Unethical Practices in Pakistani Construction Industry

Dr. Tahir Nawaz, Associate Professor¹, Amjad Ali Ikram²*

1. Center for Advanced Studies in Engineering,
Ataturk Avenue, F-5/1, Islamabad, Pakistan
Cellular No. 0092-323-5476091, Email: tahirnawaz78692@yahoo.com

2. MSc Engineering Management,
Center for Advanced Studies in Engineering, Ataturk Avenue, F-5/1, Islamabad, Pakistan
Cellular No. 0092-333-5832407, e-mail: amjadikrammpnmp@gmail.com

Abstract:
Construction Industry plays a substantial role in a country’s national economy, regardless of the level of economic development. It is beyond any doubt that this sector is an important employer of a nation's workforce as it employs between 2 to 10 percent of the total workforce in most of countries. Same is the case with Pakistani Construction Industry. The industry has never been explored and exploited to its fullest capacity. Unfortunately the industry is seriously infected with corrupt and unethical practices which lay major obstacles towards growth and productivity of the industry. This research has been undertaken with a view to find out the most occurring unethical practices in Pakistan. To achieve this objective, a survey questionnaire was designed and disseminated to the respondents. A total of 150 questionnaires were distributed, out of which total 125 responses were received, which is a good response for this study. The data was analyzed by using Statpro software. The major findings are; lack of training in ethics, corruption and bribery, bid shopping, and fraud and unfair conduct. These can be addressed by evolving codes of ethics, imparting high quality training in ethics and above all setting personal examples by the top management.

Keywords: Unethical, Construction, Practices, Pakistan

1. Introduction

Construction is a very vital part in the development of a country as it is a mother component behind all activities related to development of infrastructure; however the worst evils that can wreck havoc in this extremely important sector are corruption, fraud, bid shopping, front end loading, collusion, change order game, payment game, conflicts of interests, cover pricing, claim game, payment game, compensation of tendering costs and negligence.

These evils have gained deep ingress into the construction industry which needs to be rooted out in order to conserve and optimally utilize the resources for the developmental works. This trend of unethical practices is spanning over project owners, funding agencies or sponsors, consultants, contractors, subcontractors and joint-venturing partners.

The worst part is the inaction and toleration of corrupt practices in the construction industry which leads into misuse or inefficient use of public funds. Eventually the end product appears to be defective, sub standard, inadequate and dangerous. It neither conforms to the specifications nor it is fit to be used. The sudden collapse of Sher Shah Bridge in Karachi in Year 2009 is the classical example to the case in point.

Of course unethical practices in the construction industry are infact the complex issues and apparently difficult to root out in totality. However in order to mitigate the magnitude of such malpractices, it becomes imperative that construction industry adheres to the clear policy on all forms of corruption mechanisms, which should be equally applicable to, not only the contractors but other stakeholders like consultants, design engineers, sponsors, owners and public service departments. Strict adherence to ethical guidelines in the construction industry is the best means in the fight against corruption and unethical practices.

2. Scope and Objectives

This research has been undertaken in order to identify the unethical practices prevailing in the Pakistani construction
industry and recommend viable measures to eradicate, avoid or mitigate the probability of occurrence of such practices.

3. Literature Review

It is beyond any doubt that the construction industry is tainted by unethical conduct and practices. Ethics criteria for construction professionals is very mandatory in order to avoid ill-effects of financial malpractices [Ehsan, et al (2009)]. Many professional engineering bodies have established their codes of ethics. To quote the example; Pakistan Engineering Council evolved its code of ethics under SRO 1463 (1)/78 [Engineering Council, Pakistan, “Code of Conduct”, SRO 1463 (1)/78]. Similarly, construction Management Association of America (CMAA) fosters Fairness in competition, Information, Professional Integrity, Honesty and Resolution of Conflicts of Interests in its code of ethics [Associate of American Construction Management, “Code of Ethics”, 1982]. Project Management Institute, USA has developed code in two domains of, Aspirational Standards and Mandatory standards. The basic theme behind this code is to implement Fairness, Honesty, Respect and Responsibility for project managers as well as performing organizations [Institute, Project Management, “Code of Ethics and Professional Conduct”, USA]. Last but not the least, Association for Advancement of cost Engineering (AACE) International, USA has evolved its own Canon of Ethics on the same lines [Cost Engineering, Association for Advancement, “Canon of Ethics”, USA]. The basic theory behind developing codes of ethics is to supplement the prevalent building codes and contract laws for use by construction industry professionals. [Ehsan, et al (2009) – Donatus Mathenge et al (2012)].

