

THE INTERNATIONAL JOURNAL OF SCIENCE & TECHNOLEDGE

Unethical Issues and Socio-Cultural Factors Affecting Construction Industry in Kenya

Esther Rita Gicheru

Compliance Officer, Department of Compliance, National Construction Authority, Kenya

Abstract:

Introduction: This paper seeks to establish the major ethical and socio-cultural issues affecting the construction industry in Kenya with suggestions on how to handle the ethical and socio-cultural issues. The most common unethical issues experienced in construction industry in Kenya include poor documentation, cover pricing, poor documentation, bid cutting, lack of safety ethics by contractors, and having unfair treatment of contractors in final account/tender negotiations. Other unethical issues emerging in Kenya's construction industry include competitors' overstatement of their capacity and qualifications and to an extent, failing to follow constructions guidelines leading to sub-standard structures. The outcome of the increasing unethical practices in construction industry in Kenya is the prevalent collapsing of high-storey buildings in high density populated areas like the recent collapses experienced in Huruma, Mathare, and in Pipeline areas. The prevalent corruption in the industry has been associated with the increasing negative image and economic outcomes in the construction industry.

Purpose: The paper seeks to establish the major ethical and socio-cultural issues affecting the construction industry in Kenya with suggestions on how to handle the ethical and socio-cultural issues.

Methodology: The researcher will employ a survey based research design. The selected study population is construction experts in engineering and construction authorities, large construction firms and other construction-related bodies. Key informant interviews, questionnaires, and focus group discussions will be used to triangulate the study findings.

Results: The conclusions on the study was that the construction industry is facing many unethical practices that have a negative effect on the industry and economic growth. The study also found out that the industry had a tainted image of corrupt and fraudulent industry from the stakeholders due to corruption and bribery cases similar in the industry. Some unethical issues included bribery and corruption, under-bidding, cut-bidding, fraud and unfair conduct, and conflicts of interest among others.

Conclusions: The industry had negatively tainted image. Training of professionals through holding frequent seminars and workshops to update the industry ethical code based on continuing development was necessary. Strengthening the Code of Ethics and Conduct was necessary.

Keywords: *Corruption, unethical, collapse, socio-cultural, unfair conduct*

1. Introduction

The most common unethical issues experienced in construction industry in Kenya include poor documentation, cover pricing, poor documentation, bid cutting, lack of safety ethics by contractors, and having unfair treatment of contractors in final account/tender negotiations. Other unethical issues emerging in Kenya's construction industry include competitors' overstatement of their capacity and qualifications and to an extent, failing to follow constructions guidelines leading to sub-standard structures. Adnan et al (2012) further indicated that most unethical issues were affecting the contractors and the owners who sought services from the governing bodies and other authorities. Githui (2012) writing on ethical issues in the construction industry in Kenya quoted that corruption was the main driver of the unethical behaviors experienced in the construction industry in Kenya. Despite the fact that there is limited literature and publications on the ethical/unethical issues in construction industry, a quick survey of the stakeholders indicate that construction in Kenya faces several unethical acts that have been cultivated by the desire to have shortcuts in meeting the stipulated legal and professional requirements (Githui, 2012).

Adnan et al (2012) writing for the construction industry in Malaysia indicated that the construction industry experiences the same problem across the world with many countries having right regulations but the stakeholders engaging different levels of unethical practices. The study by Adnan et al (2012) suggested that solutions to the unethical and socio-cultural challenged could be addressed by having short-, medium-, and long-term categories of solutions in a given project timeframe. The challenges experienced in the Malaysian construction industry, are related to the ethical issues experienced in

Kenyan construction industry where actions like cover pricing, bid cutting, late and short payments, unfair treatment of the contractors in the final negotiations, and competitor's overstatement of their capacity as well as qualification, coupled with bribery and corruption claims remain rampant.

A report by CNN Money as authored by Kattasova (2014) indicated that construction industry was second most fraudulent at 15% after extraction (mining and oils) at 19%. The other three in the top five most fraudulent industries were transportation (10%), information/communication at 10% and manufacturing at 8%. The report corresponds to another earlier report done a decade ago in 2004 as quoted by Adnan et al (2012) who indicated that construction industry was ranked top as most fraudulent and with more corruption and unethical acts. The report was by the OECD (Organization for Economic Co-Operation and Development) where they analyzed 427 cases of bribery and other corruption acts in international businesses. The report also indicated that over half of the involved personnel were senior staff where they paid the bribes or authorized them. The report also found out that 12% of the fraudulent activities were conducted by the chief executives. The construction industry in Kenya follows similar trends where the senior management is often involved in performing the fraudulent activities. The OECD report further quotes that public sector employees as well as those working for the state-owned agencies were targets of corruption deals, making 80% of the total 427 bribery cases. The construction industry is faced with low-price mentality, fierce competition and paper-thin margins that further compels the industry players to engage in fraudulent activities (Moodley, Smith, & Preece, 2008).

In construction industry, socio-cultural and ethical issues can take place in every step of their implementation, including during planning, designing, pre-qualifications and tendering, project execution, operations and maintenance (Khan, Rodrigues, & Balasubramanian, 2017). The documented unethical practices can make completed projects be considered unnecessary, overpriced, delayed or even unsuitable. There are lasting effects associated with unethical practices in construction and engineering organizations (Pearl et al., 2007). Some effects include criminal prosecutions, reputational risks, fines, blacklisting, criminal prosecutions, and blackmailing. Other effects include economic damages, tendering uncertainties, wasted tender expenses and increased project costs. Pragmatic discussions on professional ethics has ensued especially in Kenya with the general public and the authorities holding the professionals involved accountable for any failures in the construction industry (Moodley, Smith, & Preece, 2008).

Kenya has seen many buildings collapsing due to sub-standard works that trace their root causes to poor oversight by the mandated government institutions. Of the recent collapsing buildings include the one in Huruma slums, another in Makadara, one in Pipeline, and another sinking in Zimmerman as of August 2017. These add to many other buildings that collapse yearly with stakeholders blaming the authorizations and contractors for poor work. Majority of the buildings collapse during the rainy season pointing to lack of adequate preparedness and failing to consider having strong foundations. Adhana et al (2012) quoted studies done by OECD and Transparency International that indicate that common unethical issues can potentially add 25% to the cost of the project leading to overpricing of projects. The collapsing six-storey building in Kware, Pipeline Estate, led to the Nairobi County Government earmarking close to 2000 buildings for demolition to avert loss of lives and property. The Nairobi City County Government has received fair share of complaints when such incidents happen and this leads to the question of failing to implement demolition plans already set on poorly built structures present in high density areas of the city.

