid using terms such as 'the majority' or 'the minority' in our reporting, although we do use phrases such as 'widespread', 'a consistent theme', 'some' and 'a few' to give an indication of the strength of a viewpoint. Anonymised, verbatim quotes from the transcripts are included in the reporting of findings.

¹ Thomas, D. R. (2006). A general inductive approach for analysing qualitative evaluation data. *American Journal of Evaluation*, 27(2), 237–246.

Context

This section provides contextual understanding to the research findings. These tend to be widely held perceptions or behaviours evident across the sector.

Reputation is key

The concept of builders maintaining a good reputation plays a significant role in the sector. Builders acknowledge reputation as being a key component of word of mouth referrals and repeat business. This in itself influences the overall sustainability and long-term profitability of the builder's business.

Builders can easily cite examples of fixing issues or defects that were no fault of their own to keep their clients happy and ultimately maintain their reputation.

My work is through word of mouth only. So, it's important to keep people happy as that's the main way I get the next job, and the one after that, and so on.
SME, Wellington

Similarly, homeowners use (a good) reputation as a measure that a builder can be trusted.

The building boom

There is a general perception of a building boom occurring across the country, which means demand for builders can exceed supply. From a builder's perspective, this means they can be selective about the type of work they take on, and for whom.

I don't advertise at all. I have got a sign made that I don't even put up in front of houses that I build because I don't really want strangers to ring me because usually if it is not a word of mouth referral...
Sole trader, Hawke's Bay

For homeowners, the building boom means they may have to wait to access quality builders, or compromise on their choice. This also helps reinforce low service expectations across the sector.

Builders are so busy at the moment, they tend to drop the ball... We called some builders, but they never even got back to us.
Renovation, Auckland

The evolution of the builder

There is a sense by some that perceptions of builders have evolved over the years. The profession has gone from being a pathway for those who were not academically inclined and did poorly at school, to being a viable (and potentially profitable) business option.

There was a time when a builder was just a pair of hands. Labour. A bit thick. You dropped out of school and there you were. That's what happened to me. But I am now at the stage where I am a business man. I have a business that happens to be building, but I needed to learn all the skills about running a business. Building doesn't have that stigma any more. And you can see it with the apprentices. Some are just looking for a hands-on job that will help them support a family. But more young guys are coming because they see it as a way to have their own business. A proper profitable business. I have one apprentice with a University degree who is learning the trade.
SME, Auckland

However, some builders note they are not taught business skills and have to pick these up along the way. Some suggest previous employers are reluctant to teach their builders business skills for fear of them setting up their own business in direct competition.

The rise of reality TV

Some builders begrudge reality TV programmes like *The Block* and *Grand Designs*, because they feel they create unrealistic expectations for homeowners, especially around timings and costs. A common sentiment expressed is that homeowners often have 'champagne tastes with beer budgets'.

People don't realise there's a whole team of tradies behind the scenes and the figures are bullshit.
Larger Business, Hawke's Bay

These perceptions have potential to influence the future behaviour of builders and homeowners.

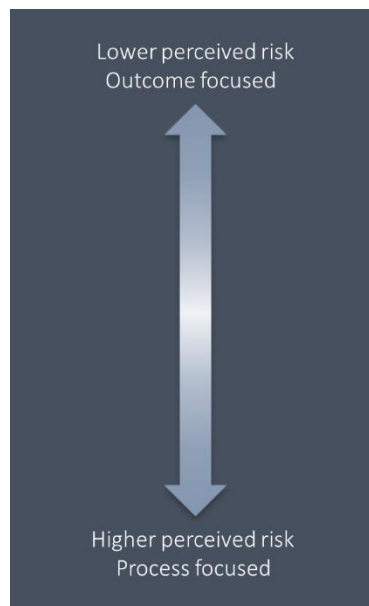
Understanding homeowners

During a major renovation or new build, most homeowners express similar priorities, which centre on budget, timing, and quality. Ideally, their project would come in within or close to the budgeted amount. Ideally, it would be finished as per their timeline with no significant delays. Moreover, it would be finished to a quality standard. Homeowners tend to view risk in terms of these priorities (i.e. budget, timeliness, quality), and generally are not cognisant of other specific risks (e.g. their builder going bankrupt).

They also differ in their *perception of the level of risk* they face. This is illustrated on a continuum. At one end, there is a belief of lower perceived risk. Homeowners simply do not feel they are exposed to significant risk. In this context, homeowners tend to be more outcome focused, that is, their focus is on what the finished home will be like. They are less interested in the finer details or the process undertaken to get to this point.

It is important to note that the level of risk attributed is 'perceived' risk and as such, this perceived risk is their reality. It may have little relationship with 'actual' risk that homeowners face during their renovation or new build.

At the other end of the continuum, homeowners acknowledge a higher level of perceived risk. In this context, homeowners tend to be more process orientated and recognise that they may be exposed to risks from any number of angles. They have a higher degree of involvement at each of the various stages. In saying that, homeowners struggle to articulate the specific risks they could potentially face.

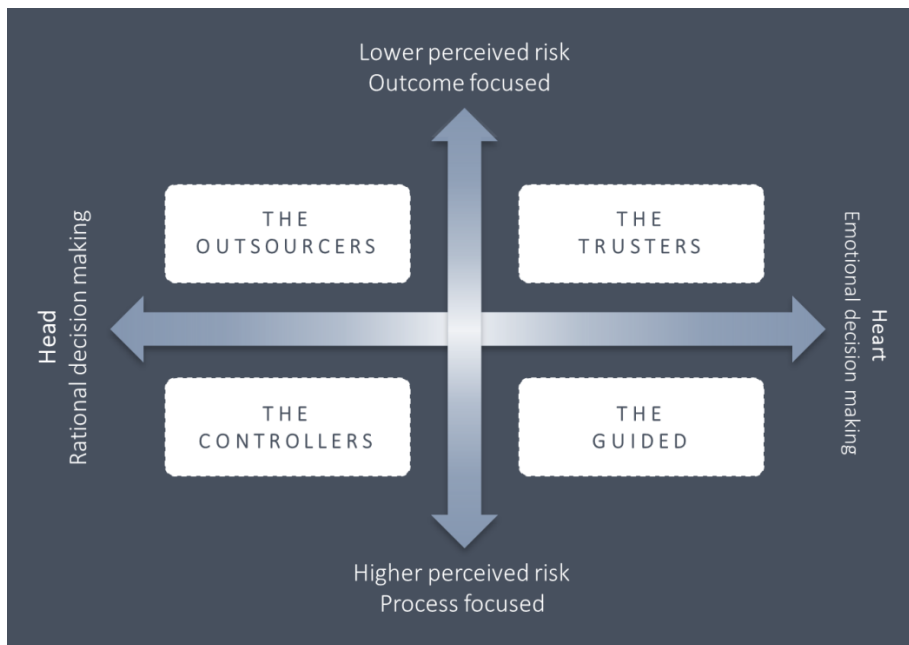


Homeowners also differ with regard to their *approach to decision making*. At one end of the continuum, there are homeowners who pride themselves in taking a 'rational' approach to decision making. They tend to be systematic, logical and like to think things through. They tend to be proactive in their information searching and when armed with information, are confident in their decision making.

At the other end of the continuum, there are those homeowners who are more likely to be influenced by their emotions in decision making. They tend to place greater credence on how they connect with someone on a personal level. They tend to prioritise how they 'feel' about something or someone and seek out a builder they feel they can trust. These homeowners may be less confident in their decision making, are likely to be reactive and rely on emotional cues.



The interaction of these dynamics creates the model framework and identifies a number of homeowner typologies: *The Trusters*, *the Guided*, *the Controllers* and *the Outsourcers*. These typologies are detailed in the following section.



It is interesting to note that members of the same household, for example couples, may have different dominant typologies. In this context, they may ‘balance each other out’ or act as an influencer on the other person’s dominant behavioural mode.

The Trusters

These homeowners are characterised by **lower perceived risk** and decision making which is strongly influenced by **emotional cues**. They tend to be outcome focused and are reassured by dealing with someone they feel they connect with.

General approach to building/renovations

Trusters give less credence to the process involved in a renovation or new build. They will often go so far as to say the details are ‘boring’. In comparison, they find the outcome exciting – imagining what the finished house will be like, and how it will feel living there.

As their name suggests, *Trusters* are generally very trusting across all aspects – for example, that the builder will do what’s discussed, the appropriate materials are sourced, appropriate sign off has been obtained etc. This may be expressed in the language they use, for example, they may talk about ‘having faith’ in their builder. They may also attribute it as a reflection of their relaxed nature.

When challenged on their approach, *Trusters* can easily offer a number of rationalisations that support their trusting nature. Central to their thinking is the presence of an established personal relationship. It should be noted these may not necessarily be direct relationships between the builder and the homeowner themselves, but with someone they have in common.

My husband works with his [builder’s] brother... we just trusted him.
Renovation, Hawke’s Bay

I know their [tradespeople] wives.
Renovation, Hawke’s Bay

Similarly, the personal recommendation of a builder by someone they know and trust can be very powerful. In some cases, the recommendation can negate the perceived need for more formal aspects (e.g. contracts) of the relationship.

We reached out to friends and they came with recommendations. It was [name]. So, we didn’t feel like we needed anything more than that.
Renovation, Auckland

He was referred and my friends were his references. I think this is a case where no formality was required.
Renovation, Auckland

The Trusters also attribute a number of benefits to the personal relationship they have with their builder, with the idea that they will receive preferential treatment somehow. For some, there is a sense that their building work is fast-tracked and completed faster. For others, the booming building industry means it can be difficult to ‘get a hold of a tradie’, so they perceive existing relationships facilitate an introduction and ensure the builder turns up when they supposed to.

Underpinning the personal relationship *Trusters* establish with their builders, is the belief by *Trusters* in their skill to judge a person’s character. Many feel they had the appropriate skills to determine if a builder is trustworthy just through meeting and chatting with them.

We liked him...he seemed like a good bloke.
Renovation, Hawke’s Bay

We trusted them, we felt comfortable they would deliver what we wanted. There were no red flags... we can see through bullshit.
New Build, Hawke’s Bay

Trusters also draw strongly on the role that reputation plays in the building sector, and they derive confidence from this. Some *Trusters* hold the belief that ‘the market’ will hold the builder accountable for any sub-standard behaviour. As such, if a builder gets a bad reputation, they won’t be around for very long.

If the word gets around [that the builder is dodgy], he’s not going to be in the industry very long.
Renovation, Hawke’s Bay

Some *Trusters*, especially those in smaller communities, derive a sense of security from their location and relative size, assuming that sub-standard builders are more likely to live and work in larger cities.

Hawke’s Bay is too small a place not to know what’s going on... The cowboys are in the metropolitan areas.
New Build, Hawke’s Bay

Trusters are unlikely to undertake any active information searching on their prospective builder; rather they rely heavily on personal recommendations. Some even reference an element of ‘fate’ in their relationship with their builder.