Civil Engineering both, as a profession as well as a business is lying on the edifice of ethical practices and application [Donatus Mathenge, et al (2012)]. To an engineer, the greatest merit is the work, so commitment to project is mandatory. Bribery and political corruption is being addressed very sternly and firmly by several professional bodies, societies and business groups around the world [Donatus Mathenge, et al (2012)]. It is also well known fact that corruption is the major problem that plagues the industry in developing economies. But there are certain other unethical issues which warrant serious consideration. These are collusion, bribery, unfair conduct, false claims, distortion of pre-qualification by consultants and payment game [Tariq Khan, et al (2012)]. Apart from these evils, there is yet another malpractice of “Bid rigging” or Collusion Tendering. To start with bidding and tendering process, majority of the contractors get involved with bid shopping; which is unethical practice used for gaining advantage over the clients [Smith Mojica, et al (2008)]. When a contractor discloses the bid price of one subcontractor to another in order to obtain lower bid price it is known as Bid Shopping. It can be practiced during Pre-Award or Post – Award of Contract [Tariq Khan, et al (2012)-Smith Mojica, et al (2008)].

Next malpractice which has been found through literature and publications is “Corruption and Bribery”. Which is a deliberate effort by competitors to conspire effectively to elevate prices where customers buy goods and services through competing bids [Elijah Olusegun et al (2011)]. Moreover trend of ‘Cover pricing’ has raised alarms levels in the construction Industry. In this process a bidder submits a price that is not intended to win the contract they are taking part. There are various ways in which competing bidders exercise this malpractice. Either they submit padded up bid which is impossible for the acceptance, or knock out designated winner or constrain such terms and conditions that are known to be unacceptable to the customers [Elijah Olusegun, et al (2011)].

The existing System of contracting is also full of anomalies and discrepancies. One such glaring aspect is ‘Lowest Bid Procurement’ method. The companies which lack the capacity to execute the works, offer and win their bids due to this clause; resulantly the contractors engages into practices to earn profit by compromising on quality, specifications and safety and hazard issues. [Khumalo, et al (2008)-Aliza A, et al (2010)]. During execution phase of the project, the contractors with malafide intentions engage themselves in extra payments against the schedule values in order to cover up the lost incurred on offering lowest bids. Evaluation of claims submitted by contractors is a crucial aspect in order to avoid false and padded up claims. Through modern pricing techniques and implementation FIDIC law this trend can be eliminated [Tochaiwat, et al (2009)]. There have been instances where engineers and construction managers have paid even compensation for tendering cost in addition to payment of un-entitled claims [Oyewobi, et al (2011)]. Similar to this phenomenon are the poor bid analyses, non transparency in selection process and absence of ethics policy which are the allied contributing factors [Farooqui, et al (2008)]. Sometimes the contracting agency or executives intentionally delay the contracting process for ill legal gains and monetary advantages. This trend is common in developing economies where contracting professionals include ambiguous clauses for manipulation during project lifecycle. This is unethical and unlawful [Abdul Rehman, et al (2010)].
Construction Management Association of America (CMAA), in their survey in year 2004 found the factors which hinder the construction industry’s performance. The results indicated that bid shopping, change order game, payment games and claim game are the most critical ethical issues [Management Consulting, CMAA (2004), “FMI/CMAA Survey of Construction Industry Ethical Practices”, USA]. On the same lines, CRC Construction Innovation, Australia compiled a report in which ethical complexities within Australian Construction Industry were uncovered. The analysis was carried out on two pronged strategies of Thematic Analysis and Solutions [Oliver, et al (2006)]. Every project undergoes changes in designs and scope. If these changes are not well evaluated, then there are solid possibilities of false claims by contractors through change orders [Government of India, Central Vigilance Commission, “Problem Areas of Corruption in Construction”, Preventive Vigilance Publication, 2002, New Delhi India-Hao et al (2008)-US Department of Transportation, “Memorandum Bid Analysis and Unbalanced Bids”, 1982, USA].

