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# **Ethical Issues and corresponding factors in Construction Industry of Pakhtunkhwa- Pakistan**

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**ABSTRACT:** This paper discusses the significance of ethical issues and contributing factors in tendering process of Khyber Pakhtunkhwa Pakistan. The role and importance of unethical issues and responsibility were established after a thorough literature review. Moreover, the stakeholders provided a measure of the severity of these contributing factors in context of construction in the KP province. The study includes construction professionals' perceptions about the factors of ethical issues based upon their field expertise as a way to improve quality work in construction industry of the region. A pilot study based on inputs of literature study was conducted with twenty field experts to establish contributing factors towards ethical issues in the field of tendering. There after a questionnaire survey was conducted with 124 construction professionals made up of architects, quantity surveyors, engineers etc. and contractors of zone-2 of Pakhtunkhwa-Pakistan to validate and rank the identified factors according to their own experience and perception about the problems. Ethical issues like ethics importance, ethics awareness, procurement flaws, incompetent leaders, unethical attitude, procurement frame work, corruption, bids strategies (a. Lowest bid, b. Ring formation, c. Delay tender), low pay of staff, ethical trainings and political pressures are highlighted. In the same way associated factors like lowest bid, bribery, ring formation, centralize registration, trainings & foreign Experience, transparency, ethical education, low education, ethical code of conduct, commissions, professional ethics, complicated documents, false bank statements, local enlistments, delayed tendering, non-professionalism, budgets leaks, false documentation, line Departments competency and bids opening without contractors are also highlighted.

**KEYWORDS:** ethics, education, training and construction professionals

## **I. INTRODUCTION**

Ethics can be defined as a system of set moral principles by which human actions and proposals may be termed good or bad. It can be a set of rules documented in regards to a specific human action or a set of principals documented for any profession to control the practice of that profession. Ethics are moral standards adopted by people while deciding personal, societal and professional decisions. It also decides the integrity of any organization and its employees. (Scalza, 2008)

It is evident from the above stated definitions that ethics are used in deciding about right and wrong in a given situation. Defined code of ethics helps what action should be taken to implement the right decision to protect employees in gray areas where the difference between right and wrong is not so clear. Code of ethics plays an important role to avoid uncertain end results which can affect individuals, organizations and even the whole community for whom the decision is taken. It should be very clear to professionals that performing duties is governed by three guidelines; loyalty, honesty and responsibility. Where loyalty means devotion and faith, honesty means fair dealing but in a broad perspective it incorporates a true and complete representation of oneself and responsibility requires taking ownership of the consequences of actions.



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(Pedai, 2008) stated that ethics and emotions are two different things, emotion is one's mood depending upon his circumstances which may lead to a bad decision and can have negative consequences where ethics are moral standards adopted by people while deciding personal and business decisions.

(Hamad & Hussein, 2014) in their research paper explained that ethics also do not depend on religions as some religions have more strong belief in their advocacy but non-believers also consider it most important. They further elaborated that ethics are also not the same as following law of a society or individual because such laws can be unethical and for that reason the whole society can become unethical in their behavior copying example of Nazi Germany. So, one should ask what is ethics about? They further stressed that ethics is the fundamental standard to decide about right and wrong for any human action for example to save some one from being murder, theft and fraud etc. Such standards can be more strengthened with virtues of loyalty and honesty. They concluded that development of ethical code of conduct is always hard work while using individual efforts for one's personal life, organization or a society but continues rethinking and modification can help to develop reasonable ethics.

2006 on the topic of Ethical Behavior in the Construction Procurement Process. According to him ethics and morality John Oliver Project Leader for "Cooperative Research Centre for Construction Innovation" describe a research in a report in correlated where ethics contacts theoretical part and morality stresses on practical actions of an individual. It is further elaborated that personal ethics are developed based on a system of moral principles to judge right and wrong about individual actions in different scenarios. Similarly professionals are oriented to decide about the behavior of individual or group actions in light of set moral principles. (Everingham, 2006)

