

AN INVESTIGATION OF THE DIFFERENCES IN ETHICAL PERCEPTIONS AMONG CONSTRUCTION MANAGERS AND THEIR PEERS

Dr. Joanna Poon¹

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

Previous research on ethical perceptions of managers and their peers show a consistent result, managers think they have higher ethical standards than their peers. The aim of this paper is to study the ethical perceptions of construction managers and their peers. The method for conducting the study is through a questionnaire survey among UK construction managers. Three hundred and seven questionnaires were distributed; ninety-three completed questionnaires were completed and returned. The overall results show that the construction managers believe they have higher ethical standards than their peers. The ethical perceptions which are exceptions to this are *co-operation between firms to establish common prices is an unfair act* and *whistleblowing*, the respondents think their peers have higher ethical standards on these two issues. The managers in the current and previous studies think they are more ethical than their peers on dealing with the issue such as *having low level of personal honesty*. The difference between the current and previous studies is that the construction managers think they have much higher ethical standards than their peers on the issue *providing trade secrets in order to exchange for personal benefits*.

Keywords: Construction managers, Ethical perceptions, Peers.

INTRODUCTION

The ethical perceptions of managers have been a popular topic for several decades. The issues addressed include the identification of ethical perceptions (Albratt et. al. 1992 and Newstom and Ruch 1975), and the factors influencing ethical perceptions (Broverman et. al. 1972 and McDonald and Pak 1996). Consideration of peers' ethical perceptions has also been ethical as it is one of the reference points for social comparisons regarding the norms of organisational behaviour (Izraeli 1988). A lot of literature studies whether there is any difference between the perceptions of managers and those of their peers. The results are consistent; all reported managers believe their ethical standards to be higher than those of their peers (Baumhart 1961, Ferrell and Weaver 1978, Izraeli, 1988, McDonald and Zepp 1988, Newstom and Ruch 1975 and Vitell and Festervand 1987).

LITERATURE REVIEW

Ethical perceptions of construction managers

Studying ethical perceptions of managers is popular. However, there is little research on the ethical perceptions of construction managers. Poon (2004) has identified a list of ethical perceptions for construction managers. These are:

¹ poonjo@edgehill.ac.uk

- Business ethics means operating a firm in such a way as to stay within the law
- Co-operation between firms to establish common prices is an unfair act
- Compromising their personal principles to fulfil their organisation's expectation
- 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
- Whistleblowing
- Having deceptive advertisements

Ethical perceptions of construction managers

Baumhart (1961) is the pioneer on studying ethical perceptions regarding managers themselves and their peers. His study aimed to study the ethical behaviour of businessmen and their peers. His finding is 'individual executives perceived themselves processing a significantly higher ethical standards than other business executives'.

Newstom and Ruch (1975) intended to show how organisations have an increasing need to be aware of the multitude of unethical behaviours in their offices. As they were aware there is the problem of conducting direct research on employees' ethics, therefore, they adopted the methods for collecting data through 'utilizing perceptual data reported by those employees to observe their colleagues'. The ethical perceptions of the respondents were collected in order to see whether there is a difference between self and peer perceptions. Seventeen ethical behaviours are included, some factors shows a high difference on respondents' self perception and peer perceptions, e.g. padding expenses; some vary on an active-passive involvement dimension, e.g. giving gifts/ favours in exchange for preferential treatment and others vary between the involvement of a single person versus a collaboration between two or more pattern, e.g. concealing one's error.

The method on Newstom and Ruch's (1975) for viewing the difference in the ethical perceptions of the respondents and their peers is by comparing the mean of each identified ethical behaviour. The range of the difference of the means is from -0.08 to 0.8. The bigger difference indicates the respondents think they have higher level of ethical standards than their peers. The finding is that the managers think they have higher ethical standards than their peers on sixteen ethical behaviours as studied. The only ethical behaviour showing the reversed result is '*not reporting colleagues' intention to violate company polices and rules*'.

Ferrell and Weaver (1978) have conducted similar research in this area. The purposes of this research are to show (a) what marketing managers consider to be their own ethics (beliefs and actions); (b) what they perceive to be the ethics of peers and top management and (c) what they understand to be the existence and extent of

enforcement of corporate policy. They have adopted the seventeen ethical perceptions as developed in Newstom and Ruch (1975) in their study. The responses were collected by use of a Likert scale consisting of fixed standardised response categories. They gave respondents five options for each question, rated 1 to 5 for 'highly ethical' to 'highly unethical'. Also, they interpret the respondents' comments into score, the bigger difference in score means the managers rated themselves have higher ethical standards than their peers. The range of difference in score is from 0.02 to 1.3. The results show that the managers think they have higher ethical standards at all situations.

McDonald and Zepp's (1988) research aimed at investigating ethical perceptions among 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. The respondents' responses on each ethical perception are interpreted into figure, the bigger difference on the score of the respondents and their peers, the bigger gap on their view on ethical standards. The range of difference is -0.04 to 2.34.