1.1. Objectives

The main objective is to investigate the status of the socio-cultural and ethical issues affecting construction industry in Kenya with a focus on recommending solutions

The specific objectives of the study include;

- To find out the perception of construction industry stakeholders on the major ethical (unethical) issues affecting the industry
- To rank the major unethical issues affecting construction industry in Kenya
- To find out socio-cultural issues common in the construction industry
- To recommend solutions to identified major socio-cultural and unethical issues in the construction industry in Kenya

1.2. Statement of the Problem

The Kenyan cities especially Nairobi and Mombasa have witnessed increased collapsing or sinking of buildings with the larger share experienced in Nairobi. After a series of collapsing buildings in Nairobi, the Nairobi County Lands executive in 2016 earmarked over 2000 for demolition due to poor conditions and compromised utilization. After one year, only 41 buildings out of 2000 were demolished castigating an inquiry into what could have happened to prevent their demolition. One building in Huruma collapsed in 2016 killing over 51 people while injuring many others. The problem of the collapsing buildings might be traced to poor construction, lack of oversight by the County and National government agencies mandated to grant permissions and overlook the constructions. Studies cite corruption, bribery and the property owners rushing to courts to file suits to prevent demolitions. The study seeks to uncover the potential unethical issues in the construction industry that remain a barrier to having efficient and satisfactory construction sector. Many are the times independent audits present major projects as overpriced with internal wrangles and infighting of competitors. The study seeks to uncover the many unethical issues as well as ranking them to provide updated data in the construction industry in Kenya.

1.3. Scope of the Study

The study focuses on the construction industry in Kenya with domestication of the ethical and socio-cultural issues experienced in the specified industry. Experts in the construction and engineering industry who participated include property owners, developers, facility managers, contractors and sub-contractors. Other critical experts who participated were architects, engineers, and quantity surveyors among others. Project managers, construction managers, and consultants also formed a sizeable number of the respondents. The study incorporated previous scholarly works on the status of ethics and socio-cultural issues in construction industry in Kenya while borrowing from international studies, especially in countries having similar economic, political and socio-cultural background. The secondary information was mostly composed of previous quantitative studies that generated figures on the ethical issues affecting construction industry. In addition, the study was conducted in Nairobi with an extensive research on study materials across Kenya and from the international peer reviewed journals. The focus was mainly on the socio-cultural and unethical acts experienced in the construction industry.

2. Literature Review

2.1. Introduction

The chapter presents previous studies and scholarly views on the condition of unethical and socio-cultural issues affecting construction industry. Different scholars have classified unethical issues under different classes with Vee and Skitmore (2003) classifying them into fraud and bribery, collusion, conflict of interest and unfair conduct. Other classifications include unfair conduct, collusive tendering, conflict of interest, fraud and bribery, and negligence across the stakeholders. The literature thus focuses on the classification of unethical issues and expounds on their effects to the development of the construction industry.

Githui (2012) conducted a survey to establish the main ethical issues affecting construction industry in Kenya and indicated that poor planning, lack of follow-up by the agency and the increasing corruption led to poor constructions leading to collapsing of many buildings. The study led to action by the ERB (Engineers Registration Board) of issuing strict professional stipulations for all construction stakeholders including engineers, contractors, and consultants among others. The study found out that many regulations are not adhered to thus creating loopholes in the construction industry. A study by CMAA (Construction Management Association of America) indicated that majority of the people committing the unethical acts feel that they are beneficial to their organizations until they are caught (Contractor Magazine, 2017). In the CMAA study, 44% of the sampled respondents indicated that there were no illegal acts like harassment, alcohol use at construction sites, and bribery in construction industry. The study found out that majority of the unethical practices were termed as “games” related to claims, payments and change orders for the construction processes (Bowen et al., 2007). Bid shopping and having unreliable contractors who promise to perform a project in a particular approach but fail were also common. Unreliable contractors on the other hand were termed unethical although their actions were not termed as “for profiting” like the other unethical practices (Pearl et al., 2007). Issues associated with over-billing had mixed results with some respondents indicating that it was necessary to cater for sub-contractors and to cover for the long time the payments were delayed (Murray, 2013). The results were derived from a study of sampled population consisting of 30% specialty contractors, 29% general contractors, 23% construction managers, 8% consultants, engineers or architects, 2% program managers and 8% property owners, facility managers or developers.

In relation to other studies done elsewhere, this study also found out that contractors and other construction stakeholders commonly faced many unethical issues. Like in Kenya, the Construction Management Association of America (CMAA) found out that 84% of the sampled stakeholders felt that they encountered acts that could be described as unethical while 34% said that they experienced unethical acts “many times” with another 61% of the respondents indicating that the construction industry is tainted with unethical acts. Architects, construction managers, owners, sub-contractors and contractors indicated that majority of the acts experienced in construction industry remain “alarming” as they are practiced in large scale with most of stakeholders being aware of their presence. CMAA, reporting of a study conducted in America, indicated that unethical behavior affected the costs of having projects built where 61% of the respondents indicated that between \$5,000 and \$50,000 is spend for every \$1 million in project cost and termed as “unaccounted for” representing some unethical transactions. In Kenya, the same problem has been experienced with project costs ballooning due to “unethical transactions” that are delivered to middle men in construction agencies. The issues concerning integrity and trust were the main concerns for the respondents in Nairobi who felt that issues like corruption were hindering construction process. Other issues like over-billing by contractors and sub-contractors to project owners were common. Bid shopping was termed as unethical by over 90% of the respondents while 70% of the CMAA respondents indicated that reverse auctions were unethical in construction industry.

Mason (2009) writing on promotion of ethical improvement in the construction industry in England, argued that in England professional ethics has remained high profile topic. Mason (2009) argues that having a single ethical code for the construction industry can improve the performance and reduce the number of unethical acts in the construction industry. The study further indicated that 84% of the 270 professionals surveyed including construction managers, engineers, architects and contractors indicated that they had experienced or encountered an unethical action. Of the 270 professionals, 34% indicated

that they experienced unethical acts many times. Of the surveyed professionals, 61% indicated that the construction industry was “tainted” by unethical acts. The study by Mason (2009) indicates that “bid shopping” was among the top critical issue that amounted to unethical act among the construction industry experts. Over 90% of the sampled respondents indicated that the practice of contractors disclosing competing sub-contractors their prices in seeking to be discounted was unethical. The respondents also felt that contractors were free to engage in any activity that was bound to leading them to winning projects. In a comment by the then Chairman of Transparency International (UK) about the state of corrupt practices, he indicated that majority of contractors engage in unethical practices due to the forces in the industry and the political environment in which the industry operates (Adnan & Mohd, 2012).