(Yadav, 2011) in his study claimed that people always judge an individual through moral conduct. A good person is the one who acts correctly according to the ethics of that society and an evil person is the one who acts disgracefully in the same situation. So human behavior can thus easily be judge through morality and ultimately it becomes the fundamental aim of such society. According to (N. Mohamad, Abdul Rahman, Usman, & Tawil, 2015) study, it takes a lot of efforts to develop ethics for any field of professional life. It is also a much time consuming activity to be trained for and adopted. They taking into consideration that human beings become ethical and moral due to their upbringing, environment and education right from birth but not by birth. There are many other factors which made a human ethical or not that why it's really important to train human beings from time to time regarding ethics so that they can behave morally well. Learning ethics always depends on person age and development. They also presented the results of a survey conducted in Malaysia regarding ethical training in which 28% respondents confessed that they had gotten training after graduation, 85% believed that ethical training is really important for professional growth. Such training should be arranged by professional institutes awarding continual professional development (CPD) to the attendants. Such practice will help the professionals to improve ethical awareness, sense of responsibility, ethical decision making and overall professional conduct of construction professionals. Construction industry is one of the largest and most valuable industries in the world. Pakistan is a developing country where urban areas are developing at a much faster rate than rural areas. Cities are expanding and over populating with each passing day. Construction industry is at boom due to major developmental projects like CPEC (China Pakistan Economic Corridor), private townships, shopping malls and other business opportunities in the country. Such developments in urban areas attract more and more people to migrate from rural to urban areas for better job and business opportunities. To accommodate such a huge migration of population, major cities require sophisticated infrastructure in the shape of residential, commercial, transportation, health, communication, education etc. Provision of all such facilities lie on the shoulders of line departments. In Khyber Pakhtunkhwa (KP), line departments like PHE (Public Health Engineering) is responsible for provision of water supply schemes and environmental protection, C & W (Communication and Works department) is responsible for provision of basic infrastructure like roads, streets, hospitals and educational buildings etc. PKHA (Pakhtunkhwa Highway Authority) is entrusted with construction and maintenance of highways. These departments are responsible for feasibility study, design, estimate, execution, monitoring and closing of projects. They are further responsible for the maintenance of such facilities throughout their design life. This project cycle involves a large number of money dealings which works as a driving force for ethical issues to happen from time to time with the progress of each project and effecting most of the stakeholders. Infrastructure related works always involve complications and require specialized organizations to execute such works that is why these department do not work on their own but tender such projects in open market to hire a contractor for the execution of all their works.

According to a study performed by [Hoonakker, Carayon, & Loushine, 2010] that construction industry is not performing up to the expectations of its clients, end users and other stakeholders as compared to other industries. That why people have many complaints ranging from tendering process to execution and from closing to maintenance of such projects. The line departments are blamed for unethical conduct, irresponsibility, corruption, favoritism, bad



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quality, delays and lack of proper planning etc. Public and contractors are the main stake holders of line departments for whom such projects are initiated and executed.

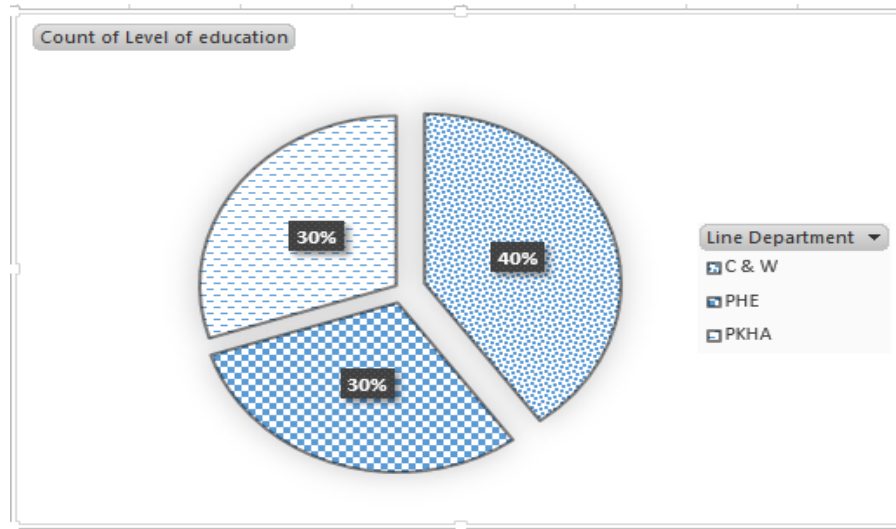
[Proetica, 2016] posted that public today requires organizations to have a high ethical profile which invariably means they should be able to explain how they see right and wrong and what they may do to achieve what is right. A poll was conducted in 2002 in which 25,000 employees from 23 countries were interviewed regarding role of business in society. 80% of respondents opined that motivation and loyalty of the employees is a function of ethics and social responsibility of the employer. In the same study, majority of respondents said that they will not sell their shares to a company that having deficiencies in ethical and social responsibilities, even if the returns were high. Due to such results, employers have very high demands for implementation of ethical code of conduct.

[Hamad & Hussein, 2014] observed that most large construction companies deal with ethical issues; in fact they made it a part of the organization's agenda. These organizations launched programs on training of employees about ethical issues. Such programs focused mostly on younger staff enabling them to get educated about and know the importance of ethics at the beginning of their professional careers. Despite many efforts for solution of ethical problems in organizations, room for improvement still exists to ascertain the gravity of such public complaints, no studies have been conducted to highlight such ethical issues and recommend measures for their redressal. This study will help identify ethical issues, ascertain their importance and recommend measures for their solution. [Hills; etal; 2008] have been concluded from research that ethics and responsibility are directly related; improving one will enhance the other and vice versa. Professionals working in organizations are representatives of their clients and are supposed to behave in the prescribed manner, which is defined by the company policy. [Nawaz & Ikram, 2013] in their study highlighted the importance of ethical code of conduct and stresses that forbearance and toleration of corrupt practices in the construction industry lead to misuse or stack use of public funds. Eventually the end product does not conform to the specifications and its intended function is hampered. Sudden collapse of Sher Shah bridge in Karachi in Year 2009 was cited as an example of unethical practices which is also covered by DAWN news in its report [Ayub, 2009]. Unethical practices in the construction industry are in fact complex issues and apparently very difficult to stop however, in order to mitigate the magnitude of such malpractices, it becomes essential that construction industry adheres to a clear defined policy to negate all forms of corrupt practices. These practices should be equally applicable to, not only the contractors but other stakeholders like consultants, design engineers, sponsors, owners and public service departments.