We didn’t really talk to any others [builders]. We felt really lucky, we were at the right place, at the right time.
Renovation, Hawke’s Bay

Desired relationship

Trusters have a desire for a strong personal relationship. There is an expectation they will develop a strong rapport with their builder and that they will ‘click’ on a personal level. Given the strong focus on personal relationships, informality will likely set the tone.

It was quite a relaxed arrangement... there was no written quote. He gave us a rough estimate... my sister knew him through rugby.
Renovation, Hawke’s Bay

Given *Trusters* tend to be outcome focused, they are often ‘hands off’ during the building process. This may also hint at perceptions of low self-efficacy for some *Trusters* (in conjunction with their lack of interest in the finer details).

It’s a very confusing process. I wouldn’t know where to begin and thankfully I don’t have to as [the builder] will take care of that stuff.
Renovation, Wellington

Trusters will be open to working with any of the builder typologies², as long as they like the person and feel comfortable with them. They may be more drawn to *the Lone Wolves* or *Finding My Feet* as their informal approach is likely to suit their personality better and may be less confronting.

² Builder typologies are detailed in the next section of the report.

Perceptions and understanding of risk

Trusters are unlikely to perceive a high level of risk when undertaking renovations or new builds. References to mitigating risk tend to focus on immediate financial outlay. Many *Trusters* place significant reliance on a payment schedule as a rationalisation for their perceptions of low risk. Similarly, others reference separate land and house packages as an example of low risk.

Because we bought the section, we weren't paying anything up front... all our payments were after the fact, so we had no risk.

New Build, Hawke's Bay

For others, the biggest risk is seen as missing steps during the building process that would end up requiring additional time/cost or finding existing damage to the house. There is a lack of awareness of wider risks like incomplete and/or non-compliant work.

I haven't really thought about [risk] in any detailed way. The biggest things that could go wrong would be if we missed something like a council check.

Renovation, Wellington

When prompted with examples of 'when things have gone wrong', for example a local housing company going into liquidation, some *Trusters* tend to attribute this simply to 'bad luck'.

Awareness and usage of consumer protection measures

Overall awareness of consumer protection measures is very low amongst *Trusters*. Most are unfamiliar with checklists or disclosure statements as detailed in the Building Act. Many suggest personal relationships are used as a proxy for these more formal elements/documentations. Others suggest they just do not find the details interesting.

We have no construction or tradie background, so I don't think we knew anything about liability.

Renovation, Auckland

We were more worried about the house design than that stuff [consumer protection measures]. It's more fun.

New Build, Hawke's Bay

There is a higher awareness of the concept of contracts. This awareness is often driven by external agencies, such as banks and general insurance companies raising it with homeowners. However, awareness does not necessarily translate into behaviour. There are differing perceptions around the 'form' of the contract, with some suggesting they had a verbal contract so there was no need for more formal documentation.

In a sense, we had a verbal contract with them... in common law, it doesn't have to be written down.

Renovation, Hawke's Bay

There is some awareness of product warranties amongst *Trusters*. However, this varies greatly. For most, knowledge of warranties may be limited to a product level, for example, how long a roof will last with little reference to workmanship.

We have separate warranties for the roof cladding, plumbing stuff like that.

New Build, Hawke's Bay

Some are under the impression that warranties are only applicable for new builds, not renovations. Most are unfamiliar with the concept of 'implied warranties'.

However, even given their low level of awareness and usage of consumer protection measures, *Trusters* do not appear to harbour any anxiety about it. There is a general belief that any issues that may arise will be sorted out. Again, there are references to having 'faith' that the builder will resolve any issues. *Trusters* tend to take reassurances from the builder on 'face value'.

The job was done, we were very satisfied... I have faith if there is any issue, they will come back.
Renovation, Auckland

It is interesting to note that *Trusters* tend to be quite forgiving when issues have arisen.

My husband just happened to look in the ceiling [of the renovation] and there was no insulation. He rang [the builder] who said, yeah, he just forgot about it. It was just verbal conversations... we expect him to fix it.
Renovation, Hawke's Bay

We had to chase the builder for 4-6 months for the final Building Consent... it was all signed off... the builder just got behind on his paperwork.
Renovation, Hawke's Bay

Opportunity/influences

Trusters tend to place great emphasis on external agencies. Some place great credence on council involvement to ensure everything is done as it should be.

If the council inspect it, then it should be up to standard.
Renovation, Hawke's Bay

Others derive a sense of security from their builder's affiliation with an industry body, with the assumption being the building association will step in (and provide remedy) should anything not go to plan. However, it is important to note that there appears to some confusion between the different building associations and their roles. Some *Trusters* perceive Master Builders to be the regulatory body for the building industry.

They're part of Master Builders... that's a tick in that box... they guarantee if the builder goes bust, Master Builders would pick it up and finish it... we would never lose out.
New Build, Hawke's Bay

Master Builders are the governing body for builders.
Renovation, Hawke's Bay

As with other typologies, banks and insurance companies can be strongly influential to ensure homeowners have the appropriate documentation in place. *Trusters* are more likely to implement a behaviour or action if a 'knowledgeable other' *instructs* them to do so. This can serve two functions. Firstly, it can de-personalise the issue so *the Trustee* experiences less anxiety about potentially insulting the builder when requesting documentation (given the assumption formalities are not required given the existing personal relationship(s)). Secondly, it may enhance *Trusters'* self-efficacy by providing a strategy (a way to request the documentation that sits outside of bounds of the personal relationship).

We did speak to AMI [who we have house and contents with], they said, 'make sure you have a contract'.
Renovation, Hawke's Bay

However, somewhat alarming is that some *Trusters* took the absence of action by their bank, that is, not trying to upsell an insurance product, as reinforcement that it wasn't required.

We had lots of discussion about the renovation and mortgage with the bank. We have all our insurances with the bank... they would have sold us other insurance if they could.

Renovation, Hawke's Bay

How does this translate into behaviour?

Trusters express little interest and low efficacy with regard to seeking out home insurance and warranty products on their own accord. The strong reliance they place on personal attributes facilitates a high degree of informality in their relationship with their builder. This informality extends to other aspects of the relationship, such as little consideration to formal documentation.

Trusters are unlikely to be internally motivated to undertake voluntary behaviour change. They are reactive and unlikely to seek out information or actively implement risk mitigation/consumer protection strategies. However, they are likely to respond to direct external influences, especially when it comes from a credible, impartial source for example banks and insurance companies.

Summary

The Trusters, as the name suggests, generally have very trusting natures. As such, they are unlikely to fully consider, comprehend (or be interested in) the multitude of risks homeowners face when building a new home or undertaking renovations.

Their trusting nature is often a reflection of their relaxed personalities. They likely seek out builders or environments with an informal approach. *The Trusters* place great significance on personal relationships and a key criterion when selecting a builder is how they connect on a personal level. They are generally less involved in the building process, preferring their builder to take care of it.

The key motivations and barriers are summarised in the box below.

Key motivations	Key barriers
<ul style="list-style-type: none"> <i>Trusters</i> are unlikely to implement behaviour change on their own accord and will need external influence to place greater consideration on consumer protection measures 	<ul style="list-style-type: none"> May not perceive a need as they don't understand what consumer protection measures are protecting them from Possible risks not in their frame of reference Presence of personal relationships and recommendations can override the perceived need for formal aspects (documentation) Belief the builder would not risk their reputation by sub-standard work Belief 'the market' will regulate behaviour Relaxed and reactive personalities Low self-efficacy and confidence in their ability to implement consumer protection measures High need for security and this is derived from maintaining a positive relationship with their builder Reference to ethereal concepts like luck and fate are difficult to argue against

The challenge is to stimulate personal relevance and enhance self-efficacy.

The Guided

These homeowners are characterised by **higher perceived risk** and decision making which is strongly influenced by **emotions**. They acknowledge that there is much about the building process that they don't know, and it can be fraught with risk, so they look for someone to guide them through the process and reassure them along the way.

General approach to building/renovations

The Guided are the first to admit that they 'don't know, what they don't know'. As such, in the minds of *the Guided*, this perceived lack of knowledge, translates into higher perceived risk. *The Guided* acknowledge there could be any number of potential risks, so look to the builder to help them navigate through the process. Part of this navigation includes breaking the building process down into manageable 'chunks'. As with *the Trusters*, they place a strong emphasis on the personal relationship with their builder, so often rely on emotional cues during their decision making. However unlike *the Trusters* who take a hands-off approach, *the Guided* expect to be involved in every step of the journey.

He seemed competent. Had this typical builder physique and talked like most of them do. Gave us a rundown of his catalogue and explained the process and all seemed above board.

Renovation, Wellington

Desired relationship

The Guided are essentially looking for someone to 'hold their hand' and walk them through the building process. As such, the potential for the personal relationship is a key factor in their decision making. *The Guided* will seek out someone they like, and who they feel understands them.

I chose the builder – not just on price, but on his attitude. I liked talking to him. He listened and he had some ideas too. We worked together and I relied on his knowledge and expertise.

Renovation, Auckland

In some cases, the builder took on an expanded role, helping homeowners with advice over and above the actual build.

He was the professional. I have no idea. And he helped me a lot with many aspects – beyond the actual build. With ideas and advice.

New Build, Auckland

The Guided will be open to working with any of the builder typologies, as long as they feel the builder understands them. They want to be involved in the building journey, but not made to feel stupid because of their lack of knowledge. They may be more drawn to the *Adapters* or *Do It By The Book* builder typologies, given their stronger focus on detail and process.

Perceptions and understanding of risk

The Guided have an impression there is higher potential for risk, however they would have difficulty articulating the specific risks. They would likely find it overwhelming if confronted with the number of potential risks. A typical strategy to provide a degree of reassurance is to solicit three quotes. However, personal relationships remain paramount as they look to others for reassurance.

I got a few quotes. We always get quotes. And used the Builder's Crack and invited quotes from builders people recommended to us. But no matter how careful you are... there's risks... We went way over budget. But I am happy with the outcome and I feel like we maintained a good relationship throughout.

Renovation, Auckland

The Guided also place a high degree of trust in 'the system' and that impartial experts, like council building inspectors, would ensure the building work is completed to a quality standard.

The council inspector came in and signed off every stage of the build. Their standards were very detailed...the book was quite thick and [the council inspector] talked to me rather than the builder and gave me a rundown of how the builder had done the last stage.

Renovation, Wellington

Awareness and usage of consumer protection measures

Whilst *the Guided* may have some general awareness of home warranty and insurance products, for many the emphasis on the personal relationship creates an atmosphere of informality. This means that many aspects or assurances from the builder are taken on face value. As such, often the more formal elements like contracts are not taken into consideration, even though *the Guided* can see clear benefits associated with such measures.

We did nothing formal like a contract, just exchanged rough notes on what we had talked about. We didn't really think of getting a contract at that stage, didn't know you had to...probably should've looked into it but at the time it didn't seem necessary.

Renovation, Wellington

In some instances, *the Guided* suggest they simply 'forgot' such measures existed.

I think I sort of knew these things [consumer protection measures] existed, but I forgot. I guess you forget until you need it.

Renovation, Auckland

Others suggest they did not know they could request a contract, or actively decided not to, for fear of offending the builder or negatively affecting their personal relationship through inferring that they did not trust their builder.