Al-sweity (2013) working on his masters’ degree thesis titled Unethical Conduct among Professionals in Construction Industry in Gaza Strip pointed out that unethical behavior was becoming common among construction industry professionals. The unethical behavior was termed to having long-term business effects as well as influencing the quality, time and the overall costs of the projects. The literature review was supported by 162 respondents who indicated that bid shopping (reducing the sub-contractors quote to meet the budget fair) and scarifying the national interest for personal gains presented the two most common unethical behaviors. The study also found that unethical behaviors had high negative impacts on the overall cost and quality of the projects. Al-sweity (2013) opined that lack of strict contractual laws, excessive love for money (greed for higher profit margins), lack of high executive control, and influential personal culture formed the critical factors leading to the soaring unethical behaviors in the construction industry. The author suggested that creating or strengthening the existing ethical code for contractual engagement was necessary. There was also a suggestion that establishment of set of rules and an updated professional conduct be conducted to promote the construction industry in the Gaza Strip. The study was done quoting various scholarly works done from other regions that experienced the same unethical issues like in Kenya (Al-sweity, 2013).

Alutu (2007) writing on the prospective engineers’ viewpoint on the Unethical practices in Nigerian Construction Industry, indicated that dilapidated structures, collapsing structures and abandoned projects are becoming norm in the Nigerian construction industry. The study involved 200 prospective structural and civil engineering students at the Nigerian University of Benin. It is mandated that every engineering student to undergo three months of industrial attachment every year for the first three years and then six months in the fourth year. The internship period was assumed to have acquainted the students with the construction industry with the practices and insights that informed their perspective of the unethical practices in the industry. The questionnaire presented had twenty-items that were tagged as ‘Engineers Ethics Scale’ with the majority of the surveyed students indicating that the construction industry in Nigeria was faced with many unethical issues. The condition of the increasing dilapidated structures, collapsing structures and other abandoned indicated that there was distraction in the progress of the construction due to possibly overpricing, legal barriers and any other unethical practice that made the completion of the project difficulty. The author suggested that a new refocus on the engineering practices was needed, especially the ethical code in the construction industry (Alutu, 2007).

Another study by Usman et al (2012) on the Influence of Unethical Professional Practices on the Management of Construction Projects in North Eastern States of Nigeria found that there was no documented form of punishment for offenders especially those abusing ethical codes in the construction industry. There was also documented loss of money due to changes in governments as well as lack of continuity of the initiated government projects. The authors also identified loopholes in project monitoring that further compromise the implementation of the construction projects. The authors suggested that construction professionals including civil servants and contractors needed to exhibit hallmarks of professional excellence through their adherence to values, competence, integrity and ethics required in the industry. The study involved 140 respondents drawn from three states of Yobe, Gombe and Bauchi who included quantity surveyors, civil engineers, builders and architects. The conclusion was that unethical practices had huge negative influence on the construction industry. Kenya, like Nigeria where Usman et al (2012) conducted the study, is faced with demands for bribery (sometimes informally stipulated at 10%) across the stages of project authorization. With the demands for kickbacks and the need to make a seasonable profit margins, the construction industry is thus faced with overpriced projects.

Matthew (2014) writing on a study on ethical construction management indicated that the public and the construction industry has a growing consensus that there are increasing professional unethical practices. The study done in Sweden was to investigate the perception of the general public and the industry professionals on the status of increasing unethical practices in the construction industry. The study found out that many forms of unethical conducts continue to have a significant effect on the quality of construction. The conclusion of the study is that there is need to improve the quality of construction industry by including professional ethics as part of the mandatory requirements in the teaching and in practice of the industry. Matthew (2014) also points out that construction industry drives economic growth of many countries including Kenya. Also, Matthew (2014) indicates that between two and ten percentage of the workforce in some countries work in the construction industry, including Kenya.

2.2. Fraud and Bribery

The construction industry is faced with increasing corruptions scandals in Kenya and other developing countries which have no strong mechanisms to control or eliminate bribery and fraud. Adnan et al (2012) indicated that there were distinguished bureaucratic and political corruption and “collective” and “individual” corruption. The author also indicated that there was increasing practices of corruption as a mechanisms of ether ‘downward redistribution’ or ‘upward extraction.’

Corruption comes in many forms including fraud, embezzlement, bribery and extortion. The four forms of corruption are interchangeable and can be used for each other as they overlap. Matthew (2014) quoting Transparency International (TI) report of 2011 indicated that among all the prominent sectors in the world, construction industry and public works contracts scored the poorest becoming the most corrupt in the world. The survey by Transparency International also indicated that without the industry having the right procedures to control corruption, close to \$1.2 trillion would be lost annually due to corruption cases (Adnan & Mohd, 2012). The figure could be double due to cases of management and execution inefficiencies that also qualify under the unethical practices. The study found that the construction industry was the most corrupt, with the TI indicating that in 2004, 10% of the construction cost was lost to corruption deals globally with another US\$3,200 billion in every year going to corruption during infrastructure procurement. Corruption effects were also felt due to lack of professional ethics and the many poor, substandard quality of work, uncompleted jobs as well as delayed projects having huge cost and time over-run.

The study by Adnan et al (2012) indicate that the most common forms of fraud and bribery were collusion by bidders, fraud in contract performance, fraudulent bids, as well as frauds in audit inquiries. Other forms of bribery and fraud practices include product substitution, falsification or misrepresentation of costs, having defective pricing or defective parts, and misuse of government funds, embezzlement, travel fraud and theft, and bribery and acceptance of gratuities. The difference between offering bribery and the acceptable code of ethics remains slim with some respondents arguing that differences between extortion as well as facilitation payments, and the differences between acceptable relationship building and corruption practices. Some cultures allow some practices that may appear as bribery in form of appreciation that might be termed as corruption acts. Corruption can be termed as an act of offering, giving, soliciting or receiving something of value to have an influence on the official outcome of the procurement, contraction or selection process. Bribery is thus an act of corruption, not acceptable in the standards of the society. Bribery is often given other synonyms like pay-offs, sweeteners, kickbacks, gratuities and speeding money, all signifying giving and taking of bribery amounting to economic crime. Corruption inhibits economic development and distorts fair competition. Fraud and bribery also destroys incentives to offer quality services at affordable prices.

Another study by Nawaz and Ikram (2013) indicates that corruption cases are on the increase in construction industry. Also, a study by Mukumbwa (2013) on the unethical practices in Zambia indicate that across all the construction phases were faced with bribery, political influence, collusions, certification of poor quality works, lack of integrity, high incidents of covering up for project failure, negligence, uncompetitive tendering, and fabrication of test results at the expense of quality work. Mukubwa (2013) suggested options like training stakeholders in ethics and integrity, communicating unethical issues to the stakeholders, and having a framework to monitor ethics across the industry. The author felt that some of the respondents might have not given truthful information to protect their organizations and portray them as ethical. The biased data could have compromised the findings of the study despite the identification of the major unethical issues affecting construction industry in Zambia. The study also relates with the major unethical issues affecting the construction industry in Kenya.

