

## THE CASE FOR THE CONSTRUCTION INDUSTRY COUNCIL, GHANA

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### ABSTRACT

The Ghanaian construction industry faces major problems which undermine its potential and contribution to overall national development. There is a general acceptance of the need to develop structures and improve regulation within the Ghanaian construction industry. However, the fragmentation of stakeholders has resulted in the absence of a clear agenda within the industry to address apparent problems which affect performance within the industry. Whilst there have been previous initiatives to help deliver industry-wide improvements in the Ghanaian construction industry, they have not received direct sustained attention from a single organisation with broad stakeholder participation. This undermines progress in the efforts to improve the overall environment and performance in the industry. This paper explores the development of a multi-stakeholder representative body for the Ghanaian construction industry to provide leadership to the pursuit of reform in the Ghanaian construction industry. Literature on developments within the global construction industry and industry initiatives to improve performance has been reviewed. This provides new pathways to ongoing efforts to achieve industry-wide regulation. It has been recognised in this paper that the ultimate objective end towards the attainment of industry-wide improvements in the Ghanaian construction industry remains the establishment of an Industry Development Agency.

**Keywords:** Construction, Industry Development, Leadership, Ghana, Performance

### BACKGROUND

Previous studies show that the construction industries of developing countries such as Ghana, face many problems (Badu *et al.*, 2011; Fugar and Agyarkwa-Baah, 2010; Badu and Owusu-Manu, 2010; Platz, 2009; Abd El-Razek *et al.*, 2008; Alaghbari *et al.*, 2007; Sambasivan and Soon, 2007; Assaf and AlHejji, 2006; Martell and Guess, 2006; Frimpong *et al.*, 2003; Frimpong and Oluwoye, 2003; Ahmed *et al.*, 2003). These problems result in poor performance in the jurisdictions of cost, quality and productivity (Dogbegah *et al.*, 2011). On most construction projects undertaken in developing countries, the results fall short of the targets set by the participants themselves in terms of budgets (cost), schedules (time) and specifications (quality). The constructed items in these countries are also unsatisfactory in terms of their maintainability and durability (Ofori, 2012).

Performance in the Ghanaian construction industry is therefore a major cause of concern amongst client groups and other stakeholders. Ahadzie (2007) asserts that in many instances, contractors were blamed for poor performance and criticized for having limited knowledge in the application of requisite management techniques. Qualifying this assertion, Vulink (2004) adds that construction firms do not employ personnel with the technical know-how to manage their firms towards sustainable growth. Consequently, poor management of resources – labour, finances, materials, plant and equipment – in Ghanaian construction does not promote growth (*ibid.*). In addition, the industry is described as “*having a highly unstable business environment in which inflation eats the capital of contractors amongst other challenges which make it increasingly difficult to manage construction businesses*” (Dansoh, 2005). The foregoing underlines serious problems associated with leadership within the Ghanaian construction industry. These constraints are however symptoms of a wider problem of the lack of a clearly defined agenda for the Ghanaian construction industry and the absence of appropriate platforms for organizing to champion and deliver industry-wide improvements. As a result, there is very little collaboration among stakeholders in the public and private sectors including Metropolitan, Municipals and District Assemblies (MMDAs), professional bodies – Ghana Institution of Surveyors (GhIS), Ghana Institute of Architects (GIA), Ghana Institution of

Engineers (GIE), Ghana Institute of Construction (GIOC) – and private firms. These professional bodies are usually weak in enforcing rules, regulations and professional standards partly due to the lack of a legal mandate – membership has been optional for most of them. The Ghanaian construction industry requires urgent leadership for the improvements generally required in the industry.

The move to establish the proposed Construction Industry Development Authority (CIDA) is in the right direction (Ofori *et al.*, 2014). This was the product of a comprehensive study to establish an evidence-based proposition to support the arguments for a central agency to regulate the construction industry. This process is championed by the Chartered Institute of Building (CIOB) – Ghana and funded by the Business Sector Advocacy Challenge (BUSAC) fund. As part of the process, a Steering Committee was set up; made up of the Presidents of the Ghana Institution of Surveyors (GhIS), Ghana Institute of Architects (GIA), Ghana Institute of Planners (GIP), Ghana Contractors Association Council (GCAC), Ghana Institute of Technicians (GIT) and the Association of Building and Civil Engineering Contractors of Ghana (ABCECG). This paper aims at exploring new pathways to facilitate the attainment of the ultimate goal of establishment of CIDA in Ghana by promoting the setting up of an industry-driven industry council. The paper also seeks to outline proposals for establishing Ghana's Construction Industry Council.