I never realised I could ask for a contract. It would offer clarity and certainty and be much better if something happened down the track.

Renovation, Auckland

The Guided likely have little knowledge of checklists, disclosure statements, home warranty products, or implied warranties.

Opportunity/influences

As *the Guided* look to others for reassurance, other external agencies have potential to significantly influence their behaviour, most notably banks and insurance companies.

Because I had to get a loan for this, there were lots of requirements, so contracts and schedules were necessary from that perspective.

New Build, Auckland

In fact, *the Guided* will likely listen to anyone who they perceive has a higher knowledge level than themselves, as they attempt to navigate through the process. This could extend to council workers and those who work in building supply stores. Some suggest other tradespeople provide a welcome source of advice.

We are the novices and they are in this world. It was the painter who taught me about compliance and safeguarding.
Renovation, Auckland

How does this translate into behaviour?

The Guided have a general acceptance that new builds or significant renovations present a high-risk context. However, while they may acknowledge a need to implement (some sort) of consumer protection measures, they are not confident in their knowledge level or decision-making ability. As such, they are likely to do nothing.

The Guided will look to external cues for reassurance, most notably from perceived ‘experts’ like builders. Similarly, external agencies, like banks have potential to strongly influence their behaviour. They tend to have trust in the system (council consents, regulatory framework) so *the Guided* are likely to implement the desired behaviour, if they are ‘walked through the process’ - shown what to do, how to do it and why it’s important. However, the question is who will guide them through?

Summary

The Guided, as the name suggests, are looking for someone to help them navigate the complexities of the building process. They acknowledge there is a high level of risk involved, but do not necessarily have the knowledge or possess the skills to ensure relevant steps are taken to mitigate this risk. External agencies have potential to significantly influence their behaviour; however, they will need to be guided through the process.

The key motivations and barriers are summarised in the box below.

Key motivations	Key barriers
<ul style="list-style-type: none"> • <i>The Guided</i> have a desire to be ‘hands on’ during the building process • Have a high need for reassurance/peace of mind 	<ul style="list-style-type: none"> • Perceptions of risk, may operate at a ‘generic’ level – may be unable to articulate specific risks, and therefore unsure how to mitigate them • Consumer protection measures not top of mind • Low self-efficacy and confidence in their ability to implement consumer protection measures • Presence of personal relationships and recommendations can counter against the perceived need for formal aspects (documentation) • Tendency to take things e.g. comments from the builder, on ‘face value’

The challenge is to educate and enable.

The Controllers

These homeowners are characterised by **high perceived risk** and a preference for **rational decision making**. They feel they themselves are in the best position to make the decisions that will directly affect them. They have a desire to be actively engaged throughout the process, to ensure they are fully informed.

General approach to building/renovations

The Controllers, as their name suggests, have a need for control. As such, they are typically heavily involved in all aspects of the build or renovation process.

We didn't lose any autonomy, we were involved at every step.
New Build, Hawke's Bay

Their involvement starts right from the consideration phase, where they typically undertake their own research. They are comfortable actively seeking out information from any number of sources. They tend to be very detailed focused. They pride themselves in their rational, logical approach, effectively undertaking what they perceive to be as due diligence. They often perceive themselves as very knowledgeable and expect this knowledge to be respected.

It was a process and we recognised the limitations we had, the complexities of affording a home... We reviewed a number of options and this 'Home and Land' package was the most suited to our needs. I did my research very thoroughly. It is who I am.
New Build, Auckland

The Controllers prefer to be heavily involved in all aspects of the building process and have a 'hands on' approach. This may include aspects like contributing to the overall design of the home or inspecting workmanship to ensure it is at an acceptable standard.

I bought some architect software online and designed it [the house] myself... Yes, I [work in the health sector]... but I did tech drawing at school.
New Build, Hawke's Bay

Maths is my thing... I'm meticulous about numbers... I did all sorts of calculations about where the sun rises and sets and light angles, what it means for windows, which way the wind blows...
New Build, Hawke's Bay

Some *Controllers* sought to 'test' builders with smaller projects, before commissioning them for larger projects.

I got the builder to do a little job first... make sure it was done properly and on time.
Renovation, Hawke's Bay

Desired relationship

The personal relationship a *Controller* has with their builder is secondary. That is not to say a relationship is not established over time. However, primarily for *the Controller*, is the builder operating in an acceptable manner, their integrity and their ability to undertake the work required to a standard that is acceptable to *the Controller*.

When he says he'll be somewhere, he'd be there. I never heard one bad thing. I got to like him over time.
New Build, Hawke's Bay

The Controllers will likely seek out *Do It By The Book* builders. They will appreciate their attention to detail and systematic approach. They will also like the rigour that the formality facilitates. *The Controllers* will likely view all other builder typologies as bordering on ‘cowboys’ given their lack of focus on systems and compliance.

Perceptions and understanding of risk

Controllers perceive building a house or undertaking significant renovations as a potentially high-risk activity. As such, they seek to mitigate this perceived risk. Having a lawyer review any documentation is key strategy.

I like to hedge my risks, so I spent a lot of time talking to people, getting advice and searching online. I took the contract to our family lawyer and amended the contract to include a sunset clause after two years as a result. But being that we – and even the lawyer – are not experts in this business, it was still a contract that was stacked in the favour of the developer and builder.

New Build, Auckland

Similarly, some found comfort in building association membership as a way to mitigate potential risk. Reassurance is derived by perceptions that the building associations are well established which provided a proxy for future longevity, in conjunction with perceptions of inherent guarantees. The credibility of the building association is reflected onto its members.

We had a Master Builders’ contract... I liked it, it felt comfortable... you knew they were not fly-by-nighters and if something happened, even if the builder was not around, Master Builders would stand by it.

New Build, Hawke’s Bay

I was satisfied that the builder had a Master Builders’ accreditation and as such a further warranty.

New Build, Auckland

Awareness and usage of consumer protection measures

Of all homeowners, *the Controllers* are arguably the most highly knowledgeable. However, their knowledge of consumer protection measures appears to be limited to the presence of a contract and insurance. Insurance is likely to be focused on house insurance as opposed to specific building insurance, and little consideration is given to home warranty products. There is generally low awareness of other consumer protection measures.

We did talk about insurance... where his ended and ours began. The point when we move in, that’s when we needed home insurance.

New Build, Hawke’s Bay

Whilst *Controllers* weren’t overtly aware of checklists and disclosure statements, there is a general perception they were included.

I think we probably did [receive a checklist and disclosure statement]... but I wasn’t aware he had to.

New Build, Hawke’s Bay

Contracts play a key role in the relationship *Controllers* have with their builders. *Controllers* would be comfortable requesting a contract and would be unlikely to embark on a professional relationship without one. Contracts are given due consideration and having it reviewed by a lawyer is a part of the process.

The contract was very clear.

New Build, Hawke’s Bay

Controllers were generally not aware of implied warranties. However, they are more likely to mention specific consumer legislation such as the Consumer Guarantees Act, but few, if any reference to the Building Act.

Opportunity/influences

As detailed above, *Controllers* are confident in their ability to seek out relevant information. Banks and insurance companies also serve to reinforce their decisions.

The bank wanted to know who our builder was... they had heard about him... We felt more secure that his reputation had made it to the BNZ.

New Build, Hawke's Bay

The bank was a good source of information... they're impartial, it's in their best interests, as well as ours.

New Build, Hawke's Bay

Controllers also express a desire for councils to play a greater role in holding builders accountable, and ensuring homeowners are not disadvantaged.

Council must be accountable... must enforce compliance. Builders are in the game, Council is part of the game – the novices and first timers are at a real disadvantage.

New Build, Auckland

Controllers also expressed a preference for even more detailed information about builders to be made publicly available. With particular reference to issues around quality of work and whether the builder themselves was associated with any company that had experienced any financial difficulties in the past. This would serve to facilitate their decision making.

There is a need for a publicly accessible database or platform where you can cross-reference builders and developers – and you will be able to see other companies and subsidiaries too.

New Build, Auckland

You know how banks have credit ratings, I'd like to see something similar for builders... a rating based on their quality of work and financial position.

New Build, Hawke's Bay

How does this translate into behaviour?

The Controllers generally accept new builds and significant renovations are undertaken in a high-risk context. They acknowledge a need to implement risk mitigation strategies. They are confident in their own ability to acquire knowledge and distil appropriate information. Similarly, when they feel they are sufficiently informed, they are confident to instruct/work with builder to ensure appropriate measures are in place. *The Controllers* will seek to implement strategies, particularly if they can see the logic in doing it (and the risk of not doing it).

Summary

The Controllers, as the name suggests, have a high need for control. They derive this control by being sufficiently informed and involved in all aspects of the building process. They have a desire to work in partnership with their builder, and have their knowledge respected. In saying that, of upmost importance is the competency of the builder, any personal relationships are secondary.

Even though *Controllers* are arguably the best informed of the homeowner typologies, their knowledge of the portfolio of consumer protection measures, is limited. Their information search strategy tends to begin with a generic Google search, for example 'building a house in NZ'. Few could articulate specific sources of information or websites that they would refer to.

The key motivations and barriers are summarised in the box below.

Key motivations	Key barriers
<ul style="list-style-type: none"> Internally motivated Desire to make informed decisions Undertaking a highly rational, logical approach is in line with their personality 	<ul style="list-style-type: none"> Limited awareness of some consumer protection measures
<p>The challenge is to raise awareness of consumer protection measures and provide easy access to information.</p>	

The Outsourcers

These homeowners are characterised by **low perceived risk** and **rational decision making**. As part of their decision-making process, they acknowledge they do not possess the required skills to undertake a renovation or new build themselves and they seek to employ an expert. They tend to equate engaging a builder, as similar to employing any other expert in a service context, like accountants or lawyers. They rationalise that you are not expected to be a tax expert when employing an accountant or a legal expert when employing a lawyer. They posit the same is true when employing a builder. In addition, if they were being very blunt, *Outsourcers* would suggest this is what you are paying them for.

General approach to building/renovations

Outsourcers are by nature, outcome focused. They are effectively 'hands off' and as their name suggests, they seek to employ experts in their relative fields. As such, they expect to respect their builder's knowledge in their area of expertise. *Outsourcers* tend to be quite pragmatic. They acknowledge their own knowledge deficits and seek to compensate for that by employing experts. They may undertake some initial background checks on the builder (e.g. online reviews, building certificate, and reputation) to ensure they are employing an 'expert'.

The architect is the person who has worked with the materials most, and she has even built her own house with it. So, we got the builder from her, her same builder. So that is how we knew this was an expert in the field. I did some Googling and so on, for my peace of mind, and appreciated they had Master Builders' endorsement. So, I was satisfied this was the right company.

Renovation, Auckland

It is important to note that *Outsourcers* place stronger emphasis on researching the builder themselves, rather than the building process per se. There is an expectation that once they select their builder, the builder will handle the process in turn.

As a result of engaging an expert, *Outsourcers* may ‘absolve’ themselves from further upskilling on the building process. Following their initial information search and/or confidence that they are employing the right people for the job, outsourcers tend to sit back and let the builders get on with it.