## II. EXPERIMENTAL DESCRIPTIONS

In order to carry out the study which is qualitative and mainly focusing on fundamental facts regarding ethical challenges and associated factors in the construction sector of Line Departments of KP qualitative and quantitative approaches were used in surveys for the collection of required data. Positivism and hermeneutics are two fundamental scientific philosophies in the modern scientific research. The study is based upon fundamental facts particularly used in the introduction and literature chapters that is why Positivist research approach was chosen to carry out the study. For achieving first objective extensive literature study was carried out and important ethical issues were highlighted by studying publications, journals, websites, thesis, research papers and reports. It is also tried to cover responsibility topic for better understanding of the issue which helps the reader to take ownership of his duties and responsibilities. 20 Respondents were interviewed about ethical issues through open ended questionnaires to record their perception and add contributing factors according to their opinion based on experience. Results obtained were in descriptive form and were carefully studied and coded with the objective to find out the most important factors associated with ethical challenges. Associated factors obtained from pilot study were incorporated in a final questionnaire developed on the basis of Likert Scale and sent to 124 respondents in the field to have wide range of responses to validate the acquired data. The collected data was analyzed by RII (Relative Important Index) to rank the factors according to the weightage assigned by the respondents. MS Excel and SPSS software were used to evaluate respondent's information, responses received area wise and descriptive analysis is done.

In this study it was predefined to collect samples of required data from officials of Line Department and enlisted contractors of Zone-2 KP. Line Departments included only C &W, PKHA and PHE where twenty professionals were targeted to record response over open ended questionnaire. In this regard a total of 25 Line Department officials were contacted to answer the open ended questionnaire based upon their experience which was pre decided of minimum of 5 years. Similarly 33 enlisted contractors were contacted to answer the open ended questionnaire based on the same minimum of 5 years' experience criteria. . Figure 1 shows the percentage of respondents department wise.



**Figure 1- Department wise selection for pilot study**

Results of pilot study were coded very carefully and common associated factors were found out which were incorporated in the final questionnaire while considering measurement scale, attitude and range of response category. Figures 8 to 14 illustrate the breakdown of respondent’s participation depending upon each department and contractors community belonging to that area. Table 1 shows a summary of total questionnaires distributed and recorded responses. In the same way 124 officials of line departments and enlisted contractors were contacted again to record their response for the final questionnaire

**Table 1- Questionnaires distribution**

Respondent	Questionnaires sent	Questionnaires received	Response Rate (%)
Line Department Officials	25	10	40
Enlisted Contractors	33	10	30
Overall	58	20	34.5

In the same way 105 professionals in Line Department and 140 enlisted contractors were again contacted to record response over final questionnaire. The respondents minimum experience were decide the same as minimum of 5 years. Table 2 shows total questionnaires distributed versus the recorded responses.

**Table 2- Questionnaires distribution & Receiving data**

Respondent	Questionnaires sent	Questionnaires received	Response Rate (%)
Line Department Officials	105	70	66.7
Enlisted Contractors	140	54	39

Respondent	Questionnaires sent	Questionnaires received	Response Rate (%)
Overall	245	124	51

[VEE & Skitmore 2003] studied literature, derived ethical issues and established a questionnaire which was sent to field experts for further feedback. So the same approach is adopted in this study for achieving second objective that is to find out associated factors that the line departments should focus on in order to achieve better ethical actions. Pilot study is conducted based upon qualitative open ended questionnaire developed from literature study.

[Norsiah Mohamad & Aziz, 2005] conducted a study on the topic of “Towards Improving Ethical Practice in Construction Industry”. In their study they developed a questionnaire following literature review to record the perception of clients, consultants and contractors about the ethical issues and methods of improvement to achieve good ethical practices in the construction industry. The same approach is adopted in our study with a two stage process to have more valid and refine results. In the first stage a pilot study is conducted with open ended questions followed by a final quantitative questionnaire based upon the results of open ended questionnaire in the form of associated factors.

### III. RESULTS AND DISCUSSIONS

Line Department and enlisted contractors of Zone-2 KP including only C &W, PKHA and PHE participated in the data provision and corresponding details. Twenty professionals in the Line departments and enlisted contractors of Zone-2 KP provided response over open ended questionnaire. Open ended questionnaire was designed to collect information related to ethical issues and corresponding factors. These factors included lowest bid, bribery, ring formation, centralized registration, training and experience, transparency, ethical education, low education, ethical code of conduct, commissions, professional ethics, complicated documents, false bank statements, local enlistment, delay in tendering and budget leaks, false documentation, line department competency, and non-professionalism. Figure 3 and 4 showing district wise contribution of line department and enlisted contractors both in pilot study and feedback on final questionnaire.