The proposals are based on a review and discussion of lessons from construction industry developments globally, developments in the UK construction industry and examples from Hong Kong and Singapore. The paper is mainly based on a review of the extant literature. It is divided into three sections: first, we look at the dynamics of the Ghanaian construction industry; followed by a review of Construction Industry Developments with specific emphasis on the UK construction industry and examples from Hong Kong and Singapore and lastly, a discussion of lessons from the latter industries for Ghana.

## **THE GHANAIAN CONSTRUCTION INDUSTRY**

The construction industry is very important to the economy of all nations. In Ghana, its contribution to gross domestic product (GDP) has been about 8.2% per annum (Owusu-Manu and Badu, 2011), comparable to 8 - 10% in the UK and other developed economies (Crosthwaite, 2000). In the light of significant progress made in many countries including some African countries, taking South Africa as an example, it appears Ghana is being left behind by developments in the efforts to improve performance in the construction industry globally. A widespread culture of underperformance means that a majority of the major projects in Ghana are awarded to very few large firms which are mostly foreign owned (Chileshie and Yirenkyi-Fianko, 2012; Tawiah, 1999).

A number of studies have identified the challenges of the construction industry. Ofori (2012) explored the problems which affected Ghanaian construction firms. Some of the challenges identified as affecting them include the inability to secure adequate working capital, inadequate management, insufficient engineering capacity and poor workmanship. Badu *et al.*, (2012) noted that large and small contractors in Ghana find it difficult accessing finance for projects. Where debt finance is available, interest rates tend to be very high. One consequence of this situation is a high frequency of abandoned projects. The cost in terms of lost time, the cost of re-engaging new construction firms, the cost of rework and making good defects is high. For example, project delays lead to high escalations in costs owing to high inflationary trends.

Adams (2008) opined that delays in the payment of contractors for work done are very common and constitute a major cause of delays in the completion of projects (Fugar and Agyarkwa-Baah, 2010). Heavy penalties are therefore awarded against the government by courts. In an unusual development, a group of Ghanaian contractors had to resort to street demonstrations to demand payment for completed government projects after several months of delayed payment (Osam, 2012). On average, construction projects in Ghana record cost overruns of 60% to 180% and time overruns of between 12 and 24 months (Kpamma and Adjei-Kumi, 2010). There is also a lack of commitment towards the health and safety of Ghanaian construction workers who work in a generally unsafe

environment (Ankomah *et al.*, 2010). Only a small number of construction firms across the country mostly foreign-owned have the capacity to deliver projects to a high standard of quality and excellence.

Laryea (2010) used the case study method to explore the challenges and opportunities which Ghanaian contractors face. The study involved detailed interviews and discussions with selected Building & Civil Engineering firms and Road Contractors. The challenges identified as facing both groups of contractors were similar. They included difficult access to finance, payment delays, poor design quality, personnel issues, bribery and corruption and poor contractor classification and low workloads, cumbersome payment processes, inability to compete in the competitive system of procurement, lack of capacity to compete with foreign owned firms and fragmentation of contractor representation bodies. The rest are low technology, inadequate supervision of contracts, poor preparation for projects, revision of bills of quantities, politicization of the contract bidding process and a lack of effective barriers to entry.

Ofori-Kuragu (2014) ranked problems that affect the performance of Ghanaian contractors using a survey of selected Ghana contractors. The survey identified the most critical factors affecting the performance of Ghanaian contractors as follows: (1) poor access to credit, (2) delays in payment from government and government agencies, (3) cumbersome payment processes, (4) bribery and corruption in the construction industry, (5) contracts awarded on the basis of one's political affiliation and (5) the processes involved in becoming a construction firm are too easy. Widespread perceptions and instances of corruption in the selection of contractors and award of public projects has created serious image problems for the industry. The effects of these and many other problems is that it is difficult to attract investment into Ghanaian construction firms (GSE, 2012). In the decade up to 2012, there were no listed construction companies in the Ghana stock exchange and no Ghanaian construction firms in the Ghana Club 100 list of prestigious companies that demonstrate excellence in performance (GIPC, 2012).

A major feature of the Ghanaian construction environment is the separation between design and construction with professionals tending to operate independently with allegiance to their respective professional bodies such as Ghana Institution of Architects (GIA), Ghana Institution of Engineers (GhIE) and Ghana Institution of Surveyors (GhIS). As a result, the adversarial relationships which traditionally characterises the construction industry are also very prominent in the Ghanaian industry (Ahadzie, 2007). Whilst the Ministry of Water Resources, Works and Housing and the Ministry of Roads and Highways are responsible for classification of contractors, neither of the two ministries has any regulatory systems in place to monitor the performance of contractors or regulate standards. Sanctions for non-performance on projects do not represent a sufficient deterrent measure to elicit high standards of performance amongst contractors (Ofori-Kuragu, 2014).

