

Unethical behaviour in construction industry- the South African construction professionals' views

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Abstract:

Ethics is an important issue in any profession and business organisations. Due to its importance, many organisations and professional bodies' usually have ethical guidelines and principles available in the form of a code of conduct to guide key stakeholders within their organisations and professions to operate with integrity, fairness and accountability. Notwithstanding these provisions, previous studies have shown that the South African construction industry professionals possess "a reputation for unethical practice." This unethical conduct has become a cause for serious concern in the industry and has negatively impacted the industry image, integrity, and reputation. Consequently, this study investigates factors facilitating unethical practices and effective disciplinary measures to curb unethical behaviour for better performance and productivity of the construction industry. A quantitative research approach was adopted using a well-designed questionnaire. The target population were various experienced construction professionals in the South African construction industry. A total of 110 questionnaires were distributed, out of which fifty completed questionnaire were received and found to be useful. There were six disciplinary actions against unethical practices, which were presented and rated by respondents. The data obtained were analysed using SPSS. Mean item score was derived for each disciplinary measure. From the analysis, the most rated measure among all the identified disciplinary measures was the dismissal of an individual caught in any unethical acts. Other measures include termination of contracts by clients and disqualification of tender. Adopting these measures will help reduce unethical practices in the industry and promote transparency and accountability within the construction industry in South Africa.

Keywords: Construction Industry, contracts management, ethics, South Africa, unethical practices

Introduction

The construction industry as a sector employs large numbers of professionals to execute its projects. These professionals are expected to discharge their duties in accordance with the industry codes and standards. Consequently, several professional bodies have developed ethical guidelines and principles as a code of conduct for their professionals to act with good morals, integrity, fairness, accountability, and an acceptable manner. Unfortunately, despite these ethical guidelines, previous studies revealed that unethical conduct among various construction stakeholders had impaired the industry's integrity, thereby affecting the growth and economic development of the industry and the nation at large. Globally, the professional, ethical code of conducts is very vital to professional bodies. It contains moral principles within which all professionals should operate. The word "professional" is often associated with service because professionals in the built environment provide various services to clients. These

professionals are expected to satisfy clients' needs by delivering quality services (Aluko and Mewomo, 2020).

Consequently, their obligations and responsibilities towards the general public, their clients and peers are detailed in the professional code of conducts (Bowen *et al.* 2007). According to Abdul-Rahman (2014), Construction professionals are answerable to their clients and compelled to work within the limit of their professional code of ethics. Similarly, Construction Industry Development Board (CIDB) Act No.38 of 2000 stated that codes of conducts are good ethics or conducts established to “guide and regulate the behaviour of parties engaged in construction-related procurement and the standards of behaviour that industry participants may expect from each other against which their behaviour can be measured.”

These codes of conducts include “honesty and transparency; timeous discharging of duties with integrity; adherence to applicable legislation and associated regulations; compliance to relevant requirements established in procurement documents; avoidance of conflicts of interest and malicious or reckless act that may injure or attempt to injure the reputation of another party” (CIDB, Act No.38 of 2000). Bowen *et al.* (2007) have suggested that certain ethical practices contribute to organisational success and economic efficiency. This conduct includes integrity, respect, good reputation, honesty, transparency, honouring commitment, work ethics, teamwork, and accountability (Hutchings and Christofferson, 2005; Bowen *et al.*, 2007b). Therefore, professional, ethical behaviour in construction means practising in the right and acceptable moral standards and principles of the construction profession.

The construction industry plays a vital role in the growth and development of any country. The SA construction industry is not excluded. Reports have indicated that the SA construction industry is one of the industries creating employment opportunities and contributing to the nation's Gross Domestic Product (GDP) to the tune of about 6% (Aigbavboa *et al.*, 2016). Apart from these contributions, other sectors in a country, such as mining, manufacturing, health, education, religious transportation, depending on construction product to execute their services. Unethical behaviour had greatly affected the integrity of the construction industry in both developed and developing countries (Bowen *et al.*, 2007). South African industry contractors are no exception to ethical issues, including collusion, dishonesty, bribery, fraud, negligence, and unfair practices. This behaviour is unacceptable and has drawn public disapproval, criticism and decreased faith from the citizens (Adnan *et al.*, 2012). Over the past four decades, there has been increased emphasis on ethics within industry and business. Managers and researchers monitor the development and effects of corporate ethical performance with keen interest (Bowen *et al.*, 2007).

Notwithstanding, the "Transparency International Report" noted in Bowen *et al.* (2007) revealed that the scale of corruption is greater in construction than in any other sector. The issue of unethical practices within the construction industry in South Africa is a major concern as the industry's growth and standard construction works depend on the industry's good ethical conduct. Therefore, this paper investigates factors contributing to unethical practices in the South African construction industry, their effects and disciplinary measures to curb these unethical acts to promote ethical principles and standards among professionals in the SA construction industry.