The way I see it, homeowners don't know anything about building... and they don't need to... the builders are the professionals.

Renovation, Hawke's Bay

[The builder] knows what he needs to do and we just let him get on with it.

New build, Wellington

The builder is the beginning and end now. We have excellent communication – we talk, problem solve. He is very pro-active and that is what I expect. He deals with Council, sparkie, no problem. This is what you do. You are not a builder. You get a builder and you step aside.

Renovation, Auckland

Desired relationship

In the minds of *Outsourcers*, they clearly position themselves as ‘the client’. As such, there is an expectation that the builder should be driving the relationship with the homeowner. *Outsourcers* tend to value good customer service, which may include consistent communication and transparency of steps involved, costs, and timelines. They see it as an indication that the builder is committed to the project.

It's up to the builder to build a good rapport with us... we are the client. We will be available to make a decision, but the builder does everything else.

Renovation, Hawke's Bay

The Outsourcers will be open to working with a number of builder typologies, especially if they think the builder will ‘get on with it’ and they will receive a high level of customer service.

Perceptions and understanding of risk

Outsourcers are characterised by their perceptions of low risk. It should be noted *Outsourcers* tend to have a relatively short-term perspective. That is, their point of reference for risk is typically in the short term – during the build process or immediate after, rather than longer-term defects.

We had confidence in his competence to execute what was required and let him get on with it. Besides fear of what we might find when we took the old kitchen out, and maybe the importance of sticking to budget, large risks didn't cross our minds.

Renovation, Auckland

As with other aspects of the building process, *the Outsourcer* sees themselves as effectively outsourcing risk. As such, managing risk is attributed to being the builder's responsibility where it is assumed the builder has the relevant measures or systems in place.

[Minimising risk] is not the homeowner's responsibility... that's what the builder does, he has systems in place.

Renovation, Hawke's Bay

Awareness and usage of consumer protection measures

Outsourcers will likely have some level of knowledge, due to their rational nature. However, given their outcome focus, knowledge tends to be at a generic level. Therefore, while they might have some awareness of 'liability insurance' they are unsure of the actual details and unlikely to fully comprehend what it covers. Similarly, they may reference 'home insurance' but this tends to refer to general house insurance, rather than specific home warranty insurance. In saying that, they don't see it as their role to have an in-depth knowledge about these things. They would deem it acceptable that the builder had the appropriate insurances in place.

That's not our department... as long as the builder has insurance, that's what you pay a builder for.
Renovation, Hawke's Bay

My husband asked if they [builders] had liability insurance... in case something happened.
Renovation, Hawke's Bay

As with other homeowner typologies, awareness of checklists and disclosure statements is very limited. However, some *Outsourcers* feel these are of lesser importance, particularly if their builder was recommended or *the Outsourcer* had completed their own information searching on the builder.

I don't think I got that one [disclosure statement] ... I never checked on his qualifications or licencing... but I'm a teacher, I don't go around showing my degrees.
New Build, Hawke's Bay

Most *Outsourcers* were aware of the role of contracts, however their experience of them varied. Some (especially new builds) had contracts created early in the relationship, which were then reviewed by lawyers. This provided some peace of mind, as it served to reinforce their decision making.

It was a turn key price... they organise everything. The contract was clear; you knew exactly what you were getting down to the brand of appliances. It gave you peace of mind that you were getting what you paid for. The lawyer reviewed it to make sure there were no red flags.
New Build, Hawke's Bay

Other *Outsourcers* did sign contracts, but sometimes it was after the building work had already commenced. Some *Outsourcers* were willing to forgo a contract if it meant speeding up the building process. This fits with their strong outcome focus.

If you can GET a builder in Auckland to sign a contract! Builders here are in high demand. You will wait months for a good one. The power lies in their hands. I am not ignorant, I appreciate it is better to have a contract than not. But for a manageable, relatively low risk kitchen renovation I would frankly rather get the builder here!
Renovation, Auckland

There was little awareness across the board with the terminology around 'implied warranties'. Again, *Outsourcers* generally possessed knowledge at a generic level, and assumed there would be some recourse under the Consumer Guarantees Act or similar. The assumption was potential remedies (legislation) are already in place, so they did not have to do anything directly.

If we had an issue, there's like a Consumer Guarantees Act for house building... they've got an obligation to fix or repair it to a standard.
Renovation, Hawkes Bay

Opportunity/influences

As with other typologies, the homeowner's bank can serve as a key influencing factor. They may educate the homeowner on the documentation required.

Because of the requirements from the bank, we got all these things, disclosure statements... checklists... yes... you are prompted because of the scale of the investment.

Renovation, Auckland

Some *Outsourcers* suggest it is the responsibility of the building industry to regulate themselves, to ensure builders are operating at an appropriate standard. Bearing in mind, *Outsourcers* tend to research the builder themselves, as opposed to the building process.

It's up to the building industry to ensure there's no cowboys... they need to make sure they're registered, they're a master of their trade, they have the right qualifications.

Renovation, Hawke's Bay

Similarly, there was some awareness that builders could be fined, but some questioned the efficacy of this. Some suggested implementing a national register with builders' details and transgressions. Again, this reinforces the *Outsourcers'* focus on the builder themselves, rather than the building process per se.

It's kind of like a speeding ticket. It's good but it doesn't mean people won't do it. It won't prevent anything unless it goes in a register that people can look up.

New build, Wellington

How does this translate into behaviour?

The Outsourcers acknowledge their own knowledge deficits and seek to fill this deficit by employing an expert. As such, they do not perceive a need for themselves to be skilled in elements of the building process, as that is what the builder is for.

Outsourcers prefer a 'hands off' approach and expect the builder will drive the process and provide great customer service along the way.

Summary

The Outsourcers, as the name suggests, seek to employ an expert. They tend to be pragmatic and acknowledge their own knowledge deficits, recognising that building is not their key area of expertise. As such, they outsource to an expert.

Outsourcers will likely do some initial background research, but this is typically focused on the building practitioners themselves, rather than the building process. Once *Outsourcers* are confident in their builder selection, they will take a 'hands off' approach. They may have limited knowledge of consumer protection measures, but do not see it as their role to.

The key motivations and barriers are summarised in the box below.

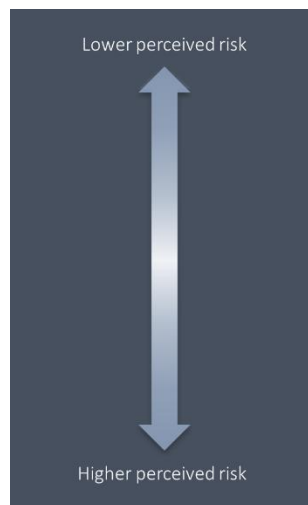
Key motivations	Key barriers
<ul style="list-style-type: none"> • Rational nature to make informed decisions • Seek to employ an expert • Seek to be 'hands off' – want reassurance everything is being taken care of 	<ul style="list-style-type: none"> • Lower perceptions of risk • Limited awareness of some consumer protection measures • Do not perceive knowledge of consumer protection as their role
<p>The challenge is to ensure key compliance behaviours are linked with 'expert' builders.</p>	

Understanding builders

Common to all builders is the concept of being in business, and this means making a living or generating a profit. This underpins their concept of risk as well; many do not have clear idea of what specific risks they face but instead think in terms of the impact on their business and cash flow.

Where builders differ is in their *perception of the level of risk* they face. This is illustrated on a continuum. At one end, there is a belief of lower perceived risk. In this context, builders may associate perceptions of risk with the quality of their work. For example, there may be a mind-set that if a builder does a 'good job', then they have nothing to worry about. Similarly, in relation to clients, builders may hold the belief that people are generally 'good' and trustworthy.

Conversely, at the other end of the continuum, building contractors operate under the premise of higher perceived risk. In this context, builders recognise they face risks from any number of angles, along with the realisation that 'you can't control everything'. Many attribute this mind-set simply to a reflection of the world we live in. Others may have had a negative experience that forced them to re-evaluate the risks they face.



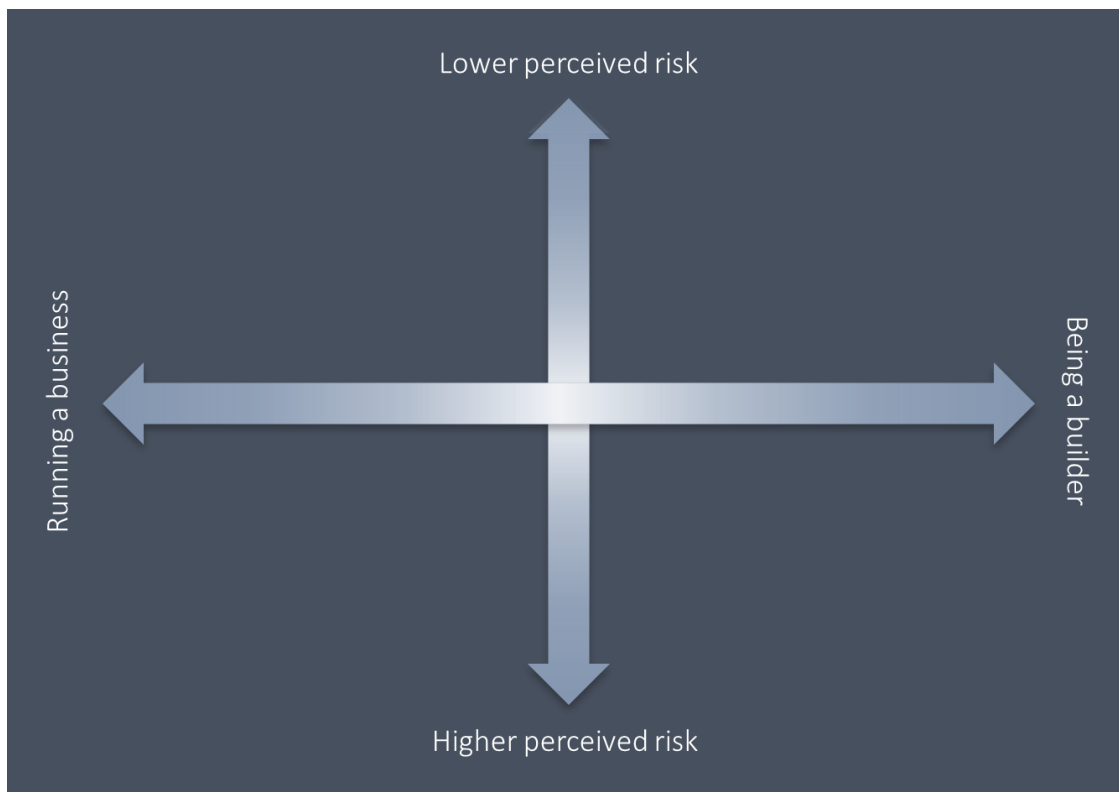
It is important to note the level of risk attributed is 'perceived' risk; as such, this perceived risk is their reality. It may have little relationship with 'actual' risk that builders face as they go about their day-to-day business.

