

CSR TRAVELS ABROAD: NO BUSMAN'S HOLIDAY FOR UK CONSTRUCTION?

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In the past decade the UK's top construction contractors and consulting engineers have developed an extensive array of policies and procedures associated with Corporate Social Responsibility (CSR). This reflects the onus on companies and their personnel to behave in a transparent, accountable and ethical manner. This position paper explores how UK constructors CSR principles are enacted abroad. It explores some of the challenges that companies have when operating within different legislative and cultural climates. This is explored through two case vignettes which reveal that, despite extensive international legislation and guidelines associated with CSR, challenges remain in reflecting UK practice abroad. Nevertheless, there are examples of where UK firms have taken voluntary action to ensure that their ethical standards are not compromised, even when working in very different socio-economic contexts. It is suggested that enforced international minimum standards could provide a way of ensuring adherence to ethical treatment of workers in the future. The role of key international agencies in enforcing such standards is discussed.

KEYWORDS: corporate social responsibility, international construction, ethics

INTRODUCTION

The last decade has seen the profile and importance of CSR in the construction sector grow significantly. Recently, the CIB W55/W65 symposium held in Dubai in 2008 was the catalyst for a debate which played out across the cnbr network. The debate surrounded allegations of the abuse of human rights of construction workers in the United Arab Emirates (UAE). This paper is intended to contribute to developing and positioning this debate by providing further avenues of enquiry concerning the behavior of organizations involved in international construction ventures. More specifically, it aims to suggest ways in which the industry might be better regulated across international borders in order to ensure the adherence to high ethical standards, even when operating in different socio-economic contexts.

This paper has its genesis a textbook: *Corporate Social Responsibility (CSR) in the Construction Industry* which was edited by the authors (see Murray and Dainty 2009). This book gathered a range of perspectives on various aspects of CSR and its enactment by constructors. Drawing upon the insights provided within this book, in this paper we seek to examine the ways in which CSR policy is translated in international contexts and some of the challenges involved therein. The title of the paper and use of the idiom 'no busman's holiday' is intended to convey that UK constructors (consultants and contractors) face particular risks when undertaking work abroad. It is however recognized that the CSR practice of UK constructors at home has also received attention from various bodies including the Office of Fair Trading (OFT) (see Male 2009) for evidence of cartel formation within the industry).

migrant workers which revealed that they had been exposed to ‘*wage exploitation, indebtedness to unscrupulous recruiters, and working conditions that are hazardous to the point of being deadly.*’ It would therefore appear that there is some way to go in ensuring compliance with employee welfare legislation.

In response to the poor conditions faced by many workers, some UK contractors have begun to attempt to begin to address such conditions via a voluntary charter in which they commit to addressing unsafe working conditions. Price (2008) reports that UK constructors, including Balfour Beatty, Carillion and Laing O’Rourke, initiated the ‘Build Safe Dubai’ initiative, and that these companies have invested significant sums of money to improve the workers camps. She comments that a ‘*slew of headlines about the poor conditions workers endure in Dubai and their own corporate social responsibility policies led firms to take a close look at the facilities they were providing.*’ This has included major multi-million pound investments in labour camps by creating more space, improved recreation facilities and subsidised catering. This example demonstrates how UK firms can improve the plight of workers by applying standards expected in the UK within the international context. Indeed, according to Price’s article (*ibid*) several firms have said that they are able to turn down projects where the cheapest price is demanded by clients at the expense of welfare.

DISCUSSION: PROVIDING MINIMUM ETHICAL STANDARDS FOR INTERNATIONAL CONSTRUCTION

The cases summarized above suggest that UK constructors travelling abroad need to consider what they pack in their suitcases. The policy, practices and behavior that our constructors adhere to perform an ambassadorial role for UK construction. However, despite many UK constructors having lengthy CSR documents, typically referring to their association with initiatives such as ‘*Business in the Community*’ FTSE4 Index, *Considerate Constructors* and *Respect for People*, their enactment can mutate in the journey abroad.

The cases summarised above point to a need for UK constructors to be more transparent about their involvement in projects where they suspect unethical practices are being administered, and to take action where their ethical standards are being compromised. Whilst participation in corruption, by its very nature, will continue to be hidden from public view, such behaviour does contradict professional codes of ethics (such as those required by the ICE and CIOB) and those regulations and conventions developed by various industry and governmental bodies. In the case of the UAE, UK constructors have challenged the status quo of what is deemed acceptable practice. Arguably, what is now required is for minimum international standards to be adopted which enable similar ethical standards to be established and regulated.