Literature Review: Unethical Behaviour in Construction Industries

Motzko *et al.* (2013) identified ethical principles as an action involving honesty, fair reward, integrity, objectivity, fairness, reliability and accountability. Accordingly, any intentional or reckless disregard for ethical principles is referred to as unethical practice or behaviour. Unethical conduct is increasing in and out of the construction industry in many countries, and this has led to survey by many researchers in identifying such unethical acts in the industry. Researchers such as Bowen *et al.* (2007a), Bowen *et al.* (2007b), Aigbavboa *et al.* (2016), among others, have surveyed the ethical conducts of different categories of professionals in the South African construction industry. The results revealed the variety of ethical issues causing unethical behaviour among construction professionals and the prevalent unethical conduct among the industry stakeholders in South Africa. In addition, various ethical issues associated with customer needs, conflicts of interest, customer services, fair competition, and professional responsibilities and integrity were noted to face the construction industry.

Moreover, globalisation, technology, competition, law, and public perceptions have brought ethical issues to a critical focus. Unfortunately, these ethical issues have the potential to stimulate unethical behaviour. There is, therefore, a need for professional organisations to carefully provide means of preventing unethical acts and measures to curb their spread in the industry.

Bowen *et al.* (2007) study on professional, ethical issues in South Africa revealed a spectrum of unethical practices among professionals, namely fraud, negligence, dishonesty, collusion, bribery in the form of gifts or payments, among others, of which contractors are most reputed. Clients and various levels of government are also noted to be involved. According to their report, unethical behaviours that are mostly connected with clients and multiple levels of government include nepotism, awarding contracts to acquaintances, abuse of the tendering process, and clients taking advantage of construction professionals. The construction professions are not altogether cleared of unethical behaviours. On the part of professional construction consultants, violation of statutory requirement where a professional practice without being registered with the relevant professional bodies, conflicts of interest and doctoring of contract documentation to cover professional incompetence have been recorded. Adnan *et al.* (2012) studied the ethical issues focusing on the contractor's perspective. Their findings revealed that cover pricing, poor documentation, delayed payments, falsification of experience, bid cutting are common unethical acts among contractors.

Vee and Skitmore (2003) researched professional ethics, focusing on the Australian construction industry. The study's findings revealed that all professions had experienced a certain degree of unethical practice in the form of negligence, fraud and bribery, collusion (collusive tendering), and conflict of interest. The results also indicated contractors as being the most unethical in all areas. In his survey, Abdul-Rahman (2014) also reported five most occurring unethical conduct, namely: "underbidding, bid shopping, and bid cutting; bribery and corruption; negligence; front loading and claims game; and payment game". Finally, Jackson (2005) investigated unethical conducts in construction from contractors' point of view. The study noted the four most occurring unethical behaviours: misrepresentation of completed work, improper bidding practices, misrepresentation of competence, and poor quality control. Based on various literature, it is evident that bribery, dishonesty, unfair practices, fraud, collusion and negligence are common unethical behaviours in the construction industry.

Factors facilitating unethical behaviour in the construction industry

The uniqueness of the construction industry in terms of the complexity and size of the industry being executed by the industry gives room for unethical practices to grow. Several factors trigger unethical acts. For instance, leadership failure to vigorously promote ethical practice has resulted in ethical failure in organisations (Bowen, 2007). The study of Shah and Alotaibi (2018) on unethical practices classified the factors that engender unethical practices into three areas, namely: contractor related, owner related and consultant related factors. The analyses identified the factors responsible for owner-related factors, including delayed/default payment and the illegal award of the tender to a contractor. The contractor related factors identified were overbilling, collusive bidding, bid-rigging and bid cutting, among others. At the consultant level, lack of supervision and lack of experience were identified. From owners' perspectives, illegal action and mounting pressure on the project manager and payment delay processes were mostly occurring. Aigbavboa *et al.* (2016) identified 13 unethical issues, with the three most critical cause arising from greed, favouritism and political influence.