2.3. Conflicts of Interests

Conflict of interest arises when a person in a position of trust like a lawyer, executive, director or a politician is interested in a work or contract and it makes the process of awarding a contract to the right person challenging and difficulty. Conflicts of interest make employees experience difficulty in expressing their roles, thus leading to partiality. Partiality leads to creation of behavior that undermines the work of the employees leading to practices like corruption and bribery to influence awarding of contracts, or having compromised prices. The Kenyan construction industry is faced with challenges relating collusion and having the workers/employees in power taking advantage of the prevailing conditions. Collusion is that secret understanding done for fraudulent purposes that benefit the internal or workers in power. Collusion goes against the principles of fair and free competition. The members to the collusive agreements are the beneficiaries of the collusion leaving other interested members disadvantaged. Collusions are common especially where projects are luxurious and the beneficiaries want to maintain a steady, higher, and discounted profits. Adnan et al (2012) indicated that a study done in US highway construction industry reveals that collusion had an effect of increasing bid price, reducing the number of available contractors (builders), and also reducing the bid variance. More effects of collusion include artificial increase in building prices, company failing due to unfair competition, and compromised quality of built structures. Collusion, like bribery and fraud, deny fair competition thus leading to negative industry image.

2.4. Unfair Conduct

Unfair practices include unfair competition, unfair contract terms (for contracts), and unfair labor practices (staff promotion/demotion/dismissal) that amount to unethical practices in the construction industry. In Kenya, unfair practices include, among others, having little or no ability to negotiate terms of the contract in the case of pro forma approach of "take it or leave it", inadequate disclosing of important and relevant commercial information for all contractual parties, and having inadequate as well as unclear disclosure of important terms of contract that affect both strong and the weakest parties. Unfair conducts also include having dominant parties seeking to vary their nature of long-term relationship with the contracting organizations to make it more favorable and less favorable to the weaker parties. Another approach used by stronger parties

to deny other weaker and disadvantaged parties is lacking a better, quick, cheaper and market-sensitive approach for arising disputes. Prolonging disputes and lacking quick interventions makes the weaker parties in construction industry to be pushed out of business increasing the negative effects of unethical actions. Dishonesty and unfairness are related in their unethical nature as they are appropriately linked to frauds. In Kenya, construction industry agencies, especially government bodies' offer "biased tendering evaluation system" or even making "barriers for private and weaker business to compete" thus making the construction industry tainted as "corrupt". Other unethical issues include contractors or parties not paying the fees needed by the government agencies or involved parties. The study by Mason (2009) indicated that unethical behaviors involving unfair practices should be handled by strong prosecutions and convictions to help in improving ethical environment in the construction industry. Unfair conduct in the industry can be served by having a single code to allow professionals to practice without tainting the industry. Professionals in the industry also should be able to use the code of ethics for reference purposes and avoid any unfair behavior that can compromise the players and create a non-level playing ground. Alutu (2007) argues that unethical practices including unfair practices in the industry can be handled through having strong mechanisms upon which the players should adhere. Usman et al (2012) also support the need for having a hallmark of professional excellence exhibited by strong adherence to the values, competence, ethics and integrity across the players in the industry.

3. Methodology

Chapter three focuses on the approaches used to arrive at the findings of the study. It highlights the study approach, the sample size, sampled population, data analysis and the quality control measures on the data.

3.1. The Study Design

The study used descriptive approach for the study design where information was collected from respondents, analyzed and then their responses analyzed to describe how the variables and other identifies forms of unethical behaviors were perceived. Quantitative research is associated with experimental and survey research, whereas qualitative research is associated with a variety of strategies, including action and case study research. Saunders, Lewis, and Thornhill (2012) observed that the underlying research philosophy is also a key influence in the choice of research method.

Study design represents the overall strategy chosen to integrate the different components of a research study in a logical and coherent way thus assuring effective addressing of the research problem. It also constitutes the blueprint for the designing of the research proposal, the collection, instruments to use, measurement as well as analysis of data to support the study. A research design can be experimental in the case of random assignments; semi-experimental like the cases of quasi-experiment and field experiment; correlation with examples like observational, case-control studies or descriptive research design (example of case study, surveys and naturalistic observations). Studies adopt research approaches that promote the research philosophy. Research philosophy describes the adopted assumptions that the researcher has about the view of the world of the field of research. These assumptions have an influence to the research strategy as well as the methods suggested for the research.

There are two approaches suggested for approaching research philosophies, which include epistemology and ontology (Saunders, Lewis, & Thornhill, 2012). Epistemology describes the theory of knowledge, how knowledge is acquired, with a focus on the methods, the scope and the validity of the methods. Epistemology can be defined as the investigation with a focus on distinguishing justified beliefs from opinions. Epistemology has two most common research philosophies that include interpretivism and positivism. Positivism research is where the researcher aims to gain knowledge in a specific objective domain through using scientific methods of inquiry like experiments and surveys. In positivism, quantitative data is the norm. This study focuses on achieving mostly quantitative data to understand the relationship between variables. Ontology researches have the nature of reality as opposed to the epistemology studies that focus on knowledge and what is considered acceptable knowledge. Positivists embrace the position of the natural scientists with an option of collecting data about an observable reality with an aim of establishing causal relationship for generalization. This approach emphasizes on quantitative data as well as statistical analysis. Deductive approach is therefore solely associated with positivism. A standardized manner of collection of data is recommended where relationships among variables are examined.

The justification of the research approach in using descriptive study design is that surveys use descriptions on variables and perceptions of the respondents in establishing the connections between variables. Also, descriptive design can be embraced when the research or the study is limited in resources and a detailed description of the relationship between variables is needed. The four variables selected can be explained well through describing the relationship among them.

3.2. Target and Sample Population

Target population of the study was construction industry stakeholders in Kenya with a focus on Nairobi City. The type of respondents selected for the study were site engineers, quantity surveyors, project managers, consultants, contractors (and sub-contractors), construction managers, property owners and architects among other professionals. A sample of 50 respondents was chosen across the construction industry representing the major players who are involved with the government agencies and other officials in the construction industry. The sampled population was as follows;

Category	Sampled Population
Property Owners	7
Architects	2
Construction/site Managers	12
Consultants	4
Quantity Surveyors	7
Site engineers	8
Project Managers	10
Total	50

Table 1: Sample Population

3.3. Data Collection Procedures and Instruments Used

The data collection procedures for the study included informing the selected participants of the researchers' intention to conduct a study on the unethical issues affecting the construction industry in Kenya. The selected respondents were then requested for their consent to participate in the study. After granting of the permission, the researcher then proceeded to issue the respondents with the questionnaire detailing the research questions presented. Their confidentiality was also assured and they were informed to participate at their own will with a request to providing the best information to their knowledge without bias. The confidentiality and anonymity of the respondents was assured to avoid biased answers in fear of action from the management in case of unsatisfactory views of the management.

Questionnaires were used for the study where they covered general demographics of the respondents, application of code of ethics, training of stakeholders in ethics dimensions, tainting of the industry with unethical actions, satisfaction with the ethical practices in the industry, severity of the prevailing unethical practices in the industry, quality issues in the industry, unethical practices and quality management in construction industry, effects of unethical practices in construction industry, and approaches of ensuring professionalism in construction industry. The questionnaires were also supplemented with five key interviews that were given to the professionals and the site managers.