Builders also differ with regard to their business model and practices. At one end of the continuum, there are builders who take a holistic view, and see themselves as 'running a business'. With this mind-set, they more readily accept all of the responsibilities and obligations associated with running a business.

At the other end of the continuum are those who have a more targeted view, and see themselves as 'being a builder'. As such, the task of building is their priority. They often enjoy the aspects of building like creating something, 'working with their hands' or 'being on the tools'. They tend to resent other obligations (like compliance), which they feel takes them away from their core focus.



The interaction of these dynamics creates the model framework and identifies a number of typologies: *The Lone Wolf*, *the Adapter*, *the Do It By The Book* and *the Finding My Feet*. These typologies are detailed in the following section.



It is important to note that building contractors will likely have one dominant typology that influences them most of the time. However, a significant event may trigger a different strategy. For example, exposure to, or knowledge of a relevant serious event may make building contractors pause and reflect on their approach/practices.

The Lone Wolf

This builder is characterised by **lower perceived risk** and seeing himself or herself, primarily, as a builder. They likely enjoy many of the aspects building provides: the ability to work with their hands, the variety of work and the ability

to visualise a completed project. However, there are some aspects they don't enjoy (and may seek to avoid), particularly the 'paperwork' side of things.

General approach to business

The Lone Wolf, as the name suggests, is likely to be a sole operator or small SME, and have little desire to significantly grow their business. Given the current economic climate (building boom), many are unlikely to utilise formal marketing or advertising strategies, and simply go from one referral to the next. Contributing to this is the perceived strength of their reputation.

So, my philosophy has been... it is my name on the job regardless of whether I am on the tools or not, so I want to make sure it is done the way I want it so I can walk away and be happy with it. Hawke's Bay is a small place and reputation is everything, especially when I have been here my whole life basically, so I don't want a bad reputation. So, I sort of think it's me and I will do one job at a time and plod along and hopefully make a reasonable living as I go.

Sole trader, Hawke's Bay

For many, this is an active strategy to avoid the obligations associated with having employees. Some have developed strategies to compensate, for example 'labour swaps'.

I have a cousin who's a builder and we do labour swaps... like if I can't lift something by myself, he'll come and help me for a couple of hours. Then I'll help him out when he needs it.

Sole trader, Hawke's Bay

The Lone Wolf enjoys being their own boss and doing things their own way, and may even refer to themselves as a 'non-conformist'. Their approach to the way they conduct their business tends to be more informal, from undertaking verbal agreements, to the role technology plays.

I don't like the whole formal, the whole computer and everything – that is fine if that is what you do and you are sitting in front of your nice big computer screen all day and you are good at that – then that is fine. But for me being a one-man-band, that is just not how I will ever operate.

Sole trader, Hawke's Bay

Their informal approach means they likely resent many of the more formal obligations/compliance requirements associated with being a builder. They often view these as an unwanted cost to them personally and perceive the money comes directly out of their pocket – a personal loss. They may not see the value (or purpose) behind regulations, or they may not respect the position of those seen to be creating the rules.

If you're a builder, you know how to build stuff. That's [general compliance] someone sitting on their high horse, in their air-conditioned office with these ideal scenarios that would safeguard everyone. It is just not practical... I think my mate's wife, who is an English lady, who has never been on a farm, she writes the laws and stuff for farmers here. It's like, you wouldn't know the first flipping thing and I think a lot of those things are sort of similar.

Sole trader, Hawke's Bay

Awareness and comprehension of risk

The Lone Wolf has some awareness of the risk those in the building industry face. However, they perceive some risks to have little personal relevance to their situation. This is influenced by the fact they complete most of the building work themselves, and believe they work to a high standard, along with the existence of personal relationships.

I can understand housing companies who have strangers, just random people, you would need to safeguard yourself all over the show, but for me with word of mouth and who my client base is, I am not too worried.
Sole trader, Hawke's Bay

Attitudes and behaviours around compliance

The Lone Wolf will likely have low awareness and usage of many of the consumer protection measures. A common sentiment is that 'if a builder does their job properly, there is nothing to worry about'. As such, rationalisations about the (lack of) compliance behaviour are based in the concept of quality workmanship. It is interesting to note that all of those interviewed are confident in their ability to produce quality work.

Few (if any) utilise checklists or disclosure statements. Some are unaware of these as consumer protection measures. Some did not see a need to utilise these documents as they feel they operate their business in a transparent manner. This transparency is evidenced by clear hourly rates and allowing homeowners to charge materials onto the builder's trade account.

Why do I have to do disclosure statements, if I'm an open book?
Sole trader, Hawke's Bay

Most are aware of contracts, but there is some confusion around the finer details. Some are unsure of the threshold where a contract is required, others are unsure how certain aspects, for example materials or the use of sub-contractors are accounted for with the threshold.

So, although I am supposed to have a contract for every job over \$20,000, I don't because I can't be bothered. As I said before, if it is going to go dog on you and you get to the point that that contract is coming into effect because of defects and stuff, you have a way bigger problem and I won't let it get to that.
Ever.
Sole trader, Hawke's Bay

I think they recommend there's a minimum amount. Somehow, I think it's \$30k, but I honestly have no idea.
SME, Auckland

In saying that, some *Lone Wolves* are doing their version of a contract. A common behaviour is to get a homeowner to sign or initial a quotation document. For many, there is a strong reliance on a payment schedule, which in many cases serves as a proxy for a contract.

Then you have a payment schedule, so at different stages there are staged payments. Normally I say, I will build you a house for \$40,000 for the labour only and when we have got framing complete it will be \$10,000, roof on and closed in is \$20,000 and lining complete is \$30,000, ready for paint \$38,000 and we will hold \$2,000 back at the end for tidy up and putting door hardware all on. And then you sort of ... you get a bit of a breakdown like that by email and then everyone is usually pretty happy.
Sole trader, Hawke's Bay

The Lone Wolf can provide a number of rationalisations as to why they do not see contracts as a necessary part of their business. For some, pragmatism overrides and they do not see a need given much of their work is through repeat businesses, and therefore they know the clients (and the risk of non-payment is reduced). Similarly, in this context they just see it as adding to their paperwork.

I do know what I am supposed to do (compliance), but I apply it when it makes sense. Generally I work in a small network of other tradies. And I tend to get enough word of mouth and repeat business from satisfied clients to keep me very busy. I don't need all the paperwork.
SME, Auckland

For some *Lone Wolves*, contracts are not a priority in the context of other business pressures, which typically centre on the day-to-day building activities. They will seek to prioritise actual building tasks (and completing the job), over aspects they do not deem as necessary.

Usually a contract is not the top of my priority list, because I am thinking that I need to get concrete in those footings before it rains next week or I have got someone else ringing up and shit, I need to get that done before the painters are there or I need to do that over there before blah, blah. So, you are so topped up with information in your head that it just takes a backseat, because I think it's a big of a load of shit really.

Sole trader, Hawke's Bay

Similarly, there is a perception that contracts can be limiting in a constantly changing environment. Conversely, some suggest that a scenario when they might consider a contract is with a fixed labour price.

When you're there a job grows, they say 'can you also look at this' and then you get extra pieces of work. A contract limits you and you can't keep making more and more contracts for all the small things.
SME, Auckland

For many *Lone Wolves* compliance documentation is an unwanted cost to their business, and time away from the tools, which means times they aren't generating income. Given the tendency of *Lone Wolves* to be smaller companies or sole traders, they are unlikely to perceive a difference between their business income and their personal income. As such, compliance costs are perceived to be a direct personal cost – money coming out of their own pocket.

[Compliance work] is time away from the tools. We didn't become builders so we could do all this paperwork. It's the reason so many of us left school and became this.
SME, Wellington

Some have the perception that it could be difficult to get all parties to agree on the terms of a contract, with each party seeking to obtain the best terms for themselves. This may create perceived barriers in the process.

It's a funny one those contracts, because [my lawyer] will want a contract that will keep me safe, but then when you present that contract to the client and their lawyer looks at it, they are going to say this is totally favourable for me.
Sole trader, Hawke's Bay

Others suggest that having no contract is better than having a sub-standard contract. There is a perception that in attempting to create a contract themselves, they may be inadvertently opening themselves to even more risk, so in response, they seek to avoid contracts altogether.

If I do a half-arsed effort myself, I am probably opening myself up even worse. So, I would probably need my [lawyer] to look over it to check it out ... It is just something that I don't want to get involved in because it is not in my skill set and I would rather just be out there working.
Sole trader, Hawke's Bay

Overriding all of these rationalisations is often the fact that *Lone Wolves* are unclear about the negative consequences resulting from non-compliance. While they surmised some regulatory body might give fines for non-compliant behaviour, they have had little personal experience with this, or have not heard of others being fined. They are unclear as to who would issue the fines and the corresponding amounts. Given these uncertainties, the current risk (and perceived probability) of a fine, is not a compelling motivator.

I guess you could get a fine from the council in some cases, but I just can't be bothered sometimes. You pull a 12-hour day and then have to come home and tap away at the computer to put everything in order. Sometimes I just can't give a shit.
SME, Wellington

Opportunity/influencers

The Lone Wolf is likely to rely on informal channels of communication, ‘tradies talking to each other’, or conversations with building suppliers. Whilst some obtain knowledge through the LBP programme, they may disagree with it and/or choose to ignore it.

So, I could potentially be getting myself in trouble because I am a Licensed Building Practitioner, yet I am not doing that properly, so I could probably get a black mark against my name. So that is one thing – I want to carry on doing restricted building work, so I don't want to shoot myself in the foot with that, but a lot of that [compliance] stuff, I just don't think is that practical.

Sole trader, Hawke's Bay

The Lone Wolf is unlikely to be a member of an industry body, and may perceive it as an additional expense they don't see the value in. *Lone Wolves*, like other builders, tend to hold both positive and negative strong opinions of the two primary industry bodies (Master Builders and Certified Builders). Many are very critical of Master Builders seemingly allowing anyone, regardless of qualifications, to become members. Conversely, Master Builders has strengths in its size (member base), longevity, and access to business practices and guarantees. Certified Builders are perceived by many to be more credible, given membership is conditional on trade qualifications. However, some suggest Certified Builders lack the size and market presence of Master Builders. Some *Lone Wolves* state that they would consider membership as a marketing tool (as opposed to the stated membership benefits), but the current economic climate doesn't warrant it.

How does this translate into behaviour?

The Lone Wolf rejects many of the existing compliance/consumer protection measures. They do not see any value in placing a stronger focus on compliance elements. In fact, they perceive there to be a high personal cost in doing so. These costs include financial costs, as well as costs in terms of time and effort. They will likely continue to operate in the way they have historically, because they perceive little consequence of not undertaking the behaviour.

Summary

The Lone Wolf, as the name suggests, like to do their own thing, on their own terms. They are confident in their ability to deliver quality work and given the current building boom, can be selective about what clients they chose to take on. In this context, *the Lone Wolf* sees little need for many of the consumer protection measures. They do not see them adding any value to their business, if anything, it is simply an additional cost, for which they perceive themselves to get little return. *The Lone Wolf* can offer a number of rationalisations to support their (lack of) behaviour.

The key motivations and barriers are summarised in the box below.