Effects of Unethical Practices in the Construction Industry

There are serious consequences associated with unethical conducts. Previous studies have indicated that the professional ethics issue in the construction industry affects a broad spectrum of population: the suppliers, the home buyers, local authorities, contractors, consultants, client organisations, public works department and users of public infrastructure are all within the scope of professional ethics (Al-sweity, 2013). The consequences of unethical behaviours are many. It can lead to a diminishing market for organisation services, tarnished reputation, loss of income by governments and clients, and cause avoidable expenditures that can reduce the quality of life (Shah and Alotaibi, 2018). In a survey conducted by Abdul-Rahman *et al.* (2014) on construction industries in Malaysia, most respondents agreed that unethical conduct contributes to quality-related problems and can cause poor-quality projects. Also, poor standards of ethics can birth opportunities for corruption to arise, as found out by a survey carried out by Bowen *et al.* (2012), where several participants pointed unethical acts as a root cause of high levels of corruption in the industry. In addition, unethical practices lead to increased customer dissatisfaction, distrust and fear, and decreased productivity and profitability. Unethical practices have been illustrated to produce additional negative cost at different levels: personal, group and organisation (Bowen, 2007a), the quality of projects is another important aspect affected by unethical behaviour in the industry (Al-sweity, 2013). Therefore, organisations, professions, and businesses must understand the wide-ranging consequences of unethical practices and avoid them like the plague.

Control and disciplinary action against Unethical Practices in Construction industries

The construction industry productivity in terms of timely delivery, project quality and safety is a function of the people involved in the construction project from inception to completion. Awareness of the required professional ethics to display during construction will reduce unethical practice in the building industry. According to the study of Al-sweity (2013), the best way to enhance ethics is to create ethical awareness to various construction stakeholders and apply heavier penalties on the offenders. This suggestion is in line with the recommendation proposed by Bangani and Mewomo (2019). Their study indicated lack of accountability, unethical practices and corruption as serious challenges in South African state-owned construction project and suggested serious penalty on collusive bidders. Abdul-Rahman *et al.* (2014) also indicated that all construction players must be monitored strictly to follow and generate a standard scheme to measure the quality of work achieved by contractors. A survey by Shah and Alotaibi (2018) revealed factors such as employee benefits, strict

monitoring, adequate supervision, and punishment for unethical activities at different stages of the construction activities as effective ways to discourage and minimise unethical practices among the stakeholders in the construction industry.

Ameh and Odusami. (2010) suggested establishing an ethical facilitator group separate from professional bodies who will act as ethical facilitators, investigate and sanction individuals and organisations that breach ethical principles and rules in the construction industry. Bowen *et al.* (2007) noted the importance of educating clients and the need for policy related to ethics issues. Such policy is needed to safeguard stakeholder trust and confidence in the professional practices of the construction industry. In a survey to seek practitioners' views on ethical practices in the Malaysian construction industry, the Majority of the respondents (97%) believed that the leaders are the main catalyst of the organisation and should serve as role models to act ethically. Furthermore, it is believed that ethical behaviour should be a prerequisite for determining an individual's competence. Also, better remunerations, incentives, and a working environment should be provided for employees to reduce or curb bribery or corruption. Further, some respondents suggested that all construction-related organisations should develop a formal Code of Ethics, including specific anti-corruption provisions. These provisions should be detailed in contracts and apply to anyone involved at any stage of construction projects. (Mohamad and Abdul Aziz, 2009).

Ehsan *et al.* (2009) categorised the suggested solutions to unethical behaviour into short, medium and long term bases. The short-term measures include serious punishments such as cancellation of license on repetitive violations and penalty to the offenders. For the medium-term measures, regularisation of consultant and architect organisations through laws were proposed. Long term measures are; proper training of tradesmen/technical manpower through recognised training institution before executing projects, the creation of public awareness and debating on ethical issues; allowing people with good knowledge and training on professional ethics to be in charge of civic bodies.

Research Methodology

This study employed a quantitative research approach. The research instrument used for the collection of data was a questionnaire. The target population were the experienced professionals comprising of quantity surveyors, architect, engineers and project managers. The study utilised convenience sampling and a total of 110 questionnaires distributed out of which fifty completed questionnaires were received and found to be useful. The questionnaire was divided into two sections; the first section looks at the demographics of the personnel, while the second section consists of study variables regarding the ethical issues faced by stakeholders in the construction industry. The questionnaire content was developed from existing literature on the topic and distributed to professionals in both the public and private sector construction industries in Kwazulu-Natal province of South Africa. The questionnaires include several factors which were ranked as having a minor or major effect using a scale of 1 to 5 with "unsure" and "do not know" option. These factors were discussed concerning professionals' common unethical behaviour in the South African construction industry. A mean score (MS) was calculated for each statement to interpret the percentages relative to each point on the response scale. The following are the scale range and their definition: $> 4.20 \leq 5.00$ major influence; $> 3.40 \leq 4.20$ near major influence; $> 2.60 \leq 3.40$ moderate influence, $> 1.80 \leq 2.60$ near minor influence and $> 1.00 \leq 1.08$ between a minor to near minor influence. A total of 50 responses were received.