3.4. Data Analysis

Collected information was coded and cleaned. It was then translated into appropriate numerical codes. The data was be processed and later analyzed using the IBM Statistical Package for the Social Sciences (SPSS). From the SPSS-processed data, both inferential and descriptive statistics were deduced and used for writing the findings about the unethical practices in construction industry. Data analysis is the deduction of meaning from the data generated from the participants through the different generation techniques. Descriptive statistics were used to describe and make sense of the data. The descriptive statistics included frequencies, percentages and means as well as standard deviations. Data presentation was through the use of appealing formats like tables, graphs and other visual tools that support presentation of the data.

4. Findings

Chapter four presents the findings from the collected data. It follows the major themes established in the literature review and the research objectives.

4.1. Demographic Information

The researcher picked 50 respondents with the respondent rate being 96% and the number of males being 75% compared to the remaining 25% women. In addition, over 88% of the respondents reported having a diploma or higher level of education. Professionals interviewed were mostly in medium management or top level executives. The researcher also sought to know the number of years the respondents were in the industry and the average was 6 years with the range from 3 to 20 years. The following chart shows the representation of the sampled population group;

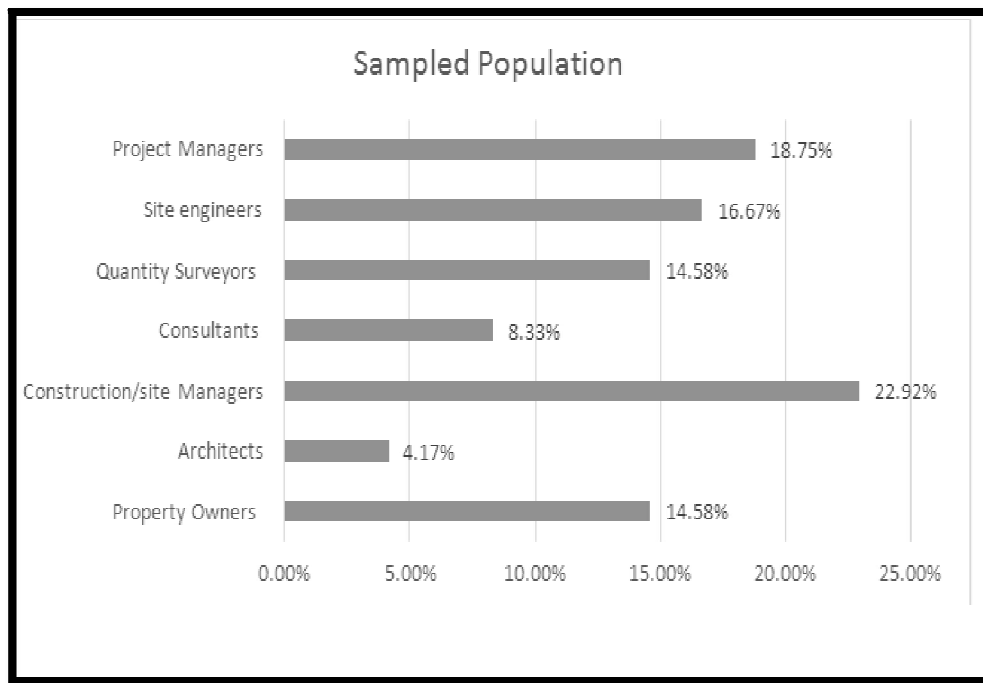


Figure 1: Sampled Population
Source: Author (2017)

4.2. Application of Code of Ethics

The research sought to understand whether there was any code of ethics prescribed by the construction industry and majority of the sampled respondents (84%) indicated that there is an accessible code of conduct and ethics. The remaining respondents were not sure whether it exists and they indicated that it was not easily accessible.

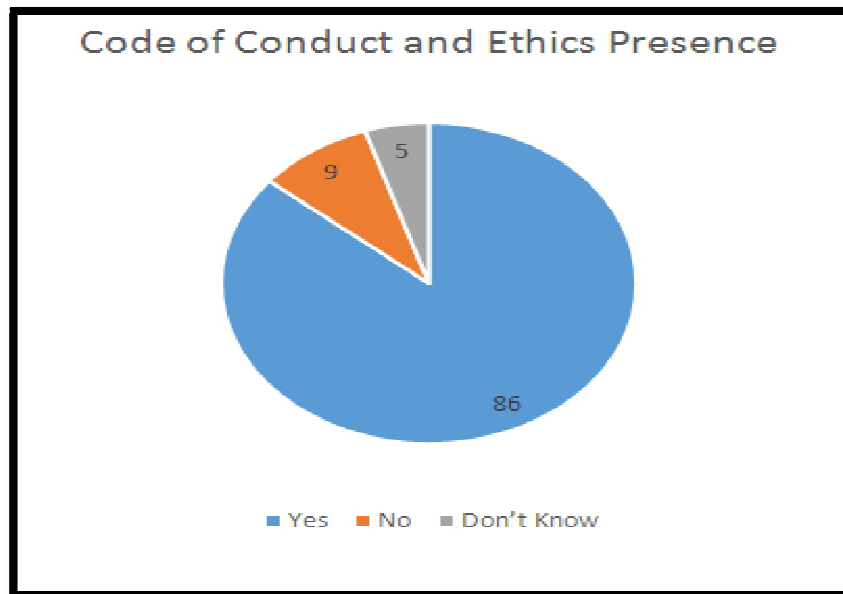


Figure 2: Graph on Code of Conduct and Ethics Presence
Source: Author (2017)

The respondents also indicated to know what is entailed in the Code of Conduct and Ethics. Some members were able to generate information indicating the contents of the document. From the interviews, the respondents indicated that they knew that the Code of Conduct and Ethics showed relationship between/or among different stakeholders in the industry including agents, contractors, employers, employees, employer representatives, sub-contractors, tenderers and suppliers. In addition, over 72% of the members opined that the Code of Conduct and Ethics outlawed the unethical actions currently faced in the industry. To further ascertain whether the respondents embraced or followed the Code of Conduct and Ethics, 37.5%

felt that their employers were “sometimes” abiding by the Code of Conduct and Ethics while 50% indicated that they or their employers were “always” abiding by the Code of Conduct and a further 12% indicated that their employers “never” respected the code due to the economic environment in which they operated. The results are indicated below;

