

Constructing Building Integrity: Raising Standards Through Professionalism

Industry Factsheet

Becoming a Model Construction Client: Highrise Apartment Residential Sector

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Overview

A key problem in the high-rise residential apartment sector is unprofessional behaviour throughout the supply chain, which can lead to poor quality-built outcomes and life-threatening defects. The behaviour of clients can be one of the most critical influencing factors in improving the professionalism throughout the residential apartment sector. Historically private sector clients (developers) have typically had the strongest position in the supply chain. However, at different times and different places, governments have played a significant role in the housing sector as a direct housing supplier. The industry's perception is that public sector clients have significant potential to improve performance, raise professional standards and enhance public trust in the housing sector. The public sector can seek to be a model client – setting expectations and patterns of behaviour for private and public sector clients alike.

This fact sheet explains how client behaviour can impact the professional integrity of the high-rise residential apartment sector. We report primarily from the perspective of construction management professionals and provide an accompanying analysis of the interactions between the contractor and the client. Many of these insights are applicable to other professionals in the industry. We conducted a desktop review and collected data through semi-structured interviews with construction managers and focus groups with regulators and peak bodies in the construction industry. We completed analysis on the data, then built detailed conceptual maps such as influence diagrams, integrity systems and Bayesian networks to understand what drives and hinders professional behaviour.

The fact sheet should be read in parallel with the industry report – [*Constructing Building Integrity: Raising Standards Through Professionalism*](#) – which describes the full scope of this work, methods used and recommendations.

Culture, leadership, codes and procurement

Past studies on professionalism and ethical behaviours in construction management are not extensive but there is a small and growing corpus that identifies four key themes and concepts including:

- **culture:** values, quality inter- relationships between the regulators and the regulated and their influence on professional integrity across the industry, quality assurance culture, collaborative practice
- **leadership:** influence of government vs industry and construction manager, construction manager identity
- **codes of conduct:** individual professional responsibilities, ethical behaviours, industry structures impacting ethics, explicit embedding of codes and visible monitoring, convenient immorality
- **pricing/bidding/tendering:** procurement and tendering practices, initial starting conditions, profitable projects, risk shifting to those not capable of managing risk.

Key findings

This Fact Sheet presents construction managers' experiences and perceptions of how public and private sector clients can influence professional integrity on projects and across the entire residential housing industry. The key interactions between the construction contractor and the client were examined.

Central players and key interactions

The interaction between the client and the construction manager is critical for ensuring quality outcomes. As central players in the provision of residential apartment housing supply, construction managers play an important role in influencing behaviours to change sector culture.

Contrary to the usual simplistic representations of a linear, simple construction supply chain, which identify client, contractor, designer, subcontractor and supplier, our findings indicate that the construction manager has 18 players as major touchpoints; a significant volume of interactions and much more diverse, complex, networked than what we usually present. Due to the coupling and decoupling construction supply chains have multiplicity across numerous projects often in different phases therefore the opportunity to influence the sector can be wide and deep. More detailed

information on the structure and behaviour of the construction supply chain can be found in the book [‘Construction Supply Chain Economics’](#).

FINDING 1: *High level of interaction critically positions the contractor towards influencing ethical behaviour and professional integrity*

Due to their central role in project delivery, construction managers are often blamed for failures to achieve professional practices on site and throughout the supply chain.

‘everyone blames the builder, and the builder can only do so much’.

– Deputy Managing Director
Industry Association

The construction manager, however, does not initiate projects; the client does. The client is responsible for setting the scene and the tone for a project. The initial starting conditions of projects are established by the client and play a very significant role in the level of professionalism underpinning projects during their entire lifecycle.

FINDING 2: *Leadership from public and private developers and construction companies collectively through various strategies can influence and rebuild professional integrity.*

The strategies are summarised in **Figure 1**.

Leadership throughout cross-professional interactions

Cross-professional interactions and collaboration across the supply chain are core to the future delivery of residential apartment buildings within a high-quality professional integrity ecosystem. Training in collaborative practice is highly desirable to move the sector from its current position to one that values professional integrity.