Proposals to establish a central agency to coordinate the activities of these bodies and others are many (*c.f.* Ofori-Kuragu, 2014; Ofori, 2012; Daabu, 2012; Ofori and Toor, 2012). In a concerted effort by stakeholders, a thorough review of the construction industry was commissioned by CIOB, Ghana and funded by the Business Sector Advocacy Challenge Fund.

The "Study on a Regulatory Agency for the Construction Industry in Ghana" by Ofori *et al.* (2014) hinged on a baseline survey of stakeholders of the Ghanaian construction industry. This study confirmed the aforementioned challenges revealed by previous studies. As part of the scope of works as agreed to by stakeholders at a workshop for dialogue on July 3, 2014 and adopted by the Steering Committee, the report proposes for the establishment of a "Construction Industry Development Authority (CIDA)" under the parentage of the Ministry of Water Resources, Works and Housing to:

*“lead the regulation, restructuring, continuous improvement and development of the construction industry in Ghana with the goal of enhancing the performance of the industry in order to derive optimum efficiency and effectiveness in its operations and outputs, to improve the quality of life of Ghanaians”.*

Under its purview, the CIDA shall be responsible for the construction industry which may be defined: *“as the part of the economy which plans, designs, builds, maintains, refurbishes, extends, and eventually demolishes buildings and items of infrastructure of all types”.* The CIDA is therefore proposed to undertake eight (8) major activities of:

1. championing and leading for the regulation and strategic development of the construction industry;
2. advising the government on relevant aspects of the construction industry;
3. formulating regulations, standards and codes to guide practice and procedure and nature of output in the construction industry;
4. registering contractors and consultants, and enterprises linked to the construction industry, such as suppliers of materials, and monitor and control their performance;
5. proposing guidelines and frameworks to help streamline and promote good practice in, both public and private organisations involved in the construction industry;
6. providing incentives to organisations to improve their performance;
7. collecting, processing, maintaining and disseminating information that is crucial for activities in the construction industry; and
8. determining the needs of the construction industry, from time to time, and formulate strategies and programmes for attaining them.

The Ghanaian construction industry can derive useful lessons from the experiences of other countries (Ofori et al., 2012). Benchmarking against countries with better developed industry structures will provide guidance on the way forward in the efforts to achieve industry-wide organisational and project improvements in the Ghanaian construction industry. The next section reviews some global construction industry development initiatives.

### **Possible causes of delay in establishing unified body for Ghanaian construction industry**

The majority of existing work on the subject such as Ofori (2012), Ofori et al. (2012), Donkor - Hyiaman (2014) and Ahadzie (2009) agree that Ghana has not made the expected progress in the efforts to establish a unified body for the Ghanaian construction industry. Whilst there has been significant progress in developments globally and even in Africa, Ghana lags behind in this effort even in the African context (Ofori et al., 2012). There is a natural expectation that the government takes the lead role in this regard, however there is little evidence to suggest that the lack of a unified body such as CIBD for Ghana is due to resistance from the government. The lack of a unified body representing the Ghanaian construction industry could be due to the failure of leadership within the industry to unify industry efforts in pursuit of a common agenda of establishing an industry regulator. According to Ofori (2012), the lack of management of the improvement efforts including the campaign for a unified body for the Ghanaian construction industry have not received direct continuous attention and leadership from a single organisation. As a result of this, previous campaigns have been approached in a fragmented manner by professional groups without the active widespread support and participation from across the industry. Some of the lead organisations which have championed previous efforts have not been seen as truly representative of the overall industry and have not succeeded in generating significant industrywide support to enable the government to give the necessary support. For example, whilst Ofori (2012) praised the efforts of groups such as the Association of Building and Civil Engineering Contractors of Ghana (ABCECG) in the campaign for a unitary body, it is widely believed the impact could have been stronger and obtained quicker government response if there had been a larger industry involvement by recognisable professional groupings within the Ghanaian construction industry. Given a more broad-based approach in recent

times involving a coalition of professional groups representing civil engineers, architects, planners, surveyors amongst others, there is an increased likelihood of the success of recent efforts.

Also, it is believed that the passage of the Engineering Council Bill of 2010 (Parliament of Ghana, 2015) may have indirectly affected the progress of efforts at getting a unified industry body for the Ghanaian construction industry. Some key stakeholders from within the Ghanaian construction industry have argued the Engineering Council Bill sufficiently caters for the Ghanaian construction industry and thus do not see the need for another body for the construction industry. The obvious lack of support from all within the industry hampers the efforts even further. Thus some more work should be undertaken using the experiences in other countries to explain the key benefits that an industry specific body for the Ghanaian construction industry will deliver.