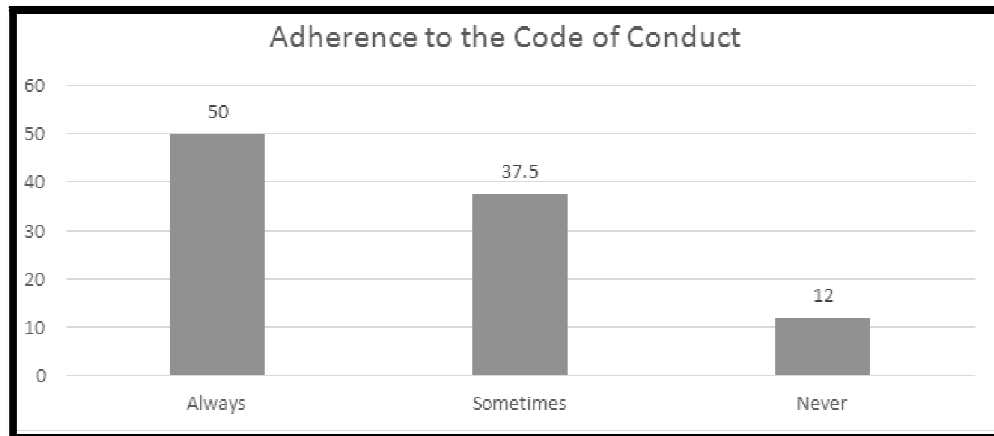


Figure 3: Adherence to Code of Conduct
Source: Author (2017)

4.2.1. Training of Stakeholders in Ethics and Code of Conducts

The stakeholders were also asked whether they had attended any training on code of conduct and ethics. Majority of the respondents at 52% indicated that they had attended at least a training on code of ethics and conduct. The respondents observed that the trainings are rare and the NCA should hold regular trainings and seminars on issues pertaining code of conduct and ethics, insisting on the penalties and the fines exerted for such illegal actions. The table below summarizes the responses on the training of ethics and conduct;

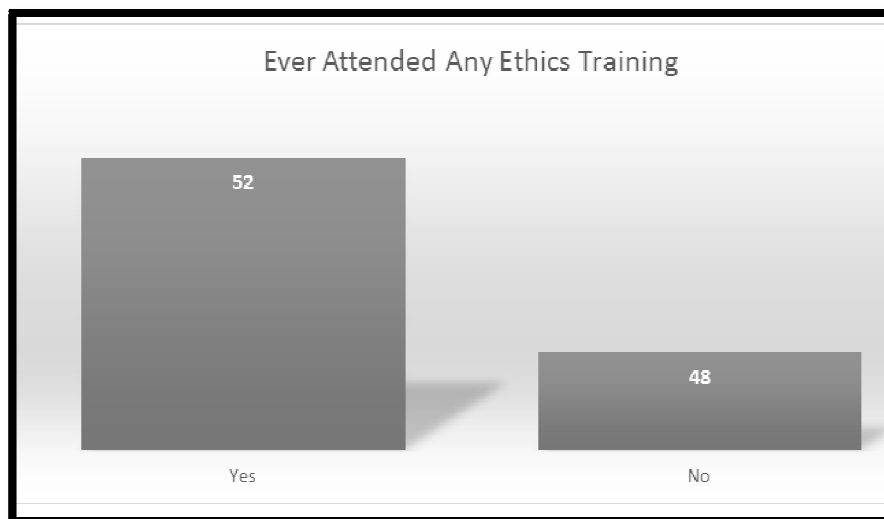


Figure 4: Attendance to Any Ethics Training
Source: Author (2017)

An important aspect to watch was that respondents indicated that trainings and seminars on code of ethics and conduct were rare and that to help reduce the unethical practices, the trainings were important. The trainings were also suggested to be conducted at least annually or biannually to increase sensitization.

4.3. Perception of Construction Industry on Ethical Practices

The researcher wanted to know the perception of the respondents on how the construction industry was perceived. The question wanted to ascertain whether there were unethical practices in the industry and their prevalence. Severity levels of the unethical actions in the Kenyan construction sector was conducted. Of the sampled respondents, 83% indicated that the industry was tainted by unethical issues and corruption/bribery. Thirteen percent were not sure whether the construction industry was tainted by unethical issues while 4% were of the opinion that the industry was not tainted as corrupt and unethical. The graph below shows the summary of the findings;

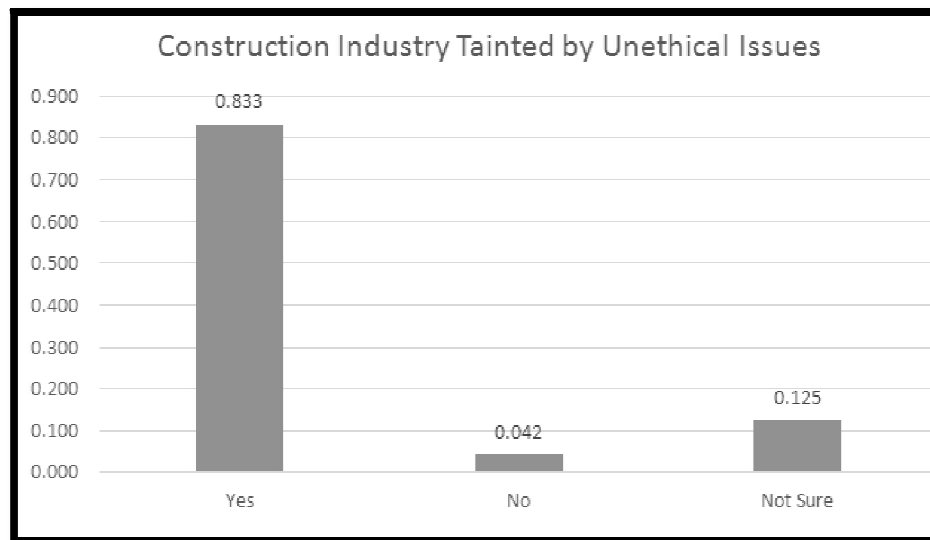


Figure 5: Perception of the Image of Construction Industry
Source: Author (2017)

4.4. Ethical Satisfaction Levels in the Construction Industry

Ethical satisfaction indicates the level at which the respondents feel satisfied with the ethical practices in the industry. The question sought to ascertain whether the respondents perceived presence of ethics in the industry and whether they were satisfied with the level of ethics practices across the industry. Over 79% of the respondents felt that their workplaces had knowledge of existing work ethics and they were satisfied with the current working ethics and conducts. The graph below shows the results;