Key motivations	Key barriers
<ul style="list-style-type: none"> Unlikely to implement voluntary behaviour change of implementing consumer protection measures 	<ul style="list-style-type: none"> Do not acknowledge some risks as being relevant to their situation Reject many of the suggested measures (and may be anti-establishment) Quality of work used as a proxy for the lack of formal protection measures Informal approach to business – systems or processes likely to be minimal Not a priority in the context of other demands of running their business Sees measures as having a personal direct cost to them May be doing their own ‘version’ of a contract (e.g. payment schedule) and see this as adequate Hold a number of beliefs/rationalisations about contracts Lack of clear consequence of not undertaking the behaviour

The challenge is to stimulate personal relevance

The Adapter

This builder is characterised by **higher perceived risk** and seeing himself or herself primarily as a builder. They have likely been in the building industry for a long time and seen a number of changes over the years. They enjoy the hands on building aspect and creating something new. In saying that, there is a sense that they may be ‘set in their ways’ and rather than change their business practices (in response to risk), they seek to change the context they work in.

General approach to business

Adapters enjoy being on the tools and the direct relationship they have with their clients. They likely pride themselves on being honest, reliable, and trustworthy. This is demonstrated in how they engage with their clients, placing a strong emphasis on communication. *Adapters* acknowledge that building a new home or undertaking a significant renovation is a huge undertaking for clients, especially those who haven’t done it before. As such, *Adapters* go out of their way to reassure their clients, guide them through the process, and ultimately establish a level of mutual trust.

I take them through the process step by step. If there are any issues, I directly raise them with the client. Well, that wall is completely rotten, we can’t leave it, it is going to have to be replaced and it’s going to cost you x amount of dollars.
Sole trader, Wellington

The strong relationship *Adapters* develop with their clients assists to establish and maintain their reputation in the marketplace. As with other builder types, *Adapters* acknowledge maintaining a good reputation is critical to their overall sustainability in ensuring ongoing work.

When you’re working under your name, you want to make your client happy, to recommend you, and pay you at the end of the day.
Sole trader, Wellington

Adapters' strong communication skills extend to working with colleagues in the building industry. *The Adapter* believes a good builder has the ability to project manage the sub-trades to ensure everything happens as it should and to a standard that is acceptable. *The Adapter* is also aware of their own limitations and may seek to control the amount of work they take on. This has personal benefits, as well as being mindful to maintain their reputation.

I've learnt over the years to only do one major project at a time, because you don't want to spread yourself too thin. You'll just get an unhappy client, and it's not worth getting an unhappy client because they'll talk.
Sole trader, Wellington

Awareness and comprehension of risk

The Adapter acknowledges that as a builder they face a high degree of risk, especially with all the new regulations that have been implemented. They are generally accepting of the regulation changes and the greater focus on consumer protection measures. Given their experience, they have seen many examples of 'when things go wrong' and 'the cowboys' who have historically operated in the industry. *Adapters* recognise there are lessons to be learned from this.

Attitudes and behaviours around compliance

Overall, *Adapters* are generally accepting of the consumer protection measures and compliance requirements. They recognise there is a need for compliance as they have often seen first-hand the shoddy work done by other builders. They also acknowledge that a focus on compliance may help instil confidence in homeowners that they are working with a professional builder.

However, *Adapters* acknowledge it can be difficult to keep up with all the various compliance requirements, not to mention the extra workload and time taken away from building (and earning) to upskill.

There is so much you've got to be aware of when it comes to consumer protection. It can be hard to keep up, especially for us older guys. We do it because we've got to. We're so used to doing it the way we've been doing it.
Sole trader, Wellington

The challenge of ongoing compliance requirements has resulted in some builders re-evaluating the way in which they work. Some have implemented active strategies to change their working environment and ultimately reduce the compliance burden. Some reduce the scope of their work (monetary thresholds, charging of sub-trades) to ensure they remain under the compliance threshold.

I don't do any work over \$30k these days. It's not worth it, what with the paperwork and everything that goes with it. Not worth it for me to spend time and effort doing that.
Sole trader, Wellington

Others are selective in what clients they take on, with word of mouth recommendations playing a key role, to ensure the client won't place unrealistic demands or expectations on them. This selectivity also extends to the types of job *Adapters* chose to take on. They tend to assess work on a case-by-case basis and reserve the right to refuse work if need be, as they use this as way to protect themselves from risk.

A few things I just won't touch. Like mono-cladding or if I suspect there is moisture anywhere in the house. It's just not worth it for me.
Sole trader, Wellington

Similarly, *Adapters* will typically only work with tradies they know and trust. Experience tells them that if a homeowner experiences an issue, the builder is often the first person they'll call, regardless of whether it's a building issue. This strategy helps reduce the potential risks associated with poor workmanship.

I have a few tradies that I've always worked with and I never go outside them. I know they'll do a quality job and I can rely on them. The client ultimately calls the builder first if something is wrong, even if it was the roofing guy, so I have to make sure I only work with the best.

Sole trader, Wellington

Opportunity/influencers

Adapters rely strongly on informal channels and their networks (talking to other tradies) to keep up to date with industry changes.

How does this translate into behaviour?

The Adapter has a general acceptance that new builds or significant renovations present a high-risk context. Given their experience in the industry, they perceive a need for greater compliance. However, rather than implement measures that seek to mitigate this risk, they actively chose to change their working environment to reduce the compliance burden.

Summary

The Adapter, as the name suggests, seeks to adapt their working environment to lessen the burden of compliance. Whilst they acknowledge a need for compliance measures, they have little desire to adhere to the requirements on a day-to-day basis. As such, they adapt their environment through being selective in the projects and clients they accept, so that many of the compliance elements are no longer applicable.

The key motivations and barriers are summarised in the box below.

Key motivations	Key barriers
<ul style="list-style-type: none"> Already undertaking voluntary behaviour change away from compliance requirements 	<ul style="list-style-type: none"> Few barriers as they perceive a need for the consumer protection measures However, they choose not to engage with the behaviour and adjust their working conditions correspondingly
<p>The challenge is to inform, ensure they are kept up to date.</p>	

The Do It By The Book

This builder is characterised by **higher perceived risk** and see themselves as **running a business**. They are likely to be the larger, established companies and seek to project a professional image. There may be a specialisation of labour within the organisation, for example, there may be client-facing roles (office based), and administrative support and some of the builders may have little direct contact with homeowners.

General approach to business

The Do It By The Books tend to have quite a strategic focus. They likely have business plans in place and can articulate their overall business strategy. They likely perceive a direct link between efficiency and profitability and have systems in place to support this, some of which may include the process they take clients through, an estimating system for quoting, project management systems detailing the progress of each build. They acknowledge the role of repeat business in their overall business sustainability.

They may be conscious of factors that influence not only their business, but also the building industry as a whole. Some hold a belief that ‘a few bad eggs’ have damaged the building industry. For some, this has resulted in a stronger focus on overall professionalism to seek to counter (and set themselves apart) from some of the negative perceptions of the industry. *The Do It By The Books* tend to see themselves as contributing to the industry as a whole. They may have trained a number of apprentices over the years and may be active in an industry association.

Some are critical of homeowners not having realistic expectations, particularly between the cost-quality relationship. They may be resentful of clients who ‘shop around’ and go for the cheapest option. Similarly, they may feel builders get unwarranted blame, but feel obliged to fix issues to ensure their reputation is maintained.

Clients want to go with the cheapest option without realising cheap means low quality. Then they complain when shit goes wrong.

Larger business, Wellington

Awareness and comprehension of risk

The Do It By The Book acknowledge the high level of risk for both builders, as well as homeowners. They are often highly knowledgeable and tend to be aware of different legislation, referencing the Building Act and the Consumer Guarantees Act and the differences between the two. They generally have a high awareness and knowledge of the various documentation that is required by law. They are active in ensuring they keep up to date with standards, and often attend industry run seminars.

It's important to keep up with standards. Part of that is under the LBP scheme... you have to do ongoing training for that.

Larger business, Wellington

Attitudes and behaviours around compliance

Given *the Do It By The Book* perceive high levels of risk, they are typically open to any methods, like consumer protection measures, that helps mitigate this risk. They perceive multiple benefits for themselves and their clients. There is an awareness that consumer protection measures help educate homeowners and are a useful tool to help understand the process.

The disclosure statement demystifies the building process for homeowners.

Larger Business, Hawke's Bay

Similarly, they recognise benefits in potential outcomes, if something does not go to plan. The measures may also provide goalposts about what is a fault and what is not.

We're going to have a better result, if the shit hits the fan.

Larger Business, Hawke's Bay

Some see the focus on compliance as a reflection of overall professionalism of an organisation. Given some of the negative perceptions existing in the industry, some utilise a strong focus on compliance in an attempt to differentiate themselves in the marketplace.

There are bad guys out there and they damage us all. You set yourself apart by showing you are serious about protecting yourself and the client.

SME, Auckland

The Do It By The Book will typically have some formal communications printed to reflect their way of doing business and approach to compliance. A common approach is to have 'portfolio' with relevant information (often glossy brochures) and templates for key documents. In some cases, these builders have to develop alternative strategies to ensure clients fully understand some of the consumer protection measures.

You can see [the client's] eyes glaze over when they reach the disclosure checklist. Most of them do not care because they just want to look at the dollar figure. So, we usually try to get someone from our admin team to sit down with them and go through everything just to make sure they've read and understood everything.

Larger business, Wellington

A few suggest that builders are being held liable for an inordinate amount of time (10 years), often for work they weren't directly responsible for. Clients view builders as the ultimate owners of the entire project when it's sometimes the subcontractors who are behind a botched job. There is a suggestion that responsibility needs to be spread out rather than just resting with builders.

I had a client who called me up after two years because rats had gone through his two-million-dollar property that we built and chewed through some expensive sound equipment. Turns out the plumber we hired hadn't sealed the pipes properly leading to the damage. Now, I could've argued with him that it wasn't our fault and he needed to talk to the plumber. That would've taken months and probably some legal shit because he was a wealthy lawyer. Or we could just shut up and fix it for him which we did, even though it had nothing to do with us.

Larger business, Wellington

Opportunity/influencers

Many *Do It By The Book* are affiliated with building industry bodies, who serve as a key source of information. These builders also perceived a number of benefits of their membership, like access to best practice, contracts, guarantees and disputes resolution.

If I took pride in what we are doing, then arguably why not align yourself to the premier building organisation (Master Builders).

Larger Business, Wellington

I am a member of Master Builders and they have been good for building up my business. They do a lot of helpful stuff, I use their contracts and templates.

SME, Auckland

How does this translate into behaviour?

The Do It By The Books are generally operating in a compliant manner. They have systems and processes in place to support their behaviour.

Summary

The Do It By The Book, as the name suggests, places a priority on ensuring all relevant compliance is undertaken, as it is meant to. They likely have formal systems and processes in place and compliance is simply part of their day-to-day functions. Their behaviour needs to be reinforced.

The key motivations and barriers are summarised in the box below.