In nutshell, it can be summarized that construction industry needs complete overhauling in the fields of bidding, contracting, execution and successful completion by eliminating unethical practices by industry stakeholders through efficient and ruthless implementation of ethics policy and professional codes of conduct.

4. Research Methodology

This research was divided into two phases i.e. data collection and data analysis. For the purpose of data collection, a questionnaire was designed by incorporating the most frequently occurred unethical practices in construction projects. The questionnaire was divided into two parts. In part A, general information about respondents was asked so that reliability and validity of the data can be ensured. In part B, specific questions were asked in different domains. The major categories of respondents were; contractors, consultants, sponsors, owners, civil engineers and project managers.

First the authors discussed about the questionnaire, with industry related contractors, construction managers, architects, design professionals, suppliers, sub contractors and supervisors for ascertaining and confirming whether this questionnaire was enough for data collection. After thorough discussions with renowned and well reputed industry professionals like M/S Ahmad Zaka & Associates, M/S Amin Tariq & Associates, M/S Suhail Ahmad & Associates, M/S Shami Associates, M/S Tijaarat Developers and M/S Adeel Associates, the questionnaire was finalized with minor modifications and adjustments.

In the next step, the authors carried out random sampling for the selection of the respondents. A total of 150 questionnaires were distributed among the respondents from government departments, contractors, consultants, clients, professional civil engineers and project managers. The author received 125 completed questionnaires, which comes to about 83.33 percent of response. Once this major milestone was achieved, the authors analyzed the data by using statpro software. The breakdown of the respondents is as under:

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractor</td>
<td>29</td>
</tr>
<tr>
<td>Owner</td>
<td>35</td>
</tr>
<tr>
<td>Consultants</td>
<td>12</td>
</tr>
<tr>
<td>Project Management</td>
<td>8</td>
</tr>
<tr>
<td>Senior Engineer</td>
<td>8</td>
</tr>
<tr>
<td>Civil Engineers</td>
<td>32</td>
</tr>
</tbody>
</table>

![Figure 1: Composition of Respondents](image)
Results and Discussions

This research has been divided into eleven possible domains, the details of which are described in succeeding paragraphs.

4.1 Application of Code of Ethics.

In this domain, the author tried to explore whether construction industry has implemented some ethical standards, manuals or codes of conduct. In this domain the response count remained 125. Out of this numerical figure, 84 percent of respondents agreed that their organizations have codes of ethics in some forms and shapes. The results are plotted on figure 2 (a) & (b).
4.2 Training of Employees in Ethics Dimension.

Merely having code of ethics does not bring significant improvements in ethical conducts; as long as it is not implemented at company or organization level. This can only be made possible, when due attention is paid towards training of employees in ethics. With this rationale behind, respondents were asked to furnish their responses. Figure 3 (a) & (b) indicate that 58 percent of respondents gave the responses in negative. This is very critical and alarming issue because without sufficient and regular training programs, majority of the unethical practices can not be avoided.