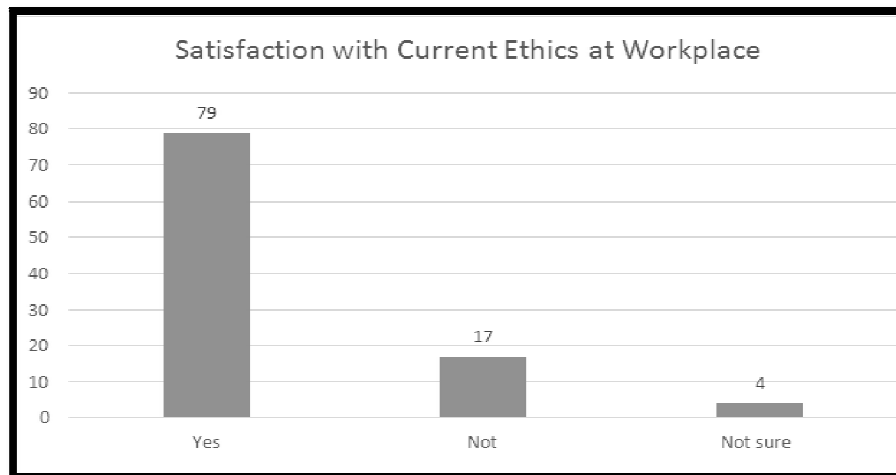


Figure 6: Satisfaction with Current Ethics at Workplace
Source: Author (2017)

4.5. Severity of the Current Unethical Actions

The section on the severity of the prevailing unethical issues was made to understand the major unethical issues and the ones prevalent in the construction industry. The construction industry has gained notoriety in areas of corruption in Kenya especially corrupt authorizations of buildings and corruptions applied across the construction industry. Some of the mentioned unethical issues included bribery and corruption, bid shopping, overpricing, collusion, compensation of tendering costs, conflicts of interests, and illegal claims among other unethical issues. The practices are practiced along the construction phases engaging clients, contractors, consultants, and managers. The researcher offered the respondents chance to rate, from 1 to 10, with 1 being less prevalent and 10 being most prevalent, the unethical practices affecting the construction industry. From the rating, corruption and bribery were leading with 9.02, followed by bid shopping, bid cutting and under-bidding at 8.56 and then conflict of interest at 8.21. The top five unethical practices in the industry were completed by collusion at 8.12 and fraud and unfair conduct at 7.86. The top five unethical practices were termed as rampant from the key informant respondents who went further to indicate that corruption and bribery were practiced in almost every stage in the construction industry. The other five unethical practices were negligence of contractors/site managers and other professionals ranked sixth at an average of 7.32, payments game at 6.32, change order games at 6.03, withdrawing of orders at 5.95 and then the top ten

was closed by tendering costs claims scoring 4.10 respectively. The table below shows the scores of the ten most common unethical practices;

Unethical Issue	Rating Average (Out of 10; 1=Least Prevalent, 10=Most Prevalent)
Bribery and Corruption	9.02
Bid shopping, under-bidding and Bid cutting	8.56
Conflicts of interest	8.21
Collusion	8.12
Fraud and unfair conduct	7.86
Negligence	7.32
Payments game	6.32
Change order games	6.03
Cover pricing and withdrawal of tenders	5.95
Compensation of tendering costs	4.10

*Table 2: Rating of Unethical Issues in Construction Industry
Source: Author (2017)*

The researcher wanted to know whether the recent collapses of buildings was connected with any of the unethical issues and they indicated that most of the collapsing buildings had weak foundations or were constructed without following proper procedures. They indicated that corruption and bribery was a key link to their collapse as they were permitted to be constructed in improper places (like along river banks, or marshy areas) without following due diligence and obtaining the right advice from the construction authorities.

Bribery was cited as one of the most prevailing unethical issues in the Kenyan construction industry and was given as a form of gift, cash inducement, appointments, trips, and other favors made to influence a process benefiting a party. Fraud was also cited as among the prevailing unethical issue along with dishonesty where they were over 82% indicated they had experienced the vices. Fraud was rated among the factors holding back the industry with many land owners and buyers experiencing the increasing fraud in the industry.

Although not rated by all the respondents, the other unethical practices were the act of clients divulging information to their preferred tenders (among unethical tendering practices), having bureaucratic and government policies that slow down the construction processes. Another issue quoted was the issues of main contractors not paying their sub-contractors and also deducting sub-contractors without giving proper justifications on their acts.

4.6. Ethics and Quality Issues

Ethics and quality issues were mentioned as some of the commonest in the construction industry. When financial malpractices emerge, construction projects are compromised as every stakeholder tries to benefit maximally from the project. When there are conflicts of interests, associated with financial malpractices, then quality standards as well as specifications are unfavorably compromised. The researcher asked the respondents on the whether the unethical issues had any significant damage on the performance of the project. Of the total respondents, 94% felt that unethical issues had significant damage to the performance of contracts while 6% felt that unethical issues had no negative effect on the performance of projects. The graph shows the results;

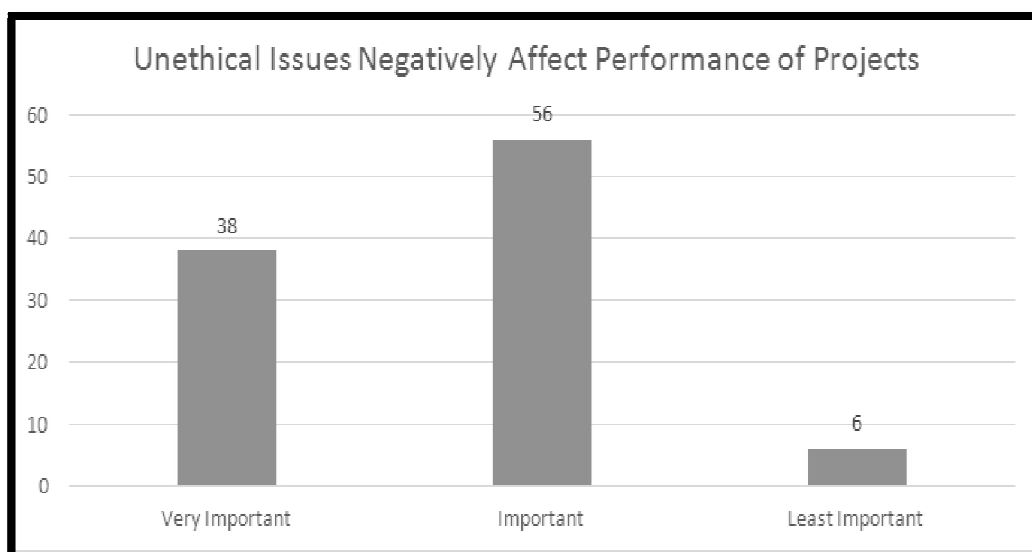


Figure 7: Unethical Issues and Performance of Projects
Source: Author (2017)

4.7. Effects of Unethical Actions

Unethical actions are associated with adverse effects like overpriced projects and over budgeted contracts. Quality of construction projects are compromised when unethical actions are mixed with misappropriations of funds, corruption, and financial embezzlements. In addition, completed projects performed under unethical practices might not be structurally safe and sound as initially planned. In the study, the researcher wanted to test whether unethical actions compromised the quality of constructed projects, whether they led to overpriced contracts and over-budgeted tenders/projects. Nearly 88% of the respondents agreed that unethical practices had negative effects on completed projects.

