

# Ethical and unethical Issues in Construction Industry: Contractor's Perspective-A Review

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**Abstract** - Construction industry involved with large number of stakeholders. Fraudulent and corrupt practices are a worldwide phenomenon within the construction industry. Tender collusion, substandard quality of construction work, safety culture, corruption, price fixing, subcontractor bribes, and overbilling have all been found to occur at project level. Ethics can be known as major catalyst for the construction industry to attain status to a successful industry in the worldwide. The most common unethical conduct evidenced by the contractors are cover pricing, big cutting, poor documentation, late and short payments, subcontractors lack of safety ethics, unfair treatment of contractor in tender/final account negotiations, competitor's overstatement of capacity and qualifications to secure work, competitor's falsification of experience and qualifications and bureaucratic, government policy. Due to unethical behavior of professionals in construction industry which influence the quality, time and costs, Most of Indian construction firm has not utilized legal requirements at construction site. Unfortunately, the industry was seriously infected with corrupt and unethical practices, which lay major obstacles towards growth and productivity of industry. This study depends on the questionnaire survey amongst professionals, contractors of construction industry and technical analysis by RII (Relative Importance Index) method. The study recommends the promoting awareness regarding the values of ethical and Unethical behavior different forum and ensuring the effective punishment for unethical activities at different stages of project life cycle might reduce unethical practices in construction industry and to ultimately improve the project performance.

**Keywords** — *Ethical Issue, Unethical Issue, Unfair treatment, Price Fixing, Safety culture, Corruption, Bribe, Tender collusion*

## I. INTRODUCTION

Construction Industries is one of the largest, challenging and demanding business sectors in worldwide which play vital role in the economic as well social growth of economic country. This industry involves substantial capital investments, providing large scale opportunities for rent extraction as well as investments considered to be one of the most susceptible to unethical practices that usually cannot be redeployed after implementation. Unethical practices occur at every phase of a construction project during the planning and design, project execution, pre-qualification and tender, operation and maintenance[2]. Such practices can out-turn in projects when completed are considered unnecessary, overlay complex components, unsuitable overpriced.

Ethical issues in the construction industry concern bribery or corruption as well as conflict of interest and collusive tendering. Ethical practices in construction

industry has the key in the same way to other disciplines. As a controversy, it is realized that unethical practice ranking the most serious ills affecting the construction industry. The construction industry looks towards some ethical issues like poor work delivery, conflict of interest, inflation of bills, professional's incompetence, fraud, bribery, professional misconduct, intimidation [6]. The consequences of these ethical behaviors in construction industry can lead to confidence reduction in profession, continuous insecure practices that risk lives and property, loss of income by clients and governments, needless and baseless expenditure that raise the level of poverty and reduce the quality of life amongst other things. The result of unethical practices has lasting impact detrimental to construction industries such as wasted tender expenses, tendering uncertainty, increased project costs, economic damage, fines, reputational risk. The problems of professional ethics have sparked enthusiastic concern and realistic discussion among the general public and there is

growing demand by current literature for good ethical practices and professional behavior in the construction industry. In spite of its size and universality, the construction industry is often referred as plagued with graft and malpractices. Common problems underlined are safety culture tendering practice, substandard quality of construction work, payment issues and corruption.

The value of worldwide construction industry is increasing but the industry still faces problems especially the unethical conducts and practices among professionals. But if the unethical practices amongst professionals cannot be determined, this goal is difficult to achieve, practice and apply. The frequency of unethical conduct and practices amongst professionals leading to the high effect towards the construction industry.

## II. PROBLEM STATEMENT

In achieving professional's excellence, it is important that construction practitioners not only concentrate on technological advances but also put ethics in action. It is important to reflect on ethical issues and unethical practices prevalent in construction industry in order to overcome the problems prevailing in the industry, hence this reduces the performance of project. Hence, study the ethical and unethical issues ongoing project, analysis by RII method, and recommendations for implementation in further projects by questionnaire survey.

## III. LITERATURE REVIEW

**Zulkifli Ibrahim, NorainiHamzah, MuhamadAzryKhoiry, July (2019)** In this paper the unethical conduct and practices amongst the professionals in construction industry were reviewed. In the previous studies, the mechanism suggested whereby they are divided into three mechanism included short-, medium- and long-term solutions based on the project factors which are time, cost and quality. The mechanism suggested can be catalyst in achieving and enhancing the ethical conduct and practices among the professional in the construction industry. The mechanisms of prevention from unethical conduct and practices also be discussed and reviewed in this paper. This review will provide useful information to every stakeholder in the confronting with the unethical conduct and practices amongst professionals in the construction industry involved. In future studies, the review paper will be focused via in depth study will built a model of minimizing the unethical conduct and practices amongst professionals and construction in order to prevent and eliminate the problems in a new era [1].

**SnehBhojak, Avinash Patel, Dr. P.J. Patel, May (2018):-** This paper provides that construction sector in India is one of the biggest sector which is play most important role in the growth of nations, although its contribution there are

many Ethical Issues in construction industry of Gujarat. And finds more different ways to reduce the ethical issues in India. And there is also scope to suspect that in which department the unethical practices are high or in which profession of construction industry the level of ethical issues is high and how to minimize it [2].

**M.Sureshabu, K. ChandaSekarr, (2017)** This paper helps a project manager to monitor the malpractice at construction site. These issues could suitable every department at every level for a construction company. The demand of legal requirement and ethical principle were showing the need for construction company to avoid or reduce the unethical practice [4].

