

## A STUDY ON ETHICAL CONSTRUCTION MANAGEMENT

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### ABSTRACT

*There is a growing consensus of opinion within the Construction Industry and among general public that conduct of professional unethical practices are commonly found in Construction Industry. But so far no study has been undertaken to investigate this perception. The present author/ researcher have taken up the 'Study on Role of Professional Ethics in Quality Management in Construction' along with the 'Study of present level of Professional Ethics in Construction Industry' in perspective to fulfill this need. The study is to evaluate the perceptions of the Construction Players on Professional Ethical issues in the Construction industry. In this research the Questionnaire research methodology has been employed to get the perceptions of construction professionals on conduct of Professional Ethics. The research findings indicate that various forms of professional un-ethical conduct have significant effect on the quality of construction. The research findings also suggest the means of improvement of quality by inculcation of professional ethics in Construction Industry.*

**Key Words:** Professional Ethics, Construction Industry, Quality of Construction, Construction Players, Professional Code of Conduct

### INTRODUCTION

In the national economies of developed and developing countries, construction industry has a very important role to play (Zantanidis & Tsiotras, 1998). **In most of the countries the construction industry drives the economic growth to a great extent.** About one-third of gross capital formation is made through the construction industry. Abdul Rashid & Hussain, (2005) says that between 2 to 10 percent of the total work-force is employed in the construction industry. The

current annual investment in the construction industry globally is around \$7.5 trillion USD and during the next ten years this investment is expected to double this figure. In the construction industry is the second largest industry next to agriculture and account for eleven percent of 's GDP. The planned outlay of infrastructure projects is nearly 65 percent of the total investment in construction. During 11<sup>th</sup> 5 Year Plan (1.4.2007 – 31.3.2012) projected planned investment in Infrastructure Projects was \$ 500 Billion USD.

It has been reported in 2011 by Transparency International, [“Bribe Payers Index”](#) that out of all the prominent sectors in the world, public works contracts and construction scored the lowest. The Construction Industry's global value is expected to reach \$12 trillion per annum by 2020 (approximately 13 percent of GDP). According to Global Construction 2020 Study (Source: Global Construction 2020, Global Construction Perspectives and Oxford Economics). It has been estimated that unless adequate measures are taken a sum of \$1.2 trillion risks being lost to corruption on an annual basis – a figure that could double when considering management and execution inefficiencies. This is definitely a highly worrying matter.

Out of all sectors of the world economy, the construction industry sector was found to be the most corrupt economic sector, as per the findings of the survey for investigation on corruption by Transparency International (TI). It was further revealed that in the year 2004, 10 percent of the total value of construction was lost due to corruption in construction industry globally and US\$ 3,200 billion per year was lost globally due to corruption in infrastructure procurement.

In construction industry, quality is a very important issue of concern. Professional Unethical Practices among players of Construction Industry is on the increase. The lack of professional ethics, as evidenced by the high rate of uncompleted and delayed projects with huge time and cost over-run, poor and substandard quality of work due to non – adherence to contractual design and specifications leading to shoddy and uneconomical constructions and collapse of structures during construction or thereafter. may be viewed by International business organizations as less easy, possible and likely, to do business in comparison to other developing nations due to corruption and lack of Professional Ethics. Research needs to investigate the authenticity of this perception. But so far no research work has been undertaken to investigate this perception. Due to globalization a critical need has now occurred to have a proper International Standard

Quality Management System in place in Construction Industry Sector (Dong et. al, 2009; Abdul – Rahman et.al., 2006).

The connection between construction industry players' professional ethical behaviour and ethical ideology is significant in understanding the value held by construction professionals and a basis for altering behaviour in a more ethical direction in the best interest of the society, wherever the situation warrants.

Many thinkers examined the moral standards of the society and how these standards apply to our lives and whether these standards are reasonable or unreasonable ( Velasquez, 1998). Notion of rights is doing good that will promote the most good, and acts that promote the general good are one of the factors that determine whether they are right (Ross, cited in Pressman,1997).

Good ethical practice should be an important organizational goal. Ethics cannot be arbitrarily created but discovered through argument and persuasion (Johnson, 1991).

### **PROFESSIONAL ETHICS**

In performing the functions right first time and every time by the professionals in Construction Industry, the Professional Ethics are the guide of moral principles and standards of conduct. The organizations of professionals establish codes and standards of professional ethics.

The reputation of the profession and confidence of the client and the public are affected due to the lack of conduct of professional ethics in the construction industry. The trust in the professionals of the construction industry is placed on the presumption that the service provided will be of benefit to the client and the public.

### **PROFESSIONAL CONDUCTS OF CONSTRUCTION PLAYERS**

In the interests for delivering value in construction related procurement to clients and society and in their dealings with each other, the principles governing the conduct of construction players should be that: their behavior is equitable and transparent; they discharge duties and obligations in time and with honesty, integrity and professional ethicality; they comply with all applicable laws, acts, rules, codes and standards, legislations and associated regulations and they satisfy all relevant requirements established in procurement contract documents. The hall mark of professional ethics

in construction industry is what a construction professional should or should not do in the work place. Project Quality, namely – adherence to specifications and drawings, completion of projects within contractually agreed costs and time are the results of the direct impact of the standards of ethical conduct of the constructional professionals.

