

THE STUDY OF ETHICAL PERCEPTIONS OF CONSTRUCTION MANAGERS

Dr. Joanna Poon¹

Research Office, Edge Hill College of Higher Education, St Helens Road, Ormskirk, Lancashire, L39 4QP, UK

Ethics is important for business, individual career and image of industry. However, construction companies do not show high ethical standards. Studying ethical perception of managers is a popular topic at generic level, in particular professions and on construction-related professionals, but there is lack of research on studying ethical perceptions of construction managers. The aim of this research is to study the ethical perceptions of construction managers and how do demographic factors influence it. The method for conducting this study is through questionnaire survey among the UK construction managers. Three hundred and seven questionnaires were distributed and ninety-three completed questionnaires are completed and returned. The construction managers who appear to pay most concern on ethics are male, at middle age, at middle position in their organisations, having more than 21 years experience and are educated up to at least at degree level. The results show that the construction managers found ‘*producing falsifying reports,*’ ‘*over-claiming expenses*’ and ‘*having low level of personal honesty*’ as the most unethical perceptions. The findings also show that the ethical perceptions of construction managers are different from other construction-related professionals such as surveyors and engineers.

Keywords: construction managers, ethical perceptions.

INTRODUCTION

Ethics is important for business. Increasing ethical awareness may increase the financial returns of companies, for example, from repeated business and an increased client’s level of trust (Badger and Gay 1996, Cavanagh and McGovern 1988, Stead et. al. 1990). Many academics and practitioners have already addressed the need and importance of proper ethical conduct in business. Ethics is also important for individual. Mason (1998) saw ‘ethical conduct as a key to gaining public trust and a successful career’. Albratt et. al. (1992) stated ‘it is believed that ethical behaviour enhances success in the long run’. Furthermore, ethics is important for the image of the industry. The public’s image of an industry is usually drawn from the services they obtain from the professionals in the industry. For a profession to command public confidence depends on two essential elements, professional knowledge and ethical conduct (Chalkley 1993). Therefore, the cost of ignorance on ethics not only affects the image of the professionals themselves, it can also have a significant impact on the quality of services that are provided, thereby on the resultant public perception and image of the industry. It also links to the public trust for that profession (Mason 1998).

¹ poonjo@edgehill.ac.uk

However, construction companies do not show high ethical standards as has been shown in the UK (RICS 2002a and 2002b) and in other countries (CIRC 2001 and HKHA 2000).

There are several studies investigating the ethical perceptions and beliefs of managers at a generic level (Albratt et. al. 1992, Becker and Fritzsche 1987, Dolecheck and Dolecheck 1987, Izraeli 1988, McDonald and Zepp 1988). Some others focus on the ethics of managers in particular professions, such as marketing managers, financial practitioners and bank managers (Chonko and Hunt 1985, Dubinsky et. al. 1980, Ferrell and Weaver 1978, Fritzsche and Becker 1982, ICAC 1999 and 2001, Lee 1981, Mehta and Keng 1984 and Tsalikis and Fritzsche 1989). There are also some which concentrate on the ethics of construction-related professionals, such as architects, engineers, surveyors and estate agents (De George 1981, Fan et. al. 2001, HKEDC 1996 and 2000, Oldenquist and Slowter 1979, Pheng and Tan 1995 and RICS, 1998). However, there is a lack of research studying the ethical perceptions of construction managers.

The aim of this paper is to explore the issue of ethics and construction managers. This paper is divided into four sections. The first is to study the importance of ethics for the construction industry. The second is a literature review on ethical perceptions. The third is a discussion of ethical perceptions of construction managers; it is based on the findings of a recent questionnaire survey. The last section is the conclusion.

IMPORTANCE OF ETHICS FOR THE CONSTRUCTION INDUSTRY

Ethics is important for construction industry because of the 'characteristics' of the industry. The construction industry is a dangerous industry. The people working in this industry are five times more likely to be killed than the average of all industries (Vee and Skitmore 2003). Additionally, the working relationship in construction teams is usually temporary and multi-disciplinary. The relationship of construction participants is usually short-term and they have different backgrounds (Low 1998). These mitigate against the honesty and trust that are said to be a fundamental aspect of professional integrity and the success of construction projects (Vee and Skitmore 2003).

Ethics is also important for the image of construction industry. The public's ethical perception of construction professionals is low. Surveyor is one of the main construction professionals and they are usually members of professional organisation such as Royal Institution of Chartered Surveyors (RICS). Although the RICS has Royal Charter status, the perception of the general public of surveying professionals is low. They think surveyors offer the same types of service as estate agents and also have the same level of trust and professionalism (RICS 2002b). The reason for this perception may be the unethical behaviours of construction professionals at 1980s and 1990s. Fan et. al. (2001) reported 'a number of surveyors and engineers have been found guilty of dishonourable conducts.... Surveyors provided false information to their clients... Charges against surveyors include failure to maintain PI insurance run-off cover and failure to provide accountants' reports' (Fan et. al. 2001).

