This research aims at structuring understanding related to the core challenges faced by project managers and software developers while working with agile-based software projects in the Norwegian software industry. Two major results have emerged from this research: firstly, there is a critical need to have more formalized approaches to regulate the relationship between software developers and customers. Evidence based on qualitative studies from this research suggests that contract management and ensuring customer involvement are the most critical challenges for agile-based development, as seen from the project managers’ and software developers’ perspectives. Another emergent result from this research suggests that embedded mechanisms in agile-based software projects, such as small iterations, frequent delivery and continuous assessment are a contributing factor in reducing the scope of the challenges outlined above. These mechanisms contribute, among other things, toward establishing trust and knowledge sharing which, in turn, enhances customer involvement and compensates for inadequately formulated contracts.

The method used for this research is Grounded theory. The number of practitioners interviewed for this study numbered 56 in total. Thus, this study presents its contributions in terms of presentation and an in-depth empirical study of the challenges that project managers and software developers face while working with agile software projects.