Some of the most professionally unethical practices that are followed in the construction industry are: bribery, fraud, collusive tendering, withdrawal of tender bid, bid shopping, payment games (e.g., holding due payments), claims games (e.g., inflated claims, false claims), extortion and threats, conflict of interest, professional negligence, negligence to environment and others.(Vee and Skitmore,2003; Fan, Ho, and Ng.2001a,2001b; FMI and CMAA)2004; Bowen et.al., 2007a). There exists unethical behaviour among, owner / client, architects, consultants, project managers representing owner / client, construction managers representing contractors, quantity surveyors of the client preparing estimates and bill of quantities, site engineers from both owner/client and contractors side and others.

## **RELATIONSHIP BETWEEN PROFESSIONAL UN-ETHICAL ACTS AND QUALITY OF CONSTRUCTION**

Quality and professional ethics go hand in hand and they are inseparable. Lack of quality is a major concern for construction industry. It is perceived that human factors, especially lack of professional ethics, causes majority of quality related problems. Where there is lack of ‘professional ethics’ in construction industry, corruption subsumes the entire construction industry resulting in total absence of ‘quality’, culminating in huge losses and damages. Quality is dependent on ethical behaviour. Quality and professional ethics have a common care premise to do right things right first time and every time. It is a proven way to reduce wastage, minimize cost, improve competitiveness and create customer satisfaction (Besterfield et al 2003). In the study (Hamzah Abdul Rahman, Chen Wang and Xiang Wen Yap (2010), about 93.9 percent of the respondents agreed that professional unethical conducts would contribute to quality related problems in the construction industry. 72.7 percent of the respondents agreed that unethical conducts could be the main cause for poor quality of construction projects. 84.8 percent have

agreed that unethical conducts would affect the effectiveness of the implementation of the Quality Management Systems (QMS).

### **INTERNATIONAL SCENERIO**

In a study conducted by Charles Vee and R.M.Skitmore(2003), as per perceptions of construction players, 90 percent subscribed to the professional code of Ethics, 45 percent organizations had an Ethical Code of Conduct , 84 percent considered good ethical practice to be an important organizational goal. All the respondents had witnessed unethical conduct in the form of unfair conduct (81%), negligence (67%), and conflict of interest (48%), collusive tendering (44%), fraud (35%), bribery (26%) and violation of environmental ethics (20%).

In a research study “How professional ethics impact construction quality” by Hamzah Abdul Rahman et. al (2010), categories of unethical conducts by construction players are: under bidding, bid shopping, bid cutting; bribery; corruption; negligence; front loading, claims game; payment games; unfair and dishonest conduct, fraud; collusion; conflict of interest; change order game; cover pricing , withdrawal of tender; compensation of tendering cost, in descending ranking order.

In a study of Unethical Practices in Pakistani construction industry by Dr. Tahir Nawaz et.al.,(2013), the major findings are – lack of training in ethics, corruption and bribery, fraud and unfair conduct.

In another study conducted by FMI/CMMA(2003), major findings are : bid shopping, change order games, payment games, unreliable contractors, claims games, bribery, reverse bidding, over billing. The study found out that in order to insure ethical conduct through-out the industry more regulations, more ethical training and strong effective leadership are required.

### **RESEARCH METHODOLOGY AND DATA COLLECTION**

The objectives of this research have been to study the:

- Integration of professional ethics with quality of construction, that is the study on influence of professional ethics in quality management of construction industry,
- The present level of adherence of professional ethics by the players of construction industry.

- Methods to enhance the ethical professionalism among construction professionals in order to improve quality of construction.

The start of research work was in comprehensive literature review with the aim and overview of the study of the relationship of quality and professional ethics and also to study the level of professional ethical standards being practiced by the players of Construction Industry.

Research methodologies adopted were data collection through questionnaires survey and experts interview to achieve the objective of this research.

The categories of answers for the questions asked were in the form of 5 point Likert Scale: VL= very low, L= low, N= neutral/average, H=high, VH = very high

180 (One hundred and eighty questionnaires) were sent to the targeted respondents all over and 110 (One hundred ten) responses were received are shown in Table 1. The response rate is 61.2% which is much higher as compared to the response rate to 13.2% in the accepted research work of H A- Rahman, C Wang and X W Yap (2010).

**Table 1: Questionnaire Respondents Data**

<b>S.No.</b>	<b>Type of Respondents</b>	<b>Number of Respondents</b>
1	Media Persons	5
2	Academicians	7
3	Architects	17
4	Construction Managers	20
5	Consultants	8
6	Project Managers	20
7	Quantity Surveyors	8
8	Site Engineers	20
9	Others	5
10	<b>Total</b>	<b>110</b>

### **DATA ANALYSIS METHODOLOGY**

Data obtained from the filled in responses of the questionnaires were analyzed by descriptive statistics, using SPSS Version 18 and Microsoft Excel 2007 software. SPSS software was used to find out the frequency, mean, standard deviation of variables and presented the data obtained from SPSS in the form of 'Table', 'Pie Chart', Bar Chart, etc.,. The Microsoft Excel software was used to link two variables to show their relationships. The results obtained were then explained, justified and compared with the findings of investigative case studies in context and other related international research works. Finally, the research findings were summarized and conclusions were drawn.

### **REFERENCES**

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