LITERATURE REVIEW ON ETHICAL PERCEPTIONS

Identification of ethical perceptions

Identification of ethical perceptions for managers is a popular topic over the last few decades. Newstom and Ruch (1975) explored ethical beliefs and behaviours of managers. This paper focused on studying ethical belief at a more finite and individualised level, it also stated its relationship deals with employers and managerial behaviours that are primarily pertinent to the internal operations of the firms.

Ferrell and Weaver (1978) studied the ethical beliefs of marketing managers. Apart from studying the personal ethical beliefs of marketing managers, they also studied their peers' ethical perceptions. In addition, they investigated what is the influence of existence and enforcement of ethical perceptions on corporate policy. Lee (1981) also examined the ethical beliefs of marketing management, but his study focused on the influence of cultural factors on the managers' ethical belief.

McDonald and Zepp (1988) investigated ethical perceptions among the Hong Kong Chinese managers of themselves and their peers according to age, location of education and employment (local vs. multinational), based upon responses to thirteen potential unethical situations. Albratt et. al. (1992) conducted a cross-cultural study on the ethical beliefs of managers in South Africa and Australia. The results indicate culture has little or no impact on ethical beliefs. Other research on ethical perceptions includes Dolecheck and Dolecheck (1987), Dubinsky et. al. (1980), Izraeli (1988) and Mehta and Keng (1984).

Table 1 summarises previous research on the ethical perceptions of managers.

Factors influencing ethical perceptions

Several studies examine how and in what aspect demographic factors influence ethical perceptions. Broverman et. al. (1972) probably conducted the first research in this area, and they identified *gender* as the factor which influences ethical perception. Mehta and Keng (1984) came to different findings. They identified *position in the organisation, age, annual personal income, education level* and *experience* as the factors which influence ethical perception. Other identified factors included *nature of business* (Borkowski and Ugras 1992 and Nyaw and Ng 1994) and *size of organisation* (McDonald and Pak 1996).

Table 2 summaries research findings on which demographic factors influence ethical perceptions.

Table 1: Findings of previous research on the ethical perceptions of managers

Ethical perceptions	1	2	3	4	5	6	7	8
1 Business ethics means operating a firm in such a way as to stay within the law		x				x		
2 Co-operation between firms to establish common prices is an unfair act		x	x					
3 Compromising their personal principles to fulfil their organisation's expectation		x						
4 Providing trade secrets in order to exchange for personal benefits	x	x	x	x	x	x	x	x
Divulge confidential information to parties external to the firm	x			x	x		x	X
Hire competitor's employees in order to learn competitor's trade secrets	x	x				x		
Develop a personal relationship with a competitor's employee in the hope of gaining privilege information			x					
5 Taking advantages from the working organisation for personal uses	x	x		x	x	x	x	x
Use company time for personal use	x			x	x	x		x
Take longer than necessary to do a job	x			x		x		x
Take extra personal time (late arrival, lunch hours, breaks, early departure)				x	x			x
Use company services/ facilities/ materials for personal use				x	x		x	x

	Call in sick in order to take a day off	x			x	x			x
	Distribute company gifts to friends and relatives							x	
	Remove company supplies for personal use	x			x	x			
	Take spouse on a business trip and charge the company for all expense	x							
	To steer the working company's business to other firms with which having connections		x						
6	Having low level of personal honesty	x	x		x	x	x		x
	Take credit for another's work				x		x		
	Conceal personal errors				x	x	x		x
	Pass blame for personal errors to an innocent colleague	x				x			x
	Claim credit for a subordinate's work	x				x			x
	Breach a patent or copyright in business if it will not be discovered		x						
7	Over-claiming expenses	x			x		x	x	x
	Overstate expense accounts by MORE THAN 10% of the correct value	x			x		x	x	x
	Overstate expense accounts by UP TO 10% of the correct value	x			x		x	x	x
8	Producing falsifying reports	x			x		x	x	x
	Falsify reports to get credit which is not due							x	
	Falsify reports to conceal errors							x	x
	Falsify reports	x			x				x
	Falsify reports meant for publication	x			x				
9	Conducting bribing behaviours	x	x		x	x	x		x
	Accept gifts/ favours in exchange for providing preferential treatment	x			x	x			x
	Give gifts/ favours in exchange for preferential treatment	x	x		x	x			x
	Give a client a bottle of whisky at Christmas time	x							
10	Conducting violating behaviours against the working organisation	x			x			x	x
	Authorise subordinates to violate company policy	x			x			x	x
11	Whistleblowing	x	x		x			x	
	Fail to report a colleague's/ colleagues' violation of company policy to higher/ outside authorities	x			x			x	
	Fail to blow the whistle on a superior who is violating company policy to higher/ outside authorities	x			x				
	Fail to report a colleague's/ colleagues' violation of a law to higher/ outside authorities	x							
	Fail to blow the whistle on a superior who is breaking the law to higher/ outside authorities	x							
	Fail to report the production of a defective and unsafe product higher/ outside authorities		x						
12	Having deceptive advertisements							x	
	Exaggerate a company's performance in advertisements							x	
	Accept to have deceptive advertisements							x	