![Figure 3 (a): Training of Employees in Ethics](image)

![Figure 3 (b): Training of Employees in Ethics](image)

4.3 Schedule of Training Programs.

This domain was created for those respondents whose responses were positive in previous question. They were asked to furnish the details on how frequently training programs are conducted with in their organizations. Figure 4 (a) and 4 (b) indicate that 78 percent of organizations conduct ethical training and awareness programs on annual basis. The results show a healthy indicator of those organizatins which have implemented proper code of ethics and conduct. The results support the practicability and usefulness of implementing codes of ethics within the companies and organizations.
4.4 Tainting of Construction Industry with Unethical Practices.

In this segment, severity level of unethical practices in the construction industry was assessed. There is a general perception that the industry is tainted by corrupt and unethical practices. 84 percent of respondents agreed on the issue while 12 percent remained unsure and 4 percent disagreed on this aspect. The results have been plotted in following figures:-

Figure 4 (a): Frequency of Ethical Training Programs

Figure 4 (b): Frequency of Ethical Training Programs

Figure 5(a): Tainting of Construction Industry with Unethical Practices
4.5 Ethical Satisfaction Level in the Industry.

Work ethics are also one of the indicators which reflect the reputation of the company or organization. Unhealthy, unsafe and unfriendly work place requirements also contribute towards performance of organization. Figure 6 (a) and (b). Indicate the 80 percent of the respondents were in agreement to the availability of work ethics. These respondents were satisfied with the performance of code of ethics. This point also furnishes strength to the concept of implementing codes of conduct in construction industry.

Figure 5(b): Tainting of Construction Industry with Unethical Practices

Figure 6 (a): Ethical satisfaction level

Figure 6 (b): Ethical satisfaction level
4.6 Severity Levels of Prevailing Unethical Practices.

There are several ill-legal acts and unethical issues, which have made the construction industry infamous as well as notorious among other service industries. Corruption and bribery, illegal claims, advanced payments to contractors, bid shopping, front end loading, collusion, conflicts of interests, cover pricing and compensation of tendering costs are among major causes. There is a nexus of primary stakeholders especially in public service departments i.e. clients, consultants and contractors, who jointly play the contract clauses and drawings to their own advantage. The overall response count was 120 in this domain.

Figure 7 (a) and (b) indicate that corruption and bribery (2.88 average rating) is the top most factor which has ruined the name and frame of construction industry. The other two issues are Fraud and Unfair Conduct (4.1) and Bid Shopping (4.38). The rest of the results are shown as under:

Table 1: Rating of Current Unethical Practices

<table>
<thead>
<tr>
<th>Issue</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>Rating Average</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negligence</td>
<td>1.7%</td>
<td>10.8%</td>
<td>5.0%</td>
<td>8.3%</td>
<td>3.3%</td>
<td>5.0%</td>
<td>2.5%</td>
<td>1.7%</td>
<td>5.8%</td>
<td>5.8%</td>
<td>4.2%</td>
<td>45.8%</td>
<td>8.56</td>
<td>120</td>
</tr>
<tr>
<td>Frontloading</td>
<td>0.8%</td>
<td>2.5%</td>
<td>3.3%</td>
<td>1.7%</td>
<td>3.3%</td>
<td>10.0%</td>
<td>46.7%</td>
<td>9.2%</td>
<td>5.8%</td>
<td>7.5%</td>
<td>5.0%</td>
<td>4.2%</td>
<td>7.32</td>
<td>120</td>
</tr>
<tr>
<td>Claim Game</td>
<td>2.5%</td>
<td>4.2%</td>
<td>1.7%</td>
<td>4.2%</td>
<td>47.5%</td>
<td>8.3%</td>
<td>5.8%</td>
<td>6.7%</td>
<td>10.8%</td>
<td>1.7%</td>
<td>5.0%</td>
<td>1.7%</td>
<td>6.03</td>
<td>120</td>
</tr>
<tr>
<td>Payments Game</td>
<td>8.3%</td>
<td>1.7%</td>
<td>3.3%</td>
<td>3.3%</td>
<td>5.0%</td>
<td>47.5%</td>
<td>10.0%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>5.8%</td>
<td>4.2%</td>
<td>5.8%</td>
<td>6.32</td>
<td>120</td>
</tr>
<tr>
<td>Bid Shopping, Under Bidding, Bid Cutting</td>
<td>5.8%</td>
<td>5.8%</td>
<td>53.3%</td>
<td>9.2%</td>
<td>6.7%</td>
<td>0.0%</td>
<td>0.8%</td>
<td>4.2%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>5.8%</td>
<td>3.3%</td>
<td>4.38</td>
<td>120</td>
</tr>
<tr>
<td>Bribery, Corruption</td>
<td>64.2%</td>
<td>9.2%</td>
<td>4.2%</td>
<td>0.0%</td>
<td>4.2%</td>
<td>2.5%</td>
<td>3.3%</td>
<td>0.8%</td>
<td>2.5%</td>
<td>0.8%</td>
<td>3.3%</td>
<td>5.0%</td>
<td>2.88</td>
<td>120</td>
</tr>
<tr>
<td>Collusion</td>
<td>0.8%</td>
<td>1.7%</td>
<td>4.2%</td>
<td>2.5%</td>
<td>3.3%</td>
<td>4.2%</td>
<td>7.5%</td>
<td>44.2%</td>
<td>7.5%</td>
<td>4.2%</td>
<td>11.7%</td>
<td>8.3%</td>
<td>8.12</td>
<td>120</td>
</tr>
<tr>
<td>Conflict of Interests</td>
<td>6.7%</td>
<td>3.3%</td>
<td>4.2%</td>
<td>5.8%</td>
<td>5.8%</td>
<td>3.3%</td>
<td>2.5%</td>
<td>8.3%</td>
<td>37.5%</td>
<td>10.8%</td>
<td>4.2%</td>
<td>7.5%</td>
<td>7.64</td>
<td>120</td>
</tr>
<tr>
<td>Change Order Game</td>
<td>2.5%</td>
<td>3.3%</td>
<td>5.8%</td>
<td>47.5%</td>
<td>10.0%</td>
<td>4.2%</td>
<td>3.3%</td>
<td>5.0%</td>
<td>5.8%</td>
<td>5.8%</td>
<td>3.3%</td>
<td>3.3%</td>
<td>5.43</td>
<td>120</td>
</tr>
<tr>
<td>Fraud, Unfair conduct</td>
<td>2.5%</td>
<td>49.2%</td>
<td>9.2%</td>
<td>11.7%</td>
<td>0.8%</td>
<td>3.3%</td>
<td>6.7%</td>
<td>4.2%</td>
<td>2.5%</td>
<td>4.2%</td>
<td>3.3%</td>
<td>2.5%</td>
<td>4.10</td>
<td>120</td>
</tr>
<tr>
<td>Cover Pricing, Withdrawal of tender</td>
<td>1.7%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>2.5%</td>
<td>5.0%</td>
<td>8.3%</td>
<td>4.2%</td>
<td>6.7%</td>
<td>8.3%</td>
<td>39.2%</td>
<td>10.0%</td>
<td>4.2%</td>
<td>8.21</td>
<td>120</td>
</tr>
<tr>
<td>Compensation of tendering cost</td>
<td>2.5%</td>
<td>3.3%</td>
<td>0.8%</td>
<td>3.3%</td>
<td>5.0%</td>
<td>3.3%</td>
<td>6.7%</td>
<td>6.7%</td>
<td>8.3%</td>
<td>11.7%</td>
<td>40.0%</td>
<td>8.3%</td>
<td>9.02</td>
<td>120</td>
</tr>
</tbody>
</table>
4.7 Quality Issues in Ethics.