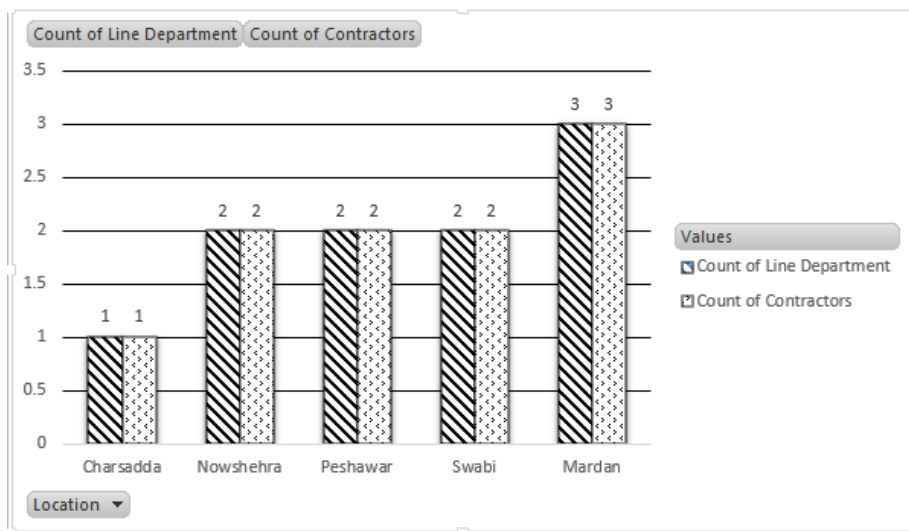


Figure 1- Comparison of districts participation of line department.

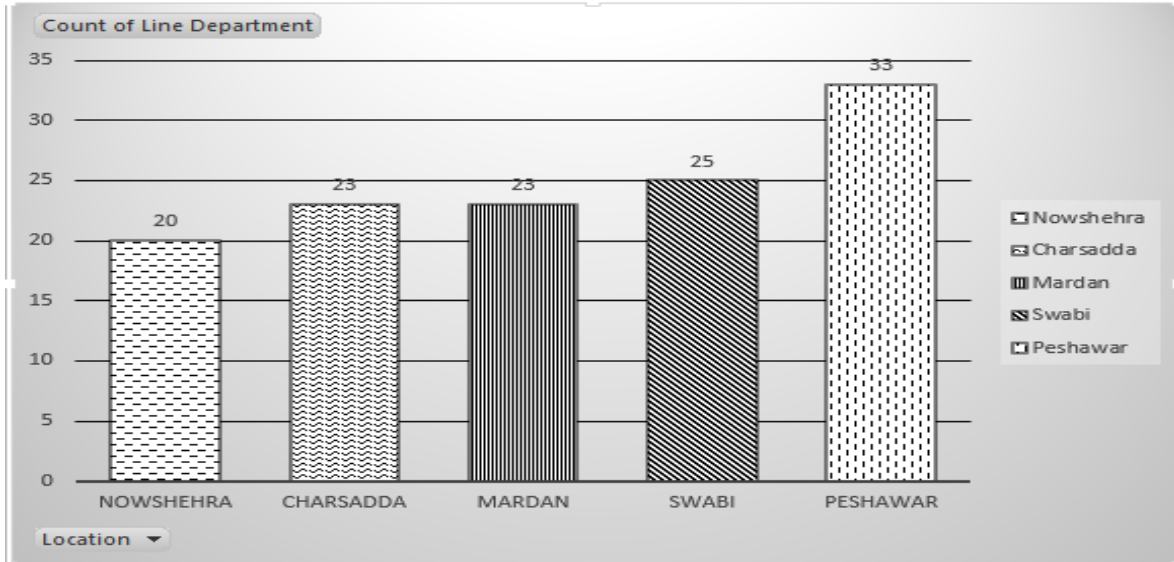


Figure 2- Comparison of districts participation of line department.