Two of the major conclusions of McDonald and Zepp's study are 'there is little consistency among perception of ethical situations' and 'Hong Kong managers perceive they have higher ethical standard than their peers'. However, there was one exceptional ethical behaviour, '*gaining of competitors' information*', where the respondents thought their peers have higher standards on this perception than themselves.

Izraeli (1988) examined the ethical belief and behaviour of managers in Israel and used comparable data from the United States. The results indicated that Israeli managers rated themselves both highly ethical and also more ethical than their peers. These results are similar to those found for the US. The only exception is '*not reporting colleagues' intention to violate organisation policies*', the respondents think they and their peers have the same level of standards on this issue. Again, the method for comparing the results is by measuring the difference of means, the range is from 0 to 0.64.

The findings of various studies conducted at different time and at different locations show the same finding: 'managers believe their ethical standards to be higher than those of their peers'.

This paper aimed at studying the difference of ethical perceptions of the UK construction managers and their peers.

RESEARCH METHOD

Based on the literature survey, the twelve ethical perceptions listed in section 2.1 have been identified. This survey adopted the approaches as used by Ferrell and Weaver (1978), McDonald and Zepp (1988) and Izraeli (1988), that is by questionnaire and ask the respondents to evaluate their and their peers' ethical perceptions.

The method for collecting data is through questionnaire survey. The survey was conducted from June to October 2003. Three hundreds and seven questionnaires were sent to UK construction managers. The targeted respondents were selected from the members of the Chartered Institute of Building (CIOB). The reason for choosing CIOB is because it is one of the most representative construction organisations and it consists of a wide range of sectors such as project management, contracting and

research etc. Therefore, it is expected the comments cover a wide range of professionals working in different sectors of construction industry.

The respondents receive an eight-page questionnaire. The questionnaire consists four sections. This paper reports the finding on two sections, which are:

1. Respondents' self perceptions of ethical issues

The respondents were asked to indicate their level of agreement (from strongly agree, agree, neutral, disagree to strongly disagree) on each of the twelve ethical perceptions as stated in the Section 2.1.

Respondents' comments on their peers' perception on ethical issues

The respondents were asked for their opinions regarding how most other persons in the professional area would feel about each of the behaviours as stated in Section 2 of the questionnaire. Respondents were asked to reply based on their view of the typical or majority of their peers. The respondents were instructed to reply in accordance with what they think their peers believed, regardless of what they themselves might do.

Because of the sensitive nature of this research, the respondents were informed that any information they gave in the questionnaire would be kept in the strictest confidential and used only to produce aggregate data and in a completely anonymous way.

Ninety-three questionnaires were returned giving a response rate of 30%. Fifty-nine out of these ninety-three respondents indicated they would like to receive a short report on the outcomes of the result. This level of response indicates the construction managers have a high level of concern on ethical behaviours.

In both sections, the respondents were asked to state their level of agreement on the twelve ethical perceptions as stated in the section 2.1. The optioned answers are '*strongly agree*', '*agree*', '*neutral*', '*disagree*' and '*strongly disagree*'.

RESULTS OF THE SURVEY

Table 1 shows the comparison of the means of construction managers' perception for each ethical behaviour and their comments on their peers' behaviours. Columns 2 and 3 show the mean score of perceptions on ethical behaviours of respondents and their comments on their peers. Column 3 shows the difference between columns 2 and 3. Value for strongly agree to strongly disagree is from 1 to 5. The bigger value means the construction managers think the behaviour is more unethical. The bigger figure on column 3 shows the bigger difference on perception on that ethical behaviour among the construction managers and their peers.

In the same way as the findings of the previous research, construction managers believe they have higher ethical standard than their peers at an overall level.

Construction managers think they have much higher standards than their peers on the following ethical perceptions:

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

- Conducting bribing behaviours
- Having deceptive advertisements

The ethical perceptions on which the construction managers think they have slightly higher standards are:

- Business ethics means operating a firm in such a way as to stay within the law
- Compromising their personal principles to fulfil their organisation’s expectation
- Conducting violating behaviours against the working organisation

The construction managers think their peers have higher standards than themselves on the following ethical perceptions:

- Co-operation between firms to establish common prices is an unfair act
- Whistleblowing

Table 1: Comparison of construction managers’ and their peers’ perceptions on ethical behaviours

Perceptions on Ethical Behaviours	Construction managers	Peers	Difference
1. Business ethics means operating a firm in such a way as to stay within the law	3.602	2.882	0.72
2. Co-operation between firms to establish common prices is an unfair act	2.355	2.742	-0.387
3. Compromising their personal principles to fulfil their organisation’s expectation	2.742	2.237	0.505
4. Providing trade secrets in order to exchange for personal benefits	3.756	2.792	0.964
5. Taking advantages from the working organisation for personal uses	3.636	2.478	1.158
6. Having low level of personal honesty	4.082	2.581	1.501
7. Over-claiming expenses	4.355	2.833	1.522
8. Producing falsifying reports	4.411	2.723	1.688
9. Conducting bribing behaviours	3.262	2.355	0.907
10. Conducting violating behaviours against the working organisation	3.484	2.731	0.753
11. Whistleblowing	2.306	2.454	-0.148
12. Having deceptive advertisements	3.817	2.532	1.285

The results of this survey show the similar findings as the previous studies (see Table 2). Although the previous studies do not use the exact ethical perceptions as the current, the ethical behaviours at the previous literatures are group into headings according to their nature. Poon (2004) has given further details on the identification of ethical perceptions.