4.8. Approaches to Instilling and Maintaining Ethics in the Construction Industry

The last section of the questionnaire wanted the respondents to offer solutions to the prevailing unethical issues in the construction industry. Respondents were asked to name the approaches or mechanisms which when embraced are likely to improve the upholding and practicing of ethics and good conduct as detailed in the code of conduct and ethics. Some of the suggested approaches suggested by respondents were having punitive measures for stakeholders caught practicing unethical acts (8.6), implementing trainings and education on ethics programs (8.24), having financial incentives (rewarding stakeholders who were viewed as role models in embracing code of ethics) (7.6), implementing the code of Ethics and Conduct to latter by the assigned authorities (7.5) and lastly having leaders, especially top executives, acting as role models in embracing ethical procedures across the construction industry (6.8).

Solution Provided	Rating Average (Out of 10; 1=Least Preferred, 10=Most Preferred)
Punitive measures	8.6
Trainings and education on ethics programs	8.24
Financial incentives	7.6
Implementing the code of Ethics and Conduct	7.5
Leaders as role models	6.8

Table 3: Solutions Provided for Unethical Issues
Source: Author (2017)

5. Conclusions and Recommendations

The conclusions presented from the study are in line with the list and categories identified in the literature review. The chapter presents the conclusions and the recommendations that the industry players can adopt to eliminate unethical issues.

5.1. Conclusions

The conclusions on the study was that the construction industry is facing many unethical practices that have a negative effect on the industry and economic growth. The study also found out that the industry had a tainted image of corrupt and fraudulent industry from the stakeholders due to corruption and bribery cases similar in the industry.

It was also concluded that most organizations and stakeholders were aware of an existing code of Ethics and Conduct that was averagely embraced. The current Code of Ethics and Conduct was designed in 2014 and if followed to letter, then the unethical issues can be minimized. It was also concluded that the stakeholders engage in the unethical practices while knowingly and that they know that the unethical actions were illegal.

Lack of training in ethics and code of conduct, coupled with a growing culture of corruption remain the most issues affecting the construction industry. Trainings were not indicated as common despite respondents indicating their usefulness in combating unethical practices.

Some of the other common unethical practices identified were bribery and corruption, under-bidding, cut-bidding, fraud and unfair conduct, and conflicts of interest among others. Unethical issues affected the quality of ongoing and completed projects, quality of works and even performance of the projects.

5.2. Recommendations

One of the common recommendation across the industry was strengthening the Code of Ethics and Conduct in the construction industry. Respondents also suggested that training programs on ethics be implemented as frequently as annually or biannually. Leaders were also viewed as role models and when they desisted from engaging in unethical issues, then the other members could also follow through and redeem the image of the construction industry.

Among the recommendations from the respondents, and also supported by Al-sweity (2013), Adnan et al (2012) include formation and strengthening ethical code for the construction industry. The industry need to approach the implementation of the set ethical code to the core and ensuring adherence to it across the board. The respondents also felt that training of professionals through holding frequent seminars and workshops to update the industry ethical code based on continuing development was necessary.

Established set of rules as well as professional conduct was necessary to promote the development of the construction industry in a bid to achieve better levels of compromise among all the industry players.

Another recommendation by Nawaz and Ikram (2013) and indicated by the respondents in the Kenyan survey is to have an overhaul of the several processes in the construction industry in Kenya. In nutshell, it can be summarized that construction industry needs complete overhauling in the fields of contracting, bidding, execution as well as successful completion through elimination of unethical practices embraced largely by industry stakeholders. The execution of the new ethical codes can increase efficiency operations and to an extent, ruthless implementation of ethics code, policies and professional codes of conduct across the industry can reduce the practices.

6. References

- i. Adnan, H., Hashim, N., Mohd, N., & Ahmad, N. (2012). Ethical issues in the construction industry: Contractor's perspective. *Procedia-Social and Behavioral Sciences*, 35, 719-727.
- ii. Al-Sweity, A. Y. (2013). Unethical conduct among professionals in construction industry. Thesis presented to The Islamic University-Gaza. Retrieved from <http://library.iugaza.edu.ps/thesis/109852.pdf>
- iii. Alutu, O. E. (2007). Unethical practices in Nigerian construction industry: Prospective engineers' viewpoint. *Journal of Professional Issues in Engineering Education and Practice*, 133(2), 84-88.
- iv. Bowen, P., Akintoye, A., Pearl, R., & Edwards, P. J. (2007). Ethical behaviour in the South African construction industry. *Construction Management and Economics*, 25(6), 631-648.
- v. Contractor Magazine. (2017). 84% Saw Unethical Practices in Past Year. Retrieved from http://www.contractormag.com/technology/cm_newsarticle_453
- vi. Githui, D. M. (2012). Ethical issues in the construction industry in Kenya: A critical analysis of the professional conduct in engineering technology management.
- vii. Khan, Z. R., Rodrigues, G., & Balasubramanian, S. (2017). Ethical consumerism and apparel industry-towards a new factor model.
- viii. Mason, J. (2009) Ethics in the construction industry: the prospects for a single professional code. *International Journal of Law in the Built Environment*, 1 (3). pp. 194-205. ISSN 1756 1450 Available from: <http://eprints.uwe.ac.uk/11551> <http://eprints.uwe.ac.uk/11551/2/cobra2008paperharvard.pdf>
- ix. Matthew, A. (2015). A Study on Ethical Construction Management. *Scholedge International Journal of Business Policy & Governance* ISSN 2394-3351, 1(1), 1-7.
- x. Moodley, K., Smith, N., & Preece, C. N. (2008). Stakeholder matrix for ethical relationships in the construction industry. *Construction Management and Economics*, 26(6), 625-632.
- xi. Murray, M. (2013). Corporate social responsibility in the construction industry. Routledge.
- xii. Nawaz, T., & Ikram, A. A. (2013). Unethical practices in Pakistani construction industry.
- xiii. Pearl, R., Bowen, P., Makanjee, N., Akintoye, A. and Evans, K. (2007), "Professional ethics in the South African construction industry—a pilot study" *Journal of Construction Management and Economics*, Vol. 25 No. 6, pp. 631-48.
- xiv. Saunders, M., Lewis, P. and Thornhill, A (2012) *Research Methods for Business Students*. 5th ed. London: Financial Times Prentice Hall Inc.

- xv. Usman, N. D., Inuwa, I. I., Iro, A. I., & Dantong, S. (2012). The Influence of Unethical Professional Practices on The Management of Construction Projects in North Eastern States of Nigeria. *International Journal of Economic Development Research and Investment*, 3(2), 124-129.
- xvi. Vee, C., and Skitmore, M. (2003). Professional ethics in the construction industry, *Engineering, Construction and Architectural Management*, 10 (2), 117-127.
- xvii. Wood, G., McDermott, P., & Swan, W. (2002). The ethical benefits of trust-based partnering: the example of the construction industry. *Business Ethics: A European Review*, 11(1), 4-13.