Key motivations	Key barriers
<ul style="list-style-type: none"> Already undertaking voluntary behaviour change and meeting compliance requirements 	<ul style="list-style-type: none"> Few – they accept compliance as a function of being in business
<p>The challenge is to positively reinforce their behaviour, to ensure it is maintained.</p>	

The Finding My Feet

This builder is characterised by **lower perceived risk** and see himself or herself as **running a business**. They are likely to be an establishing/growing business who are still finding their way. They are likely ‘a work in progress’, still getting systems in place. They want to ensure their long-term sustainability and want to ‘do the right thing’ but may be a bit naïve.

General approach to business

These builders are typically transitioning from seeing themselves as being a builder, to seeing themselves as running a business. They may have an inkling of some other business practices, for example marketing and customer service, but are unlikely to have formal training in this area. They have likely picked up general business skills along the way or learnt through talking with others.

The Finding My Feet place a strong emphasis on operating in a transparent manner. This is likely to reflect their strong focus on customer service (which underpins their overall growth strategy). However, it should be noted that whilst *Find My Feet* are willing to share information with clients, they might be unaware of what they are *obligated* to share.

Building a home is the biggest investment most families will make in a lifetime. I feel it is part of my responsibility to make sure they understand the contracts and the obligations. I explain all the options. It’s part of the relationship.

SME, Auckland

Awareness and comprehension of risk

The Finding My Feet tend to have lower perceptions of risk, but this is likely influenced by their naivety,

Attitudes and behaviours around compliance

The Finding My Feet likely have a vested interest in the success of their business and do not wish to put it at risk. This mind-set extends to compliance behaviour. They will seek to avoid non-compliant behaviour so as to not to put their business at undue risk.

We (me and my wife) have put everything into this business. It is our future. I would not put this at risk. That’s why we have our processes and we follow them.

SME, Auckland

They may even adapt the compliance information, for example, instilling their own thresholds, as they seek to establish their systems. This is reflective of their intent to be customer focused and 'do the right thing'.

You need a contract for everything, anywhere near \$30k... We do it [contract] for all bigger jobs, anything over \$10k.

SME, Hawkes Bay

In some cases, they may not be aware they are undertaking the required behaviour. For example, some were providing the type of information required in a disclosure statement but were unaware this was something they were actually required to do.

I've just got a pamphlet... not thought of it as a disclosure statement... but yeah, it's got my qualifications, my LBP, a bit about our business... I guess it is a disclosure statement.

SME, Hawke's Bay

Whilst there is a strong sense that they want to do the right thing, as evidenced by the guarantee transcript below, they may not have thoroughly thought things through. There appears to be some confusion as to whether some of their business practices are simply based on providing good customer service or are a legislative requirement.

R. We provide our clients with a 10 year guarantee on our workmanship.

Q. Who is that through? Who underwrites it?

R. It's just something we do ourselves.

Q. What if you're not around it 10 years? What happens to your guarantee?

R. Oh, I don't know...

SME, Hawke's Bay

The Finding My Feet do not reject compliance elements but may not be aware of certain aspects or their approach over time may be a bit ad hoc. Another example, is signing the contract mid-way through a project.

Opportunity/influencers

The Finding My Feet tend to acknowledge their own shortcomings and look to other organisations for business support. For many, the Building Hub is cited as a key information source. Those utilising this website like the easy access and practical nature of the information. They perceive a clear benefit relative to the subscription they pay, as it will ultimately help them grow their business. *The Finding My Feet* may also be a little undecided, and are unlikely to be members of industry organisations as they struggle to see a direct (and immediate) business benefit.

They [Building Hub] keep everyone up to date, make sure we're all doing the right thing... and not doing what we don't need to do... they simplify things for us.

SME, Hawke's Bay

I just get my contract from [the Building Hub] website. Rather than trying to do figure that out myself.

SME, Wellington

How does this translate into behaviour?

The Finding My Feet, are generally accepting of consumer protection methods. They are likely doing some of the required compliance behaviour. Whilst not actively rejecting compliance elements, they simply may not be aware of some of the required behaviour. As their business is still evolving, so are their systems. They may not have established systems in place to facilitate compliance requirements.

Summary

The Finding My Feet, as the name suggests, are still developing as a business and so too are their systems and processes. They express a desire to ‘do the right thing’ and will likely comply with compliance requirements – once they are aware of them.

The key motivations and barriers are summarised in the box below.

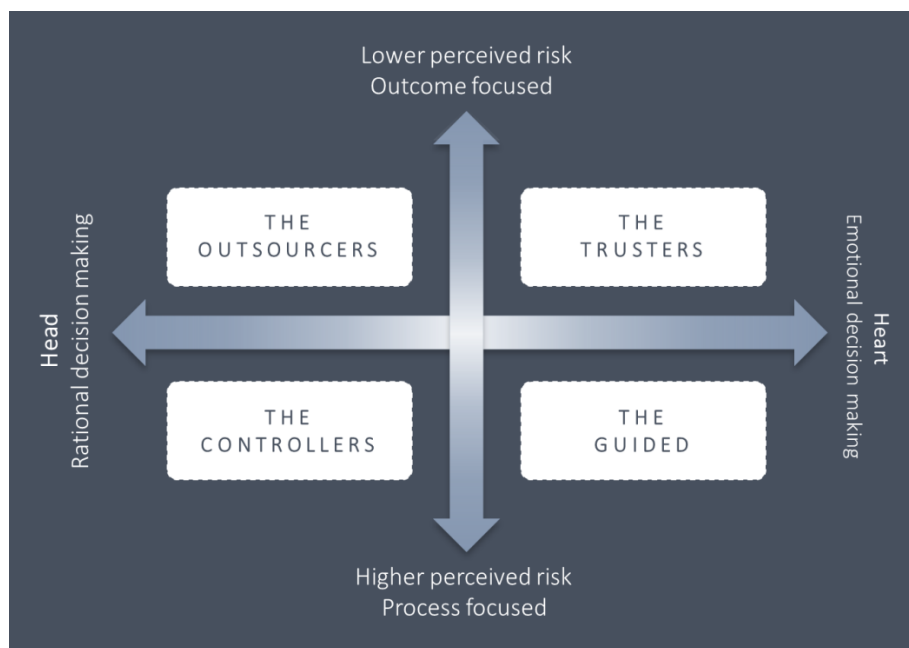
Key motivations	Key barriers
<ul style="list-style-type: none"> • Want to do the right thing • Want their business to succeed • Want to ensure long term sustainability • Want to establish effective and efficient business practices 	<ul style="list-style-type: none"> • Lower awareness of potential risks (naïve) • Approach may be somewhat ad hoc – lack the systems to support their behaviour
<p>The challenge is to educate and ensure consistency of behaviour.</p>	

Implications for behaviour change interventions

The research identified a number of different typologies for homeowners and builders, each with their own unique motivations and barriers to implementing consumer protection measures. As such, any interventions need to be targeted to specific typologies to maximise effectiveness. Possible interventions are detailed below.

Behaviour change interventions for homeowners

Priority should be given to interventions targeting those typologies sitting to the right of the model: *The Trusters* (whose trusting nature makes them very vulnerable) and *the Guided* (who are willing to implement measures, but lack knowledge and self-efficacy). A secondary target are *the Outsourcers*.



The Trusters

Trusters may not recognise the level of risk involved in new builds and renovations, and in conjunction with their trusting personalities, means they are highly vulnerable. As such, *Trusters* should be a priority target for behaviour change interventions.

Strong emphasis should be placed on 'external' interventions as *Trusters* are generally reactive in nature and are unlikely to implement behaviour change on their own accord. *Trusters* trust their builders, as well as 'the process', so environmental restructuring may be a viable intervention. For example, including consumer protection measures as part of the regulatory framework. To ensure effectiveness, consumer protection measures will need to be directly linked to the homeowner, via the consents process or to the builder, via their LBP qualification. It is acknowledged that consumer protection measures are required by the Building Act, however this appears to have little impact on the day-to-day reality of *Trusters* and their builders.

Leveraging external influences, particularly those perceived to be independent like banks, insurance companies and councils, should also be a key intervention strategy with *Trusters*. *Trusters* are more likely to initiate behaviour if directly instructed by a credible other. This also helps de-personalise the request and lowers anxiety about potentially

insulting the builder. Alternatively, *Trusters* would likely implement consumer protection measures if their builder recommended it.

The effectiveness of a consumer education campaign seeking to raise awareness may be questionable with *Trusters*. The key issue is around perceptions of relevance. Given *Trusters* do not recognise risk and potential negative outcomes are not in their frame of reference, they may not perceive a campaign as relevant to them. It is important to note, *Trusters* will likely 'switch off' to negative or fear-based campaigns, as it goes against their relaxed, trusting nature. They may also be easily overwhelmed with too much information or lots of detail, which is reflected by their strong outcome focus. So messaging needs to be targeted at a broad level.

A campaign with this typology, would ideally work in conjunction with an external intervention. An education campaign seeking to enhance relevance and self-efficacy may be viable. This would mean providing *Trusters* with the skills and strategies to request or implement consumer protection measures, while still maintaining their (friendly/informal) relationship with their builder. This campaign would need to provide actual strategies/statements to *Trusters*, for example, deferring to authoritative others, just say 'my bank said I need to...'

The Guided

The Guided acknowledge the high level of risk involved and are willing to do something about it, but are typically unaware of the options or what to do. This typology should be a priority for interventions.

A consumer education campaign has potential to be effective with this typology. A strategy would be for messaging to build on the fact that this group acknowledges risk and helps them to understand what they are opening themselves up to by not employing some of the consumer protection measures. Similarly, messaging should seek to raise awareness of the measures (especially contracts) that are available. Given *the Guided* are largely emotionally driven, communications would need to be personal and approachable – ideally, the concept of someone looking out for them, helping them on their building journey. This would also help link into their need for reassurance.

There is also an opportunity to dial up social norms. *The Guided* have a strong need for reassurance and will look to others to reinforce their own behaviour. Utilising a social norms approach often involves messaging about how 'most people' undertake a type of behaviour. As such, it seeks to nudge people into action when they realise they are in the minority. Similarly, *the Guided* will likely understand the role of a contract and an alternative is to imagine how embarrassed they would be telling their friends and family that they didn't have a contract, if something went wrong.

The Guided have a desire to be involved the process but may find it overwhelming. As such, interventions that seek to guide them through the process and enable them to initiate behaviour could be effective. The approach needs to simplify the process – make it seem easy and break it down into chunks. For example, at this stage, you should be thinking of this... or checklists to ensure the appropriate documents are in place. As part of this approach, provide them with strategies to initiate discussions with their builder, particularly around depersonalising it, or deferring to authoritative others.

The Controllers

Controllers are willing and able to implement risk mitigation strategies and consumer protection methods. However, awareness of the number and types of these measures is very low. A key strategy to address this is to educate *Controllers* via a social marketing campaign. The campaign should seek to raise awareness of the existence of the measures and how they can be accessed and implemented.

Controllers prefer detailed information, so would appreciate links/references to more comprehensive information, so they can review it and make their own decisions. Campaigns should appeal to the *Controllers'* rational nature, along with a logical assessment of the risks of not employing these measures. Similarly, *Controllers* think of themselves as knowledgeable and well informed, so messaging reinforcing that consumer protection measures are what 'intelligent' homeowners would do would likely appeal on a sub-conscious level, as it reflects how they see themselves.