In terms of a potential regulatory framework, compliance with a new international standard (ISO 26000) Guidance on Social Responsibility, to be published in 2010, will no doubt also raise an awareness of the issues discussed in this paper. The ISO (2009) state “*The need for organizations in both public and private sectors to behave in a socially responsible way is becoming a generalized requirement of society. It is shared by the stakeholder groups that are participating in the WG SR to develop ISO 26000: industry, government, labour, consumers, nongovernmental organizations and others, in addition to geographical and gender-based balance.*” It is important to recognise that compliance with this framework will

be voluntary. Hence, the support of other agencies in upholding ethical standards will remain important.

If constructors are to adhere to strict ethical standards then support from the UK Government could be considered essential. However, organizations such as the Export Credits Guarantee Department (ECGD), the UK's official export credit agency, have not been immune from criticism. Moreover, looking for ethical leadership from the UK Government is perhaps misguided as a recent public debate over politicians' expense accounts in the UK has shown! A way forward might, therefore, be to base minimum standards on those set by other agencies with an interest in anti corruption initiatives, professional ethics and equality. Key amongst these are Transparency International, the International Federation of Consulting Engineers, the OECD Watch, and the International Labour Office.

Transparency International was founded in 1993 and now has around 90 national chapters. In 2005, Transparency International's *Global Corruption Report 2005, Special Focus, Corruption in Construction and Post Conflict Resolution* revealed that although a proliferation of developing countries had officials and agents acting as 'bribe takers', it was companies and agents employed in developed countries who tended to offer the bribes. The ramifications of corruption practice include the construction of unnecessary or ineffective projects that can also involve the enforced displacement of indigenous peoples. Furthermore, buildings constructed using substandard materials and / or workmanship (e.g. reduction of reinforcement bar diameter to increase profit margins) has also lead to the unnecessary death of civilians in countries such as Italy. It is by highlighting such practice that Transparency International has a vital role to play in raising awareness about corruption and helping to shape the international regulatory reforms necessary.

FIDIC has undertaken a sustained programme of anti-corruption in initiatives including the formation of a Business Integrity Management System (BIMS) developed by Engeli and Pieth (2000) who note the propensity for consulting engineers to become embroiled in what they refer to as 'the game' of corruption. The BIMS is intended to promote integrity during the procurement of projects. This offers an excellent framework for avoiding involvement in bribery, fraud, collusion or extortion and is designed to complement the ISO9001 quality management system.

OECD Watch is an international network promoting corporate accountability and responsibility. OECD Guidelines provide a mechanism for resolving problems arising from irresponsible corporate behaviour provide a framework for addressing the role and responsibility of the private sector in sustainable development and poverty eradication. Their work in holding the OECD's Investment Committee to account and in testing the effectiveness of Guidelines for multinational enterprises could provide another framework for overseeing the efficacy of ethical codes. Similarly, the role of the International Labour Organization (ILO), which seeks to "*advance opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity*" (ILO 2009) is also important in ensuring the fair treatment of workers internationally. It promotes rights at work, encourages appropriate employment opportunities and strengthens the dialogue around work-related issues (*ibid*). The ILO clearly has an interest in preventing the abuse of migrant workers in the construction industry, and where applicable, the employment of children. Together, it would appear that these organisations and agencies provide a framework for holding the international practices of multinational organisations to account, and moreover, to enforcing adherence to moral codes.

CONCLUSION

This paper has outlined the challenges inherent in ensuring that UK constructors adhere to high ethical standards when operating overseas. The case vignettes briefly reviewed within the paper reveal both the problems which can occur when ethical standards are compromised, and the steps that UK constructors can go to in a bid to ensure that they operate in a way which is consistent with the application of 'best practice' CSR.. However, given the size, complexity and informality of the sector, and variable nature of regulation and enforcement in countries where UK contractors operate, it would seem that augmenting voluntary measures with greater scrutiny from agencies such as Transparency International, the International Federation of Consulting Engineers, the OECD Watch, and the International Labour Office will be key in ensuring that international standards are upheld in the future. Moreover, given that construction management researchers have largely ignored the darker side of constructors behavior, exploring ways in which CSR and wider ethical standards can be effectively translated and enacted within different socio-economic contexts would seem to provide a rich opportunity for future research exploring the globalization of construction.

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