**R.K.Shah, M.Alotaibi (2017)** The purpose of this paper is to conflict interest amongst the professionals like client and contractor project managers, site engineers, the quantity surveyors and designers/architects play crucial roles for the unethical practices and consequently these practices have adverse impact on product quality, faith of clients and investor's confidence in the construction industry. In this paper we can also see the issues like benefit to employees, proper supervision avoiding conflicts of interest. Proper supervision can be effective way to discourage and minimize the unethical practice in construction industry [3].

**Kenneth Sands, Dr. Annie Pearce, (2014)** This paper shows that research suggests that certain practices of construction industry have left the construction profession with an unethical stigma. These modules highlight concepts useful to course development as a checklist to educators who share the opinion that construction ethics education is continuous and should be spread throughout various courses in curriculum [6].

**Dr. Alex Matthew, October (2014)** This paper examines that there is growing consensus of opinion within the construction industry and among general public that conduct of professional unethical practices are commonly found in construction industry. The research findings indicate the various forms of professional's unethical conduct have significant effect on quality of construction. The research findings also suggest the basis of improvement of quality by inculcation of professional's ethics in construction industry [7].

**Dr. Shashank Shah, July (2012)** This paper present that governance has moved beyond mere fulfilment of legal requirements. The corporate failures of the last decade and more have indicated how very honest corporate organizations across the globe submit to greed and compromised on ethics and organizational value systems. This case highlights some of the initiatives undertaken by Larsen and Turbo and its ECC division with special focus on Shareholders and Government [8].

**HamimahAdnam, NorfashihaHashim, NorazianMohdYusuwan and Norizan Ahmad (2012)** This paper present to minimize the lapse of ethical issues in the industry, the suggested solutions are divided into short, medium and long lasting categories based on the project time frame. For economic contribution for development of country, the Construction industry plays an important role. The discovery provides the useful information to stakeholders how to deal with the pressing ethical issues confronting in construction industry. Despite the innovation and advanced technology that has taken place in industry, good ethical practices by players in industry are crucial for its growth. Professional institutions and government agencies play a crucial role in minimizing the ethical lapses in the construction industry [6]

**L. O. Oyewobi, B.O. Ganiyee June (2011)** This paper determines unethical performance in Nigerian construction industry and the view is to identify the causes of building projects. The data presented and analyzed by using non parametric static tools used were severity indices. The observation from this paper is the building construction industry recognize to be various features and hence it is affected on all the stages of construction right from planning. It is observed that ethical problems are crystal clear in all the stages of project from pre – tender stage to completion [9]

**HrushikeshMallick, Mantu Kumar Mahalik, (2010)** This paper present that on empirically examining the importance of construction sector in propelling economic growth rate in the India, the study has found that in the presence of the superior influence of capital stock, the impact of construction sector gets blurred or neutralized.

**Vee, C. and Skitmore, R.M, (2003)** This paper present that results are provided of a small, but representative, questionnaire survey of typical project managers, architects and building contractors concerning their views and experiences various ethical issues surroundings construction industry activities. Current literature has spotted the increasing demand for good ethical practice and professional behavior in all forms of business, including the construction industry[13].

**Hamzah Abdul-Rahman, Chen Wang and Xiang Wen Yap** This paper indicate that unethical conducts have a direct and negative impact on the quality of construction. It also suggests that it is one of the best ways to enhance professionalism is through leadership with leaders serving as role model for the staff. If unethical issues exist then it can be negatively affect the quality of construction. A questionnaire survey was run in the construction industry in Malaysia. The results indicate that the various forms of unethical conducts have significant impact on construction quality. This study come to an end that professional ethics is

a pre-requisite to attaining sustained as well as acceptable quality in construction and suggests several approaches to enhance professionalism among construction professionals to improve quality in construction [12].

**Mohamed Ahmed Azzab and Mohamed WagihBadawi** This paper presents the problem facing contractors implementing mega projects, which results into serious dilemmas including related problems to corruption, bribery, conflict of interest, nepotism, immoral behavior and hypocrisy. This paper is to introduce a model that describes the influence of ethical aspects on a number of selected performance indices used to measure the success of construction projects [5].

**NorsiahMohamad, Rusian Abdul Aziz:** In this paper common issues highlighted were tendering practices, sub-standard quality of construction work, safety culture, payments woes, corruption and, and most importantly, public answerability for money spent on public buildings and infrastructure. The result of the study identified education and professional training in ethics, the role of organization and industry in implementing codes of ethics, and legislation and regulation as the key factors towards establishing ethical practices for construction industry to ultimately improve project performance. The result of the study also affirms that professional judgment on ethical practices stems from responsibility towards customer and public, through the endorsement of “Public and Customer Satisfaction” index to measure satisfaction and accountability [10].

#### IV. TECHNICAL ANALYSIS

Relative Importance Index (RII) is a type of relative importance analyses. RII is used to determine the probability and impact of ethical issues and unethical issues attributes by assigning rating to each variables. RII is used for the analysis because it best fits the purpose of this study. RII value will be calculated for both probability and impact for ethical and unethical issues and RII value is calculated using 5 points Likert scale by formula.

$$RII = \frac{\sum_{i=1}^5 Wi}{\sum_{i=1}^5 N \times A}$$

Wi = Weightage assigned to i response

N = Number of Respondent

A = Likert Scale

#### V. CONCLUSION

The value of worldwide construction industry is increasing but the industry still faces problems especially the ethical & unethical conducts and practices among professionals. But if the ethical & unethical conducts and practices among

professionals cannot be resolved, this goal is difficult to achieve, practice and apply. The frequency of ethical & unethical conducts and practices among professional leading to the knock-on effect is high towards the construction industry. Thus, these kinds of problem need to be solved with a properly and wisely in other to attain status as a develop country in the worldwide.

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