Notes to Table 1

'X' indicates the particular research mentions the stated factors in their papers

Albratt, Nel and Higgs (1992)

Dolecheck and Dolecheck (1987)

Dubinsky et. al. (1980)

Ferrell and Weaver (1978)

Izraeli (1988)

McDonald and Zepp (1988)

Mehta and Keng (1984)

Newstom and Ruch (1975)

Table 2: List of demographic factors influencing ethical perceptions

Demographic variables influencing ethical perceptions	1	2	3	4	5	6	7	8	9	10	11	12	13
Position in the organisation		X			X	X	X	X		X	X		X
Age	X	X				X		X		X		X	
Annual personal income										X			
Educational level		X								X		X	
Nature of business		X										X	
Gender	X	X	X	X	X			X	X			X	X
Size of the organisation									X				
Experience								X		X			

Notes to Table 2

- ‘X’ indicates the particular research mentions the stated factors in their papers
 Becker and Fritzsche (1987)
 Borkowski and Ugras (1992)
 Broverman et. al. (1972)
 Chonko and Hunt (1985)
 Fritzsche (1988)
 Izraeli (1988)
 Lee (1981)
 McDonald (1995)
 McDonald and Pak (1996)
 Mehta and Keng (1984)
 Newstom and Ruch (1975)
 Nyaw and Ng (1994)
 Vitell and Festervand (1987)

Based on the literature review, a questionnaire was developed. The purpose of the survey was to study the ethical perceptions of construction managers and whether demographic factors influence their attitude to ethics.

ETHICAL PERCEPTIONS OF CONSTRUCTION MANAGERS

The study was conducted from June to October 2003. The data was collected through questionnaire survey. Three hundreds and seven questionnaires were sent to UK construction managers. The targeted respondents were selected from the members of Chartered Institute of Building (CIOB) as it is one of the most representative construction organisations. Ninety-three questionnaires were returned giving a response rate is 30%.

The questionnaire sought information under the following three main headings:

Personal information on respondents

The questions include (1) nature of business, (2) current job title, (3) position in the organisation (junior, middle or top), (4) size of organisation (less than 50, 51-100, 101-150, 151-200 or more than 200 employees) (5) gender (male and female), (6) age (below 25, 26-35, 36-45, 46-55 or 56 or over), (7) education level (non-degree, bachelor, master, doctor or others) and (8) working experience (less than 3, 3-8, 9-15, 16-20 or more than 21 years).

Although Mehta and Keng (1984) suggested annual personal income should be one of the factors influencing ethical perception, it is considered as confidential information therefore it is not included in this survey.

Respondents' self perceptions of ethical behaviours

The respondents were asked to indicate their level of agreement (from *strongly agree*, *agree*, *neutral*, *disagree* to *strongly disagree*) on each ethical behaviour as stated in the Table 1.

Respondents' comments on their peers' perception on ethical behaviours

The respondents are asked to indicate how they think their peers would comment on the same ethical behaviours as given in Section Two of the questionnaire.

Factors affecting the decision-making of construction managers

The respondents were asked to rank (from *very unimportant*, *unimportant*, *neutral*, *important* to *very important*) a list of factors which influence ethical decision-making. This paper aimed at discussing the findings of sections 1 and 2 of the questionnaire.

The respondents' backgrounds

Most of the respondents (72%) work in 'contractor' company. The second most dominant business nature is consultancy firm, which is 9.7%. The job title of the respondents is more diverse, 36.6% respondents work as project manager, 11.1% work as construction manager and 6.5% work as contracts manager. Seventy-three percent of respondents are at middle position in their organisation and most of them (76.3%) work in large organisation, i.e. the number of employees is more than 200. Regarding personal characteristics, ninety-eight percent of respondents are male, the dominant age groups are 26-35 (31.2%) and 36-45 (28%). More than 70% of respondent are educated up to at least at degree level and more than half (53.8%) of respondents have more than 21 years experience.

The willingness of completing a questionnaire reflects the respondents' attitudes of on ethical perceptions. It can be assumed that the respondents who are willing to complete the questionnaire pay more attention on ethical issues.