FINDING 3: *Clients positively influence cross professional collaborative practice throughout value chain.*

When questioned about raising professionalism, construction leaders identified the role of tools like codes of ethics, standards and regulation. However,

construction managers often see codes of ethics as ‘just wallpaper’. Standards alone are not going to solve the problem unless coupled with industry leadership, are often seen as too little too late.

‘I don’t think standards are going to solve the problem. I think it’s leadership from all parts of the industry, and it’s leadership from our clients.

*The people who own and operate buildings, it’s leadership from government, health infrastructure, infrastructure in New South Wales, all those government entities should be **demanding in their tenders now’.***

‘What is your ESG? What are you going to do for ESG? Because that’s super important. And if they don’t start to demand it from the industry and the industry will get there, but they won’t get there as fast as if I won’t get on the tender list.

*‘If I don’t have this, and I won’t win the tender if I don’t do this, **that’s pretty motivating’.***

– Construction Manager Executive
Developer/ Construction company

Financial Pressures down the supply chain

One of the client’s responsibilities is to set up a financially viable project in the beginning. Financial pressures can translate very easily and quickly into poor behaviours due to the pressure to ‘cut corners’.

FINDING 4: *Clients can positively influence professional integrity on projects by ensuring financially viable projects and enabling profitability and quality.*

*‘Financial pressures flow down the supply chain. What that does to your business model is that you’re forced to become selective about who you can build for Because if a developer comes to you and they’ve set up a \$2 company and they’re going to tender it to five builders, they’re looking for the cheapest construction price, which, **we’ve been there.** It doesn’t give you the best product’.*

– Construction Manager Executive
Developer/Construction company

Among the different interactions we investigated, we found the contractor – subcontractor relationship is still a very troubled interaction. Our research identified

an ecosystem of eight interacting factors that influence unethical behaviours: financial pressures, power differentials, risk shifting, illegal ‘paid when paid’ practices, bid shopping, skills shortages, lack of experience, and time pressures. Informed clients

prevent or mitigate these behaviours and have a positive impact on quality, profitability and professional integrity on projects.

Pathways to Action: Client Leadership

Our three-year study led to five general commendations which we have published in our [Final Industry Report](#). One important recommendation that emerged from our study of the construction management profession is for client leadership. We recommend that both private and public sector clients develop best practice leadership behaviours. Clients can use their purchasing power to develop procurement instruments and tendering criteria that establish professional ethical principles and practices. Additionally, government as a housing client is uniquely positioned due to their broader regulatory and policy mandates to influence the sector holistically.

What are the major enablers of ethical behaviour for private and public sector clients? Our research identified positive and negative actions for public and private sector clients that can influence industry behaviour, summarised in Figure 1.