Furthermore, from the respondents' profession analysis, 12% were Architects, 18% were Builders, 10% were Engineers, 20% were Quantity Surveyors, 6% were Construction Managers, 14% were Project managers, and 20% were Clients. Also, the position held by each respondent in their place of work varies; 2% were managing director, 2% were Director/ senior executive, 12% were managers, 32% were senior staffs, 36% were supervisors, and others were 16%. The demographic information implies that the respondents are mature experienced professionals who have a key position in the construction industry in South Africa, indicating that the data provided are reliable.

Findings and Discussion

As previously indicated, the study investigates the factors facilitating unethical practices, their effects and measures to prevent such practices in the construction industry. The second part of the questionnaire has several factors addressing the study focus areas. Seven unethical facilitating factors were presented to the respondents for rating. Seven factors were also identified as possible effects of unethical practices and were presented to the respondents for ranking, while five possible curbing factors were also identified and presented for scoring. The identified factors were ranked as having a minor or major effect using a scale of 1 to 5 with “unsure” and “do not know” option used to determine whether the respondents considered a particular factor.

Table 1 Indicates factors facilitating unethical practices in the South Africa construction industry. Poor ethical management, greed and lack of training and professionalism have the same mean score of $> 3.40 \leq 4.20$, representing a near major influence among all the other unethical behaviour or practice were rated by the respondents as the major factors facilitating unethical behaviours in the industry.

Table 1. Rate the contribution of each of the below-mentioned factors to unethical practice

Factor	Mean	Standard Deviation	Rank
Poor ethical management	4.40	4.07	1
Greed	3.72	2.79	2
Lack of training and professionalism	3.42	3.43	3
Increased competition	2.98	2.78	4
Inability to meet project constraints	2.94	1.91	5
Economic recession	2.74	2.44	6
Poor company income	2.40	2.10	7

Table 2 presents the factors that are negatively affected by unethical behaviour in the construction industry. Respondents indicate that unethical behaviour has a major influence on Company reputation, with a mean score between $> 4.20 \leq 5.00$. Followed by time, quality and cost having a mean score between $> 3.40 \leq 4.20$. This implies that the unethical behaviour of the contractor may affect the quality of work, project delivery time, and cost, thereby affecting the industry's growth.

Table 2. Rate the factors that are negatively affected by unethical behaviour in the construction industry

Factor	Mean	Standard Deviation	Rank
Company reputation	4.28	4.00	1
Time	4.08	3.19	2
Quality	4.00	3.12	3
Cost	3.47	2.41	4
Reduction of Profit	2.69	1.97	5
Compromising of safety	2.58	1.82	6
Shareholder value decreases	2.37	2.55	7

From Table 3, rating of the effectiveness of the disciplinary action against the unethical practice, dismissal of individuals was highly rated by the respondents; a mean score of 3.66 ($3.40 \leq 4.20$ near major influence), the respondents strongly believe that the dismissal of individuals followed by termination of contracts by clients with mean score 3.66 and disqualification of tender having a mean score of 3.12. This shows that the respondents believe that ethics issues are more personal and that individual caught in such activities should be disqualified.

Table 3: Rate the effectiveness of the disciplinary action against unethical practice

Factor	Mean	Standard Deviation	Rank
Dismissals of individuals	3.66	2.88	1
Termination of contracts by clients	3.34	4.14	2
Disqualification of tender	3.12	2.32	3
Lawsuits	2.84	2.31	4
Abandonment of projects	2.72	2.49	5

Implications of research findings

This study shows results that are similar to previous studies conducted locally and internationally on ethical issues in the construction industry. For instance, the studies of Hamimah *et al.* (2012), Bowen *et al.* (2007a), Bowen *et al.* (2007b) all indicated the presence of unethical practices among construction professionals. Moreover, all these studies proposed several means of curbing unethical practices. Notwithstanding, the current research specifically indicates that the factors causing unethical behaviour have remained unchanged. Moreover, unethical practices show that most of the previous suggestions to curb unethical practices seem not to have been meticulously employed in the industry. This study, therefore, suggests a serious need to consider a more proactive means of curbing unethical practices in the construction industry.

Limitation of research findings

This study utilised convenience sampling. Also, only the professionals from KwaZulu-Natal Province of South Africa participated in the study. Consequently, the 50 responses cannot be regarded as representing all professionals in the South African Construction industry.

Conclusion and Further Research

This study revealed that poor ethical management, greed, lack of training, and professionalism are the major factors facilitating unethical behaviour in construction. It has a negative effect on the industry's productivity in terms of quality, cost, and project delivery time. The measures identified to minimise the effects of these ethical issues are dismissal of an unethical individual, termination of contracts by clients and disqualification of tender as they were highly rated by the respondents. In conclusion, this study has shown that the factors causing unethical behaviour has remained unchanged. Therefore, it is important that various professional bodies employ more stringent strategies that can support strict compliance to ethical code of conduct.

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