The response pattern of this survey is not quite consistent to what is suggested in the previous literature. This suggests that individuals who hold senior positions are usually more ethical (Fritzsche 1988, Izraeli 1988, Lee 1981, Mehta and Keng 1984 and Vitell and Festervand 1987), as are those working in large organisations (Becker and Fritzsche 1987 and Vitell and Festervand 1987) are those who are female (Becker and Fritzsche, 1987) and older (McDonald 1995, Izraeli 1988 and Mehta and Keng 1984). However, the demographic characteristics of major respondents in this survey do not have the above characteristics.

However, there are two factors where this research confirms previous findings. People who have higher education levels (Borkowski and Ugras 1992 and McDonald 1995) and who have more experience (Fritzsche 1988 and Izraeli 1988) pay higher attention to ethics. It matches the finding of this survey as most of respondents are educated at least up to degree level and have more than 21 years experience.

Ethical perceptions of construction managers

Respondents were asked to state their level of agreement with the twelve ethical perceptions shown in Table 3. The optional answers are '*strongly agree*', '*agree*', '*neutral*', '*disagree*' and '*strongly disagree*'. Table 3 shows the mean on level of disagreement for each ethical perception.

Table 3: Construction managers’ views on ethical perceptions

Ethical Perceptions	Mean
1. Business ethics means operating a firm in such a way as to stay within the law	3.602
2. Co-operation between firms to establish common prices is an unfair act	2.355
3. Compromising their personal principles to fulfil their organisation’s expectation	2.742
4. Providing trade secrets in order to exchange for personal benefits	3.756
5. Taking advantages from the working organisation for personal uses	3.636
6. Having low level of personal honesty	4.082
7. Over-claiming expenses	4.355
8. Producing falsifying reports	4.411
9. Conducting bribing behaviours	3.262
10. Conducting violating behaviours against the working organisation	3.484
11. Whistleblowing	2.306
12. Having deceptive advertisements	3.817

Note to Table 3: Value for ‘strongly agree’ to ‘strongly disagree’ is from 1 to 5. The bigger the value means the more unethical the construction mangers comment on that perception.

Apart from identifying ethical perceptions, some researchers have further identified the perceptions which are most unethical (Albratt et. al. 1992, Ferrell and Weaver 1978, McDonald and Zepp 1988 and Mehta and Keng 1984). The most unethical perceptions are:

- Providing trade secrets in order to exchange for personal benefits
- Taking advantages from the working organisation for personal uses
- Having low level of personal honesty
- Over-claiming expenses
- Producing falsifying reports
- Conducting bribing behaviours
- Conducting violating behaviours against the working organisation

Different from the opinions on ‘how do demographic factors influence ethical perceptions’, the construction managers’ opinion on ethical perceptions is quite similar as what is suggested by the literature. The construction managers had the same perceptions on the behaviours such as ‘*having low level of personal honesty*’, ‘*over-claiming expenses*’ and ‘*producing falsifying reports*’ as they rank them as the most unethical. On the other hand, the construction managers in this survey have less agreement with the literature on behaviours such as ‘*conducting violating behaviour against the working organisation*’ and ‘*conducting bribing behaviours*’.

The results show that the ethical perceptions of construction manager may be different from those of other construction professionals. As stated in section 1, one of the findings of Fan et. al. (2001) survey is that ‘a number of surveyors and engineers have

been found guilty of dishonourable conducts', which is similar in nature to 'having low level of personal honesty'. The construction managers rank it as the third most unethical behaviour.

The other interesting observation is that that 'surveyors provided false information to their clients' (ibid.) which is similar to the other most unethical perception in this survey, 'producing falsifying reports'. Again, the construction managers think it is highly unethical.

CONCLUSION

Ethics is important to business, personal career and image of the industry. Studying ethical perception of managers is a popular topic, the previous research studied ethical perceptions at a generic level, in particular professions and among construction-related professionals. There is lack of research on studying ethical perceptions of construction managers.

Based on previous research, twelve ethical perceptions were identified and the relationship between demographic factors influencing ethical perception of ethical behaviours were also examined. The demographic factors influencing construction managers are different from those most commonly found in the literature. The construction managers who appear to pay most concern to ethics are male, at middle age, at the middle position in their organisation, having more than 21 years experience and being educated up to at least at degree level.

Construction managers think 'producing falsifying reports', 'over-claiming expenses' and 'having low level of personal honesty' as most unethical behaviour. The result shows the same trend as the previous literature. However, it is quite different from other construction professions, such as surveyors and engineers. Previous research shows surveyors sometimes have low level of personal honesty and produce falsifying reports (Fan et. al. 2001), but the construction managers think these two behaviours are highly unethical.

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