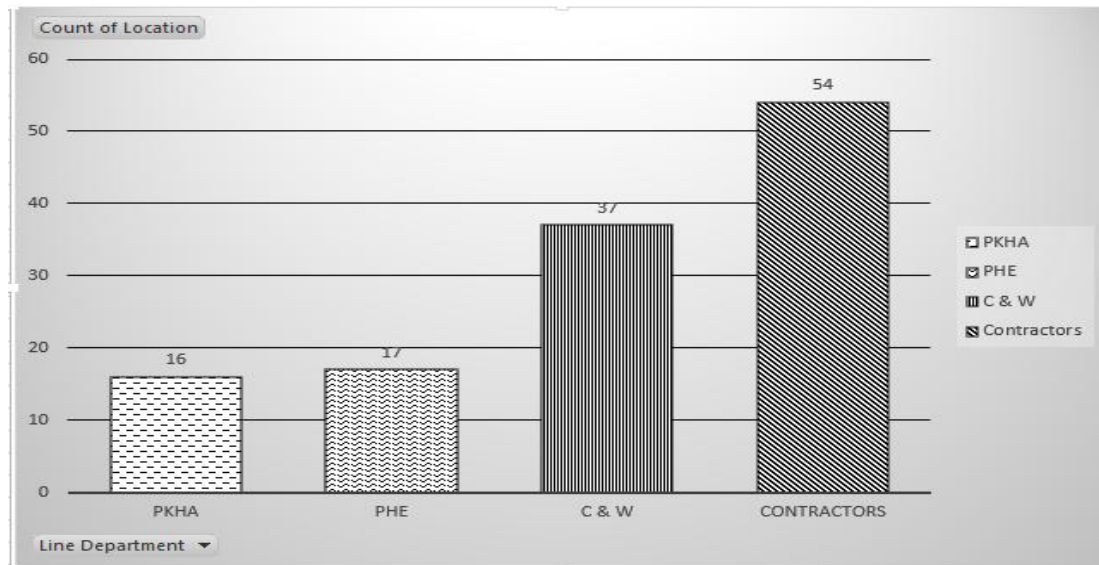


Figure 3- Overall participants from Line Departments and contractors.

Descriptive tests using SPSS minima, maxima, mean, median, standard deviation and frequency tests were applied using MS Excel and SPSS software to tabulate the data. Respondent’s information and RII (Relative Important Index) method is also used to rank the associated factors according the weightage assigned by the respondents.

#### IV. DESCRIPTIVE TESTS

Table 1 shows values of minimum, maximum, mean, median, standard deviation using SPSS software.

**Table 1- Descriptive test results**

S.No.	Label	Code	Minimum	Maximum	Mean	Median	Standard deviation
1	Lowest bid	F1	2	5	4.05	4	0.93
2	Bribery	F2	4	5	4.33	4	0.47
3	Ring formation	F3	2	5	4.29	4	0.69
4	Centralize registration	F4	2	5	4.41	5	0.68
5	Trainings & foreign	F5	1	5	3.98	4	0.83
6	Transparency	F6	1	5	3.38	4	1.15
7	Ethical education	F7	1	5	3.79	4	1.06
8	Low education	F8	1	5	3.99	4	0.92
9	Ethical code of conduct	F9	1	5	3.83	4	0.95
10	Commissions	F10	1	5	4.03	4	0.98
11	Professional Ethics	F11	1	5	2.84	3	1.28
12	Complicated documents	F12	1	5	3.87	4	0.86
13	False bank statements	F13	2	5	4.34	4	0.62
14	Local enlistments	F14	1	5	4.08	4	0.81
15	Delayed tendering	F15	2	5	4.45	5	0.75
16	Non professionalism	F16	2	5	4.31	4	0.72
17	Budgets leaks	F17	1	5	4.09	4	0.89
18	False documentation	F18	4	5	4.4	4	0.49
19	Line Departments	F19	4	5	4.6	5	0.48
20	Bids opening without	F20	1	5	3.85	4	1.06

**A. Frequency Test**

Table 2 shows overall responses recorded in terms of percentages for each factor. The responses percentages are calculated in MS Excel and ranked on the basis of RII (Relative Important Index) where the response scale was limited to 1 to 5. In this case it should be noted that 1 represents strongly disagree, 2 represents disagree, 3 represents not sure, 4 represents agree and 5 represents strongly agree with the highlighted issue.

**Table 2- Frequency test results**

S.No	Questions asked	Label	Code	1	2	3	4	5	Total
1	Do you believe lowest bid is the worst ethical challenge?	Lowest bid	F1	0	11.3	6.45	47.6	34.7	100
2	Do you think low pay of staff encourage the contractors to bribe staff during the process of procurement and tendering?	Bribery	F2	0	0	0	66.1	33.9	100
3	Do you trust ring formation is a serious ethical challenge while performing tendering?	Ring formation	F3	0	0.81	11.3	46	41.9	100
4	PEC should be the only and centralized contractor’s registration authority with sub office in every district to manage public and private projects execution.	Centralize registration	F4	0	1.6	6.5	41.1	50	100
5	Staff training and developed countries experience can play a vital role in uplifting of current procurement systems.	Trainings & foreign Experience	F5	.8	5.6	13.7	54	25.8	100
6	Transparency in procurement is the first step towards a project success.	Transparency	F6	6.5	16.9	17.7	45.2	12.9	100