At column 1 of Table 2, it shows the range on the difference in means for current study. The difference is -0.387to 1.688. If the difference is up to 0.844, it is considered as a difference. Otherwise, it is considered as a big difference. Column 2 is

result from Ferrell and Weaver’s (1978) study. The range of the difference in means for this study is from 0.02 to 1.3. If the figure is from 0.02 to 0.64, it is considered as a difference. If it is higher than 0.64, it is considered as a big difference. Column 3 is result from Izraeli’s (1988). The range of the difference in means is from 0 to 0.64. If the figure is up to 0.32, it is considered as a difference. If it is higher than 0.32, it is considered as a big difference. Column 4 is result from McDonald and Zepp’s (1988). The range of the difference in means is from –0.04 to 2.34. If the figure is up to 1.19, it is considered as a difference. Otherwise, it is considered as a big difference. Column 5 is Newstorm and Ruch’s (1975). The range of the difference in means is from –0.08 to 0.8. If the difference is up to 0.44, it is considered as a difference. Otherwise, it is considered as a big difference.

The results of this study confirm the similar finding as of the previous on the ethical perception ‘*having low level of personal honesty*’. The managers of all previous studies found they have higher standards than their peers on these two ethical behaviours.

The construction managers’ views on the perceptions such as ‘*over-claiming expenses*’ and ‘*producing falsifying reports*’ are also quite similar to those of the previous studies. They think these two issues are more unethical than their peers think. Conversely, construction managers’ perception on ‘*providing trade secrets in order to exchange for personal benefits*’ is quite different from those reported in the previous study. The construction managers think they have much higher standards than their peers on this issue, but the previous research show the different views.

The construction managers think their peers have higher standards on ‘*whitlesblowing*’, this finding is same as Newstorm and Ruch (1975)’s research. On the hand, there is no similar finding showing peers have higher ethical standard than themselves on the perception ‘*co-operation between firms to establish common prices is an unfair act*’.

Table 2: Comparison of the perceptions on ethical behaviours of construction managers and their peers the previous literatures

Perceptions on ethical behaviour	Current study	Previous literatures			
	1	2	3	4	5
1. Business ethics means operating a firm in such a way as to stay within the law	Difference (D)	-	-	-	-
2. CO-OPERATION BETWEEN FIRMS TO ESTABLISH COMMON PRICES IS AN UNFAIR ACT	Difference *	-	-	D	-
3. Compromising their personal principles to fulfil their organisation’s expectation	Difference	-	-	-	-
4. Providing trade secrets in order to exchange for personal benefits	Big Difference	D	D	D	D
5. Taking advantages from the working organisation for personal uses	Big difference (BD)	BD	BD	D	D

6. Having low level of personal honesty	Big difference	BD	BD	BD	BD
7. Over-claiming expenses	Big difference	BD	-	BD	BD
8. Producing falsifying reports	Big difference	BD	-	BD	BD
9. Conducting bribing behaviours	Big Difference	BD	BD	D	BD
10. Conducting violating behaviours against the working organisation	Difference	D	-	-	D
11. Whistleblowing	Difference *	D	Same	-	D*
12. Having deceptive advertisements	Big Difference	-	D	D	-

* The construction managers think their peers have higher standards on these ethical perceptions

CONCLUSION

This paper aimed at studying the ethical perception of construction managers and their peers. The findings confirm previous research, construction managers believe they have higher ethical perceptions than their peers.

Construction managers find themselves have much higher ethical standards on the ethical behaviour which are related to personal conduct, such as taking advantages for personal use, having low level of personal honesty, over-claiming expenses and conducting bribing behaviours etc. The possible explanation for this situation is that the construction managers are members of professional organisation. Chartered Institute of Buildings (CIOB) has its own code of practice and all members are obliged to follow.

On the other hand, construction managers think they think they have slightly higher standards than their peers on the issues which are business related such as compromising their personal principles to fulfil their organisation's expectation and conducting violating behaviours against the working organisation etc. The reason for this situation is possibly due to construction managers are members of professional organisation and their behaviour are restricted by the professional code of practice. Therefore, they have to put higher concern on their personal behaviour.

However, there is a contrasting finding for this research as one of the issues that the construction managers think their peers have higher ethical standards than themselves is 'co-operation between firms to establish common prices is an unfair act'. It appears that the construction managers have a very high concern on their business.

The finding of current study shows some similarities to previous research. This survey and the previous survey show the managers think they have higher standards than their peers on the conducts '*having low level of personal honesty*'. On the other hand, there is a difference in findings between the current study and previous study, construction managers thinking they have much higher ethical standards than their peers on the perception '*providing trade secrets in order to exchange for personal benefits*', while the previous literature indicate the level of difference is not big.

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