Conversely, it is important to note *Controllers* would likely ‘switch off’ from messaging with a strongly emotive (or fear) appeal, so messaging with this tone would likely have little cut-through.

Given the likelihood of *Controllers* to seek out and implement consumer protection measures of their own accord, they should take a lesser priority relative to other homeowner typologies. Of importance is ensuring *Controllers* can easily access information, ideally through multiple distribution channels, for example online, Council offices and building supply companies.

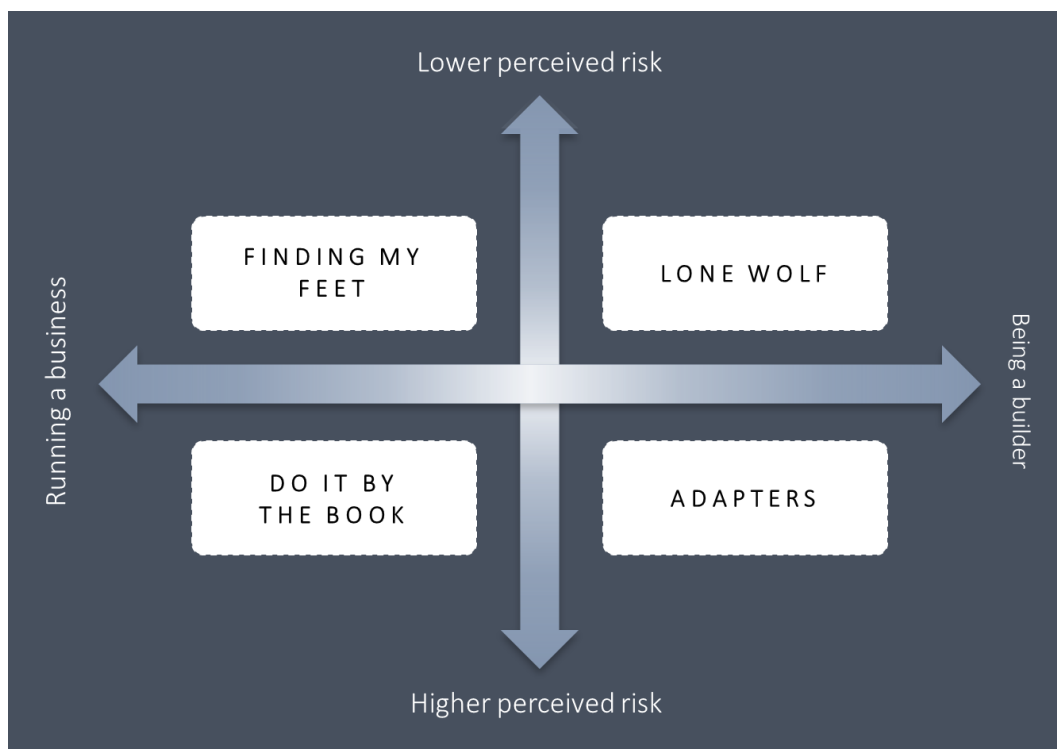
The Outsourcers

As with other homeowner typologies, there is a need to educate *Outsourcers* in an effort to raise awareness of the various consumer protection remedies available. Given the *Outsourcers* strong outcome focus, messaging should be positioned at a broader ‘big picture’ level. (They will likely switch off to messaging that is strongly detail or process focused.) However, it should be noted that raising awareness in itself is unlikely to stimulate behaviour change.

There is an opportunity to dial up ‘social norms’ especially around the concept of what an ‘expert builder’ would do. *Outsourcers* pride themselves on making informed decisions about the builder they commission (rather than the building process). Messaging around an ‘expert builder’, along with their corresponding approach to consumer protection measures and compliance behaviour, may serve to nudge *Outsourcers* into seeking out a builder who undertakes this type of behaviour.

Behaviour change interventions for builders

Priority should be given to interventions targeting those typologies at the top of the model; Finding my feet (who want to comply, but lack knowledge) and the Lone Wolf (the most challenging typology with multiple barriers to compliance).



The Lone Wolf

Lone Wolves are unlikely to implement voluntary behaviour change. They perceive themselves to be highly knowledgeable (especially on a pragmatic level) of what is required in the building process. They perceive little personal relevance for many of the compliance measures and often actively reject such measures.

As such, *Lone Wolves* should be a priority target for behaviour change interventions, albeit they will also be one of the most challenging typologies. The effectiveness of interventions will be enhanced using a multi-strand approach – incorporating a number of different strategies.

Given *Lone Wolves* are not internally motivated, initial interventions should focus on external influence. Environmental restructuring has potential to shift behaviour, particularly if key elements, like consumer protection measures are directly linked to regulatory frameworks. For example, consumer protection measures could be part of the consent process from council that homeowners need to adhere to or form part of the requirements for builders to achieve their LBP qualifications. However, any changes need to be mindful that increased regulation may increase the *Lone Wolves* resentment towards authority. *Lone Wolves* are more likely to be accepting if they perceive pragmatic benefits of undertaking the behaviour, particularly at a practical (everyday work environment) level and if they perceive changes will cost little, particularly in terms of time (which translates to financial cost) and effort. However, it is to be noted that these are significant challenges, and are identified as barriers that inhibit current behaviour. Ideally, potential changes would be targeted to ensure they don't overburden those builders who are already complying.

Linked to this strategy is an intervention that focuses on enablement, ensuring *Lone Wolves* have the skills and resources to undertake the desired behaviour. It is interesting to note that *Lone Wolves* are willing to comply with the completion of memorandum documents. They perceive direct benefits attached to the memorandum, which include providing their sign off and absolving themselves of any liability for construction elements they did not personally undertake. It is perceived to be cost effective in that it takes little time to complete the generic template, with multiple copies generated and the pad is easily purchased from a building supply company. *Lone Wolves* also acknowledge a memorandum is a component of LBP requirements, whereas a contract is not.

Part of this intervention may also include educating *Lone Wolves* as to what constitutes a 'contract', and if there are different formats or versions that are acceptable. Many of the attributes *Lone Wolves* associate with contracts create barriers. Some of these include perceptions around the overall complexity of the documents, the legalese language, the need for lawyers' involvement, the time, cost, and effort required and the potential impact (delays) on building timelines.

Similarly, there is potential to exert external pressure through leveraging some of the influential others, with particular reference to banks. An effective strategy would be the inclusion of guarantee or insurance products or contracts, as a condition of lending.

Another potential intervention is to leverage homeowners as an influence. This would entail a direct to consumer, social marketing campaign educating homeowners on the necessary consumer protection measures and giving them strategies, so they feel comfortable requesting these documents from builders. This strategy needs to be employed with a longer-term perspective. In the short term, and with the current buoyant construction sector, *Lone Wolves* may simply choose not to work with these homeowners. However, over time there may be a tipping point where *Lone Wolves* need to implement these measures to ensure their overall business sustainably.

Lone Wolves perceive there to be little consequence of *not* implementing consumer protection measures. As such, stronger enforcement of the Building Act could be a viable option. However, it should be noted, *Lone Wolves* are unlikely to read documents detailing formal rulings or transgressions by builders. So simply publicising these documents (to create a deterrent) is unlikely to have an effect. Traction may be gained through capitalising on the informal communications that builders rely heavily on, for example 'tradies talking to each other', conversations with building supply companies, to help instil this as a deterrent.

Adapters

Adapters are already implementing voluntary behaviour change, albeit *away* from compliance requirements. They are effectively undertaking their own environmental restructuring, through modifying the context so they do not have the need to implement consumer protection measures.

Adapters accept there is a need for compliance functions across the building industry and would likely implement the relevant measures, should the context require it. It is important to note, *Adapters* are not *avoiding* compliance behaviour but are choosing to adapt their environment, so it is not needed.

As such, interventions should focus on education and ensuring *Adapters* are kept informed of industry changes, particularly those aspects that may change their working environment, for example, the financial threshold that requires a contract. A potential challenge with this group is *how* to keep them informed. They are less likely to read very detailed documents and may not embrace technology. Communication channels would need to be verbal and informal, ideally as they go about their day-to-day business. Other tradespeople and building supply businesses are primary points of contact. There needs to be easy access to relevant information, should *the Adapter* seek more detailed information later. It is important to note, *the Adapter* is unlikely to do this information searching on their own accord, and it will typically be in response to something they hear as they go about their day.

Given their willingness to comply and implement their own behaviour change, *Adapters* are a lower priority with regard to targeting interventions.

Do It By The Book

The key strategy for *the Do It By The Book* is to positively reinforce their behaviour, with the intent this behaviour is maintained over time. Possible messaging may include references to the individual builder, for example, they are the epitome of builders, they are setting themselves apart (competitive edge), they are holding themselves up as examples to what others in the industry should aspire to be like, along with the clear benefits of implementing such measures. Similarly, these builders may be responsive to messaging with an industry focus, in that what they are doing/how they operate, is helping lift the reputation of the industry as a whole. This in turn helps support their overall sustainability.

There may also be an opportunity for *the Do It By The Book* to be established in mentoring roles for others in the industry, who have less of a business or compliance focus. A criticism from some builders is that they do not receive any general business training, so may be unprepared to run their own business. *The Do It By The Book* are in a prime position to take on this role. However, it is acknowledged some may be resistant due to competitive sensitivities.

As *the Do It By The Book* typology are accepting of and implementing consumer protection measures, they are a lower priority for interventions.

Finding My Feet

The overall strategy for *the Finding My Feet* typology is to migrate them to the bottom of the model to *the Do It By The Book* typology. They are willing to undertake the required behaviour but may be unaware of some of the legislative requirements or lack the necessary systems. This typology should be a priority target as it represents 'low hanging fruit' in that there may be easy gains to be had.

Key interventions should be based around education – of what is required and how to do it. Information needs to have a strong practical component, short and sharp points (not laden with heavy text) and be easily accessible. Communications would be even more compelling if they are linked back to their business growth strategy. For example, meeting compliance requirements helps build their reputation in the marketplace, presenting themselves as professionals (not cowboys), sets them apart from other builders (competitive edge).

This typology would likely be open to more formal training, especially in general business practices (of which, compliance and processes could be a part of). This may provide government agencies an opportunity to collaborate with training organisations. However, this would need to be cost effective as these builders still see their business and personal funds as closely tied. Therefore, they need to perceive a direct benefit, as fees will be coming out of 'their own pocket'.

Appendix

Homeowners

(Total number of participants – including paired interviews)

Gender

Male	11
Female	11
Total	22

Age

25-34 years	3
34-44 years	8
45-54 years	6
55-64 years	4
65-74 years	1
Total	22

Ethnicity

NZ Euro	12
NZ Maori	4
Pacific Peoples	1
Indian	2
Asian	1
Other Euro	2
Total	22

Builders

(Total number of participants – including paired interviews)

Gender

Male	16
Female	1
Total	17

Age

25-34 years	4
34-44 years	5
45-54 years	4
55-64 years	4
Total	17