7	Should ethics be made a part of syllabus at graduation level?	Ethical education	F7	3.2	11.3	15.3	42.7	27.4	100
8	Do you agree that contractors and organizations staff low education is a big hurdle in the way of successful bidding?	Low education	F8	3.2	5.6	6.5	58.1	26.6	100
9	Lacking of ethical code of conduct staff sacrificing the national interest for any personal gain while performing procurement and tendering?	Ethical code of conduct	F9	.8	12.1	13.7	49.2	23.4	100
10	Is it common in line departments to accept commission, directly or indirectly from contractors or other parties while awarding bids?	Commissions	F10	.8	11.3	8.1	43.5	36.3	100
11	Most of the professionals who are working on public projects even do not read PEC or KPPRA code of ethics?	Professional Ethics	F11	15.3	33.9	12.9	26.6	10.5	100
12	Complicated tenders documents are also a reason for an unsuccessful procurement.	Complicated documents	F12	.8	8.1	15.3	54.8	21	100
13	Some of the contractors submits false bank statement while participating in bidding.	False bank statements	F13	0	1.6	3.2	54	41.1	100
14	Contractors local enlistment and lacking centralize online system is a huge hurdle in organizing successful bids and help them escaping black listing in other regions.	Local enlistments	F14	.8	5.6	7.3	56.5	29.8	100
15	Delayed tendering process is a tactic where staff members amend the rules to award the bid to a favorite contractor.	Delayed tendering	F15	0	4	4	34.7	57.3	100
16	Do the unrealistic targets and non-professionalism in procurements and tendering lead to adopting (inadequate) measures, which (resultantly) are more prone	Non professionalism	F16	.8	2.4	3.2	51.6	41.9	100
17	Do you really recognize that staff members fill BOQ for contractors to help them win the bid and in reward some sort of commission is offered to them?	Budgets leaks	F17	.8	8.1	6.5	50	34.7	100
18	Most of the time contractors submit false documents while participating in bidding.	False documentation	F18	0	0	0	59.7	40.3	100
19	Have you confidence in the competence of line departments to perform quality tenders?	Line Departments competency	F19	0	0	0	35.5	64.5	100
20	Bids are opened without presence of contractors which creates a question mark on the department credibility.	Bids opening without contractors	F20	.8	14.5	16.1	35.5	33.1	100

**B. Respondents information**

The following information of respondents is retrieved from the data using MS Excel to know about the average experience, Qualification, Marital status and gender of the respondents. Such information is useful to know the field experience, authority level and maturity level of the respondents while recording their feedback. Table 3 shows the results of average mean value of respondent’s experience.



**Table 3- Respondents average means value of experience**

Experience	Mean value of all 124 respondent
	13 Years

Table 4 shows qualification figures of respondents which is important to know that who were contacted and what was their level of qualification to answer the questionnaires sent to them.

**Table 4- Respondents qualification figures**

S. No	Qualification	No. of respondents
1	MSc Civil Engineering	12
2	BSc Civil Engineering	47
3	BSc Electrical Engineering	1
4	B-Tech (Bachelor of Technology)	9
5	DAE (Diploma of Associate Engineer)	16
6	MBA (Mater of Business Administration)	2
7	BBA (Bachelor of Business Administration)	1
8	MSc (Master of Science)	1
9	MA (Master of Arts)	3
10	BSc (Bachelor of Science)	3
11	BA (Bachelor of Arts)	11
12	FSc (Faculty of Science)	1
13	FA (Faculty of Arts)	4
14	Matriculation	13

**C. Respondents scores for the factors**

The given figure 4 shows a complete picture of each and every respondent score for each factor in the final questionnaire. In this table F1, F2, F3 to F20 represents the factors asked in the final questionnaire where B1, B2, B3 to B124 representing 124 respondents. Based upon this data RII (Relative Important Index) ranking and percentage wise calculation is done using MS Excel.

**D. Factors ranking by RII (Relative Important Index) and discussion**

According to (Megha & Rajiv, 2013) RII (Relative Important Index) is a tool for rank determination of different factors. According to them it helps in organizing the factors according the weightage assigned by the respondents. The calculation is done using the following formula;

$$RII = \frac{\sum W}{AxN}$$

Where:

W is representing weight assigned by respondents to each factor and ranging from 1 to 5 in our case.

A means highest weight which 5 in our case N is the number of total respondents which is 124 in our case. As soon as we received the results of final questionnaires from respondents we started to use RII (Relative Important Index) to

rank the factors according to weightage assigned by the respondents. Figure 5 shows the calculation of RII (Relative Important Index) using MS Excel.