Pathways to actions: Private and public sector clients

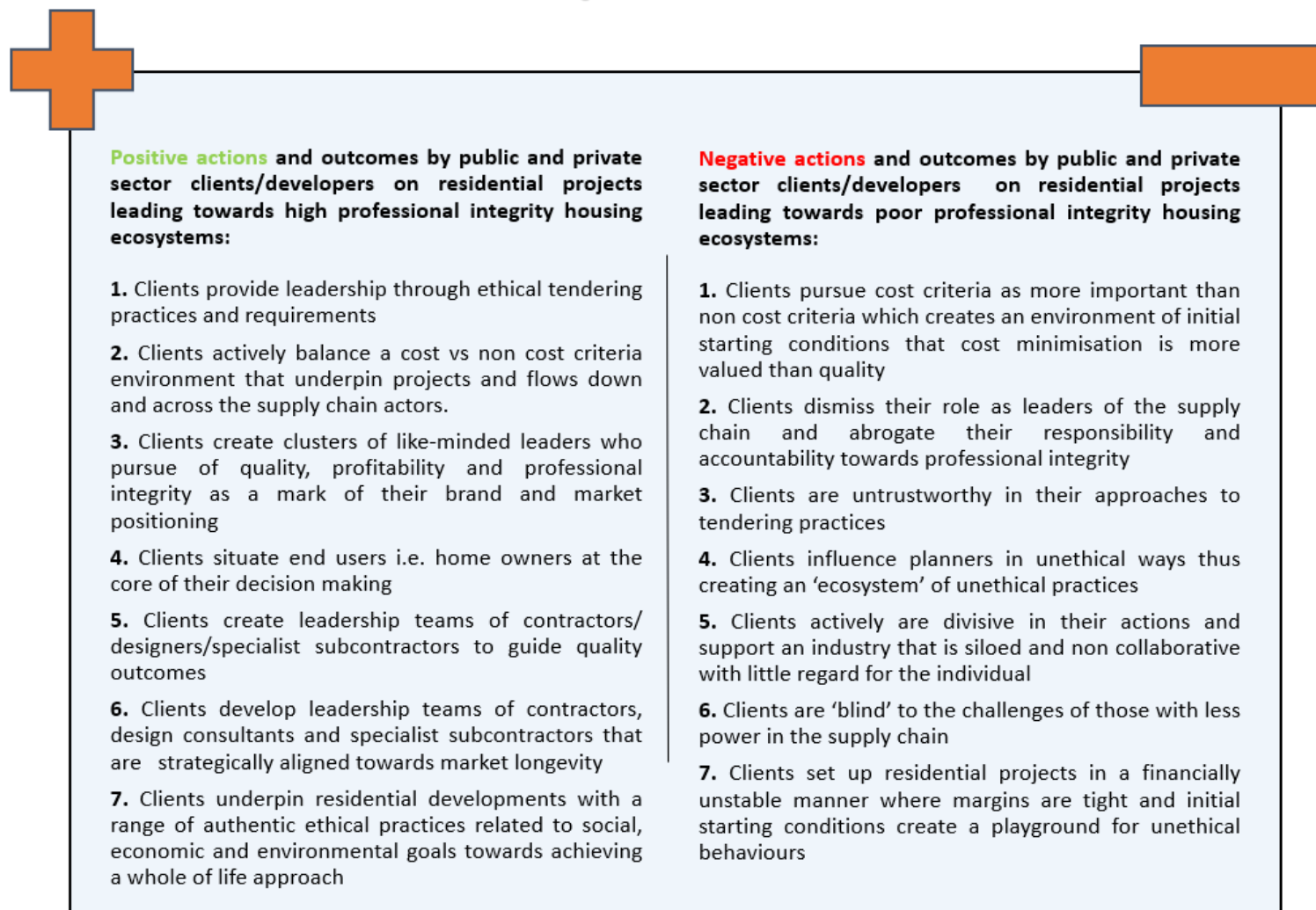


Figure 1: Pathways to actions: Private and public sector clients

Public sector clients are uniquely positioned to exercise strong influence alongside private sector clients. Government can develop best practice leadership behaviours as a client and **regulator**, catalysing change through housing strategy and legislative instruments.

***What are the major enablers of ethical behaviour for public sector clients?** Our research identified positive and negative actions that public sector clients can specifically undertake that will influence behaviours the entire industry as indicated in **Figure 2**.*

Pathways to positive actions: Public sector clients



Figure 2: Pathways to actions: public sector clients

FURTHER READING

Additional research arising from past studies on residential housing behaviours can be found at:

Collaborative Practices

<https://www.torrens.edu.au/research/featured-research/collaborative-ways-to-address-housing-crisis>

Digital Collaborative practices

<https://www.torrens.edu.au/research/featured-research/addressing-australias-housing-crisis>

Behaviours and Culture

CITB Research Behaviours Culture and Performance in the Construction Industry

https://www.citb.co.uk/media/4ykdrpw/cultures_and_behaviours_summary.pdf

Construction Supply Chains

London, K. (2007) *Construction Supply Chain Economics*, London & New York: Routledge.

Model litigant

Appleby, G. (2014) 'The Government as Litigant', *University of New South Wales Law Journal* 37(1), 94–124.

<https://classic.austlii.edu.au/au/journals/UNSWLawJl/2014/4.html>

PROJECT RESEARCH

Reports on Construction Management professionalism arising from this project can be found at:

<https://www.torrens.edu.au/research/featured-research/unpacking-professionalism-in-the-housing-sector>

Additional research arising from the project including the Industry Report can be found at:

<https://www.griffith.edu.au/law-futures-centre/institute-ethics-law-governance/our-research/construction-building-integrity>

CITATION

London, K., Pablo, Z., Bok, B. & Sampford, C. (2024) *Becoming a Model Construction Client: Highrise Apartment Residential Sector*. Griffith University, October 2024.