Numerous quality issues emerge due to financial malpractices in the construction projects because every stakeholder attempts to steer the project in order to draw personal gains and advantages. When such situation arises, then quality standards and specifications are adversely compromised at job sites. Now question arises whether unethical issues are so important that they lay significant damages on to the performance of the contracts. 37 percent rated them very important factor while 60 percent agreed that unethical practices carry importance. In total 97 percent(grouping very high and high categories) consider that unethical actions and the quality have direct relationship. Figure 8 (a) and (b) reflect the response counts.
4.8 Unethical Conduct Versus Quality Management.

The effectiveness of quality management methodology is affected by unethical conduct. This methodology fosters PDCA (Plan-Do-Check-Act) Cycle for ensuring conformance to requirements and fitness for use of product and services. When a company or organization is under influence of unethical practices, this methodology becomes redundant. Figure 9 (a) and (b) indicate that 97 percent of respondents agreed on the issue that when priorities are steered towards vested interests and financial embezzlements, then whole Quality Management Plan an not be implemented in a holistic and productive manner.
4.9 **Unethical Practices and Quality in Construction Projects.**

Unethical practices lead to corruption, financial misappropriation, embezzlement and fraudulent cases. Under these circumstances, either contractors indulge in incorporating inferior quality of materials in the works or engineers in charge offer undue concessions to the contractor for personal gains and benefits. These practices directly deteriorate the overall quality of the projects. The respondents were asked to verify whether it is true or not. 96 percent of respondents agreed to this point which has been depicted in figure 10 (a) and (b).
4.10 Effects of Unethical Practices.

It is established fact that majority of construction projects get overbudgeted due to intangible and tangible causes. Unethical practices alongwith financial embezzlement, misappropriations and corruption lay serious effects and repercussions on the quality of construction projects. The finished products (buildings, roads, hydraulic structures etcetera) may not be structurally sound and safe as planned in quality management plans and standards. In order to ascertain whether this is true or otherwise, respondents were asked to furnish their opinions. Figure 11(a) & (b) indicate that 92 percent (grouping very high and high categories) respondents agreed that unethical practices affect the quality :-
4.11 Professionalism in Construction Industry:
In order to strike a fair degree of professionalism, transparency and honesty, there is need to adopt certain measures which can give boost to its professional stature. In this domain five options were short listed for soliciting responses from industry rated professionals. These options were; leaders as role model, financial incentives, implementing code of ethics, ethics training programs and by punitive measures.

According to Table 2, the sequence of priority is; implementing code of ethics(2.17), leaders as role model(2.22), by ethics training programs(2.7), by financial measures(3.42) and by punitive measures(4.5). The remaining results have been plotted in figure 12 (a) and (b) as below :-

![Figure 11(a): Effects of Unethical Practices](image)

![Figure 11(b): Effects of Unethical Practices](image)
Table 2: Professionalism in Construction Industry

<table>
<thead>
<tr>
<th>Method</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Rating Average</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders as Role Model</td>
<td>37.6% (47)</td>
<td>12.8% (16)</td>
<td>42.4% (53)</td>
<td>4.8% (6)</td>
<td>2.4% (3)</td>
<td>2.22</td>
<td>125</td>
</tr>
<tr>
<td>By Financial Incentives</td>
<td>5.6% (7)</td>
<td>24.0% (30)</td>
<td>14.4% (18)</td>
<td>35.2% (44)</td>
<td>20.8% (26)</td>
<td>3.42</td>
<td>125</td>
</tr>
<tr>
<td>Implementing Code of Ethics</td>
<td>38.4% (48)</td>
<td>22.4% (28)</td>
<td>26.4% (33)</td>
<td>9.6% (12)</td>
<td>3.2% (4)</td>
<td>2.17</td>
<td>125</td>
</tr>
<tr>
<td>By Ethics Training Programs</td>
<td>14.4% (18)</td>
<td>38.4% (48)</td>
<td>12.8% (16)</td>
<td>31.2% (39)</td>
<td>3.2% (4)</td>
<td>2.70</td>
<td>125</td>
</tr>
<tr>
<td>By Punitive Measures</td>
<td>4.0% (5)</td>
<td>2.4% (3)</td>
<td>4.0% (5)</td>
<td>19.2% (24)</td>
<td>70.4% (88)</td>
<td>4.50</td>
<td>125</td>
</tr>
</tbody>
</table>

Figure 12 (a): Professionalism in Construction Industry

Figure 12 (b): Professionalism in Construction Industry
5. Findings and Conclusions

From the results and discussions, following conclusions have been drawn:

5.1 Most of the companies and construction organizations have evolved codes of Ethics and conduct in various forms and shapes.