**Table 5- RII (Relative Important Index) calculations**

RII Calculation																				
Scale	f1	f2	f3	f4	f5	f6	f7	f8	f9	f10	f11	f12	f13	f14	f15	f16	f17	f18	f19	f20
1 Strongly disagree	0	0	0	0	1	8	4	4	1	1	19	1	0	1	0	1	1	0	0	1
2 Disagree	14	0	1	2	7	21	14	7	15	14	42	10	2	7	5	3	10	0	0	18
3 Not Sure	8	0	14	8	17	22	19	8	17	10	16	19	4	9	5	4	8	0	0	20
4 Agree	59	82	57	51	67	56	53	72	61	54	33	68	67	70	43	64	62	74	44	44
5 Strongly agree	43	42	52	63	32	17	34	33	30	45	14	26	51	37	71	52	43	50	80	41
<b>RII Ranking</b>	<b>0.81</b>	<b>0.87</b>	<b>0.86</b>	<b>0.88</b>	<b>0.80</b>	<b>0.69</b>	<b>0.76</b>	<b>0.80</b>	<b>0.77</b>	<b>0.81</b>	<b>0.57</b>	<b>0.77</b>	<b>0.87</b>	<b>0.82</b>	<b>0.89</b>	<b>0.86</b>	<b>0.82</b>	<b>0.88</b>	<b>0.93</b>	<b>0.77</b>

Table 6 provides the final results of RII (Relative Importance Index) ranking of associated factors where the factors are ranked according to the importance given by the respondents

**Table 6- RII (Relative Important Index) ranking**

S.No.	Questions asked	Average Importance Indexes	Assigned Rank	RII Rank
1	Do you believe lowest bid is the worst ethical challenge?	0.93	19	1
2	Do you think low pay of staff encourage the contractors to bribe staff during the process of procurement and tendering?	0.89	15	2
3	Do you trust ring formation is a serious ethical challenge while performing tendering?	0.88	18	3
4	PEC should be the only and centralized contractor’s registration authority with sub office in every district to manage public and private projects execution.	0.87	13	4
5	Staff training and developed countries experience can play a vital role in uplifting of current procurement systems.	0.87	4	5
6	Transparency in procurement is the first step towards a project success.	0.87	2	6
7	Should ethics be made a part of syllabus at graduation level?	0.86	3	7



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8	Do you agree that contractors and organizations staff low education is a big hurdle in the way of successful bidding?	0.86	16	8
9	Lacking of ethical code of conduct staff sacrificing the national interest for any personal gain while performing procurement and tendering?	0.82	14	9
10	Is it common in line departments to accept commission, directly or indirectly from contractors or other parties while awarding bids?	0.82	17	10
11	Most of the professionals who are working on public projects even do not read PEC or KPPRA code of ethics?	0.81	1	11
12	Complicated tenders documents are also a reason for an unsuccessful procurement.	0.81	10	12
13	Some of the contractors submits false bank statement while participating in bidding.	0.80	8	13
14	Contractors local enlistment and lacking centralize online system is a huge hurdle in organizing successful bids and help them escaping black listing in other regions.	0.80	5	14
15	Delayed tendering process is a tactic where staff members amend the rules to award the bid to a favorite contractor.	0.77	20	15
16	Do the unrealistic targets and non-professionalism in procurements and tendering lead to adopting (inadequate) measures, which (resultantly) are more prone to unethical practices?	0.77	12	16
17	Do you really recognize that staff members fill BOQ for contractors to help them win the bid and in reward some sort of commission is offered to them?	0.76	7	17
18	Most of the time contractors submit false documents while participating in bidding.	0.76	9	18
19	Have you confidence in the competence of line departments to perform quality tenders?	0.68	6	19



20	Bids are opened without presence of contractors which creates a question mark on the department credibility.	0.56	11	18
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## V. CONCLUSION

A thorough study on the issue of ethics in this thesis helped us to understand that a number of unethical challenges like lowest bid, cover pricing, corruption, bribery, delaying in tender processes and wrongdoings etc. are adopted by the parties while tendering. It also came to the forefront that lowest bid is the biggest ethical dilemma in our region where the contractors gamble to win the contract at any cost without understanding the specifications, drawings, time constrains and other important details like risks involved etc. When no care is given to such unethical challenges projects fall in dangerous legal issues from the very start. Line Department official also aware of issues but no actions have been adopted to stop the contractors from doing so. The tenders which are processed in a hurry, get involved with issues of price, time and planning due to unclear client's expectations, quality requirements and other important specifications. All such tendering ethical issues and its associated factors are concluded from the study and are stated below.

### A. Ethical challenges in the field of procurement and tendering.

It is worth mentioning that Finance Department of KP is devising and regulating procurement and tendering rules and regulation that why Line Department officials are showing less interest in encountering these ethical challenges.

Ethics importance.

Ethics awareness.

Procurement flaws.

Incompetent leaders.

Unethical attitude.

Procurement frame work.

Corruption.

Bids strategy; the following bid strategies are noted;

Lowest bid.

Ring formation.

Delay tender.

Low pay of staff.

Ethical trainings.

Political pressures.

Line departments lacking of Project management office.

It is worth mentioning that Finance Department of KP is devising and regulating procurement and tendering rules and regulation that why Line Department officials are showing less interest in encountering these ethical challenges.

These challenges are due to lacking complete tendering management frame work system. Such systems are developed by professionals working in real world projects and having extensive field base experience to cope with day to day issues and challenges. It is timely maintained by important amendments to be useful for implementation. All the highlighted challenges are very critical and can cause project failure from the very start if not coped properly for example bid strategy of lowest price is the most attractive one. When a company offer lowest price it should be questioned by the bid committee and if the bidders have good reason then it should be accepted otherwise such practice should not be allowed at all.

Highlighted ethical challenges are serious threat to successful tendering and it is the main cause of projects failure in our region. Incompetent contractors are awarded due to such flaws and thus public projects are got delayed and fall into economic losses in terms of quality soon after execution period. It was observed that Line Departments and contractors have no clear ethical rules to implement to avoid becoming victim to ethical issues nor they are arranging trainings and educational trips to aware their staff about ethical challenges.

It is also noted that most of the staff members are working according to their own common sense especially in gray areas where the difference between right and wrong is not clear and so are prone to ethical challenges. Line Department

are working and executing projects independently in the master plan with their own enlistments and there is no centralize system to coordinate with each other and such failure is the main cause of slums development.

### **B. Associated Factors**

Associated factors are those factors which contribute to ethical issues to happen regularly, such factors are highlighted in this study for the first time in this region and should be workout properly to improve ethical conduct in these organizations. These factors are identified by the respondents in pilot study and are validated and confirmed in the final respondent's feedback.

1. Lowest bid winner is the most noticeable ethical factor and is contributing to ethical challenge of bid strategy.
2. Bribery is a vital factor which is related with ethical challenge of low pay of staff.
3. Ring formation is marked as a serious ethical factor which adds to ethical challenge of bid strategies.
4. Zone 2 lacking contractors centralize registration and is a serious consistency issue adding to ethical challenge of procurement flaws.
5. Staff training is an essential factor adding to ethical challenge of incompetent leaders.
6. Transparency in the processes and procedures is one of the vital factor contributing to ethical challenge of ethics importance.
7. Ethical education plays an imperative role to behave morally well and it is associated with ethical challenge of ethical training.
8. Low education on part of organizations and contractor's is a factor adding a great deal to ethical challenge of procurement flaws.
9. Lacking ethical code of conduct, staff members remain confuse how to perform in gray areas and contributing to ethical challenges of political pressures and unethical attitude.
10. Commissions in line departments adds a lot to ethical challenges of corruption.
11. Professionals working on public projects don't know well about professional ethics and is associated with ethical challenge of ethics awareness.
12. Complicated tenders documents add notably to ethical challenge of procurement flaws.
13. False bank statements provision in bidding process likewise adds to ethical challenge of procurement flaws.
14. Local enlistments of contractors are allied with ethical challenge of procurement flaws.
15. Delayed tendering process is contributing to ethical challenge of bid strategies.
16. Non-professionalism in procurements and tendering fosters Incompetent leader's ethical challenge.
17. Budget leaks are additionally adding to the ethical challenge of corruption.
18. Submission of false documents adds further to procurement flaws.
19. Lack of necessary competency of line departments (C &W, PKHA and PHE) contributes to ethical challenge of lacking project management office.
20. Bids opening without contractor's presence are contributing to the ethical challenge of procurement flaws.

Further to above factors clarity, consistency and honesty should be the basis for senior management to take critical decision while selecting procurement and tendering team. It is the core responsibility of management to nominate right person on right position at the right time because professional people always make sure that right process and procedure are in place for the assigned tasks. As stated a little earlier such team believes in clarity, consistency and honesty that why always working to amend the rules to fit the processes and procedure in such a way that no room left for unethical practices. Similarly arranging trainings for colleagues and contractors to educate them about ethical issues and its associated factors can also help a lot to act ethically well in a given situation.

### **C. Responsibility**

It is established that performing successful tender is the first step to run a successful project that why well experienced and responsible people should be involved in the process of procurement and tendering. These professionals are usually able to plan the tender different phases according to procurement frame work system including processes, required experience, financial details, risks involved. Responsible employees also take into account the constrains about time, quality, and risks involved and well incorporated all the details in to tender document to avoid future legal issues. These professionals should be well trained from time to time to have all the



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required knowledge about procurement and tendering so that can take the ownership of duties and decision making. Such professionals also having the courage to accept their mistakes in case of failure and noted it as a lesson learn for future projects.

## VI. RECOMMENDATIONS

It is established that performing successful tender is the first step to run a successful project that why well experienced and responsible people should be involved in the process of procurement and tendering. These professionals are usually able to plan the tender different phases according to procurement frame work system including processes, required experience, financial details, risks involved. Responsible employees must be taken into account about time, quality, and risks involved and well incorporated all the details in to tender document to avoid future legal issues. These professionals should be well trained from time to time to have all the required knowledge about procurement and tendering so that can take the ownership of duties and decision making. Such professionals must be encouraged to accept their mistakes in case of failure and noted it as a lesson learn for future projects. Procurement should be divided in different stages where teams of experts should be involved in bidding process who can evolve the bids professionally by means of technical, financial, professionals and past experiences of the company. Such team should be capable of creating consensus to nominate the winner. This approach will work as a layer by layer check and balance system so that if an incompetent contractor escapes one layer can be caught in the second layer and so on. Language of the contract should be understandable by both the parties especially in the case of foreign contractors.

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