5.2 The critical issue is lack of training in ethics within the organizations and companies.

5.3 It is a healthy sign that those companies and organizations which have codes of ethics, carry out training of employees on an annual basis.

5.4 It is established fact that construction industry is tainted by unethical practices.

5.5 Corruption and Bribery, Bid shopping, and Fraud and Unfair Conduct are among the top three unethical practices prevalent in the industry.

5.6 Unethical practices lay devastating effects on quality management, quality of works and performance of projects in quality dimension.

5.7 Implementing Codes of Ethics, Ethics Training Programs and Leaders as Role Model, are the major options which can streamline the unprofessional behavior within the construction industry.

6. Recommendations

From the findings and conclusions, following options are recommended for implementing in order to foster company-wide ethical culture:

6.1 Implementation of Codes of Conduct.

This is a prelude to the final destination of ethical culture within construction companies and organizations. Under the framework of Pakistan Engineer Council Ethical Code, all contractors, professional engineers, resident engineers, construction and project managers must evolve and implement proper codes of conduct in their organizations. When this will be done, financial misappropriation, false performance reporting, inferior quality of works and fraudulent cases can be avoided permanently.

6.2 Training in Ethics.

This forms part of subsequent step to evolution of codes of conduct. Adequate funds should be allocated for imparting training in ethics and professional conduct to all employees within the organizations or companies. Without regular training courses, cadres and programs, the organizational culture can not be transformed into ethical dimension.

6.3 Leaders as Role Model

When codes of ethics have been evolved and sufficient training of employees has been carried out, it is the moral obligation of top management to set personal examples in the display of ethical conduct at work place. They must extend all out support towards enforcement of codes of ethics across the board. To this end, incentives and punitive measures can be used as tools to avoid, eliminate or mitigate the probability and occurrence of unethical practices in their organizations.

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First Author
Professor Dr.Tahir Nawaz is a regular faculty member in department of engineering management Center for Advanced Studies in Engineering (CASE), Islamabad, Pakistan. Apart from this, the author is visiting professor in National University of Sciences & Technology(NUST), Islamabad and other prestigious academics institutions and conducted numerous seminars and conferences in different universities in Pakistan. Professor Dr. Tahir Nawaz holds Ph.D degree in Engineering Management after MS in Engineering Management and BS in electrical technology. The Professor has over twelve national and international publications to his credit. Dr. Tahir Nawaz has strong research aptitude in the fields of productivity management, HRM, Conflict Management, Technology Management, TQM and Organizational Behaviours. He is member of Pakistan Engineering Council and other professional engineering bodies operating in Pakistan.

Second Author
Amjad Ali Ikram graduated in Civil Engineering from National University of Sciences Technology in October 2001. Has served in United Nations Mission in Liberia as Project Officer. The author holds master degrees in Project
Management as well as International Relations. Is certified Project Management Professional (PMP) from Project Management Institute, USA, Presently member of Pakistan Engineering Council, Institution of Engineers, Lahore Pakistan, Construction Management Association of America (CMAA), Project Management Institute, USA, and Association for Advancement of Cost Engineering (AACE) International, USA. The author has two technical papers published in International Conference on Construction in Developing Countries (ICCDC-III) held in Thailand, Bangkok and Civil Engineering and Building Material conference held in Hong Kong held in November 2012. Presently the author is attending Master of Science in Engineering Management at Center for Advanced Studies in Engineering, Islamabad, Pakistan.