## **CONSTRUCTION INDUSTRY DEVELOPMENT**

Construction industry development has been described as a deliberate and managed process to improve the construction industry's capacity and effectiveness to meet the demand in national economies for building and civil engineering products, and to support sustained national economic and social development objectives. Construction industry development promotes increased value for money to industry clients as well as environmental responsibility in the construction delivery process. According to (Ofori, 2012), it also enhances the viability and competitiveness of domestic construction enterprises whilst optimizing the role of all participants and stakeholders through process, technological, institutional enhancement and through appropriate human resource development.

Kumaraswamy (2006) suggested a strong correlation between construction industry development and infrastructure development. Across the construction industry, the failure to achieve appropriate quality of construction is a global problem (FIDIC, 2006). There is widespread concern that the industry as a whole is underachieving (The Construction Task Force, 1998). As a response, many countries, especially in the developed world have initiated programmes to improve the performance of their construction industries. Examples of performance improvement programmes include Australia's "Building for Growth, Building and Construction Industries Actions Agenda" of 1999, Finland's "Re-engineering the Construction Process Using Information Technology" from 1997 – 2002, Japan's "Future Directions of the Construction Industry" programme of 1998 and Singapore's "Construction 21". Other examples include South Africa's "Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry" campaign of 1997, the "National Construction Goals" in the United States of America (USA) and in Northern Ireland, "Building our future together" and "Achieving Excellence in Construction" (AEC) of 1997 and 1999 respectively (DFPNI, 2007).

Ofori (2012) identified four examples of Industry Development Agencies in countries where they exist. The examples are ministries, government and quasi- government agencies, industry funded agencies and advisory organisations. The industry-funded organisations and advisory organisations may also be government controlled or quasi-government. This paper is proposing an industry-funded organisation wholly initiated by industry with some collaboration from ministries and government agencies. Ofori (2014) proposed an action plan involving seven stages for the establishing the CIDA:

- i. A strategic and comprehensive review of the construction industry should be undertaken.
- ii. The general contents, the recommendations and programme in this report should be widely debated among representatives of the stakeholders of the construction industry in Ghana.
- iii. The Government should appoint an inter-ministerial committee comprising all the ministries which have a major interest in the construction industry such as Ministry of Water Resources Works and Housing (WRWH) and Ministry of Roads and Highways.
- iv. A Focus Group should be formed to consider each of the broad categories of issues determined by the Task Team.
- v. The Task Team should submit the detailed strategy of the Construction Industry Development Programme to the government.

- vi. Establishment of a construction industry joint council to represent the interests of stakeholders of the industry development agency. The Construction Industry Development Programme should be launched at a major event by either the Minister for WRWH or Minister for Roads and Highways.
- vii. CIDA should be set up to implement, co-ordinate and continuously monitor the industry development programme.

Whilst some of these steps have been achieved already in Ghana's effort, there are others which require action from the government or government functionaries and over which the industry has little control. Any apprehension on the part of the government with any stage of the process can affect the action required and the overall progress. There is a school of thought that opines that this could be a cause of why the processes leading to the formation of an industry regulator have not made the expected progress. Hence the proposal in this paper that an industry initiated and industry sponsored joint industry council be established at an earlier stage to provide impetus and catalyse the formation of a national industry development agency. The Construction Industry Council (CIC) proposed for Ghana is modelled after the UK CIC which was the first of many industry bodies established in the UK construction industry.

### **THE UK CONSTRUCTION INDUSTRY**

There were 194,025 construction firms in the UK in 2009 comprising of 44,835 main trades construction firms and other trades making up the rest. Amongst the main trades firms, there are 10,629 non-residential construction firms, 27,791 house-builders and 6,415 civil engineering firms. The majority of UK construction firms are small scale with fewer than 20 employees. For example, in 2009, more than a third of all construction firms in the UK had only one employee (75,382 firms) and more than two-thirds (136,007) had between two and three employees. Altogether 94.5% had between one and thirteen employees, 5.8% employed 14 to 79 people. The larger construction firms (more than 80 employees) made up 0.67% with less than 0.2% employing more than 300 (ONS, 2010). The number of small firms in the UK construction industry is similar to the situation in Ghana thus presents opportunities to learn from the structure and organisation of UK construction firms for the benefit of the Ghanaian industry.

National Audit Office (2001) identified four major barriers to improving construction performance: procurement, problems associated with briefing and specification, design and planning and project management. Contractors, consultants and other industry players underbid as a means to obtain jobs. Poor briefing and definition of requirements with insufficient focus on user needs and the functionality of the construction was also a problem. There is little integration of design and construction, contractors not involved in the design process, limited use of value management and limited use of standardisation and prefabrication (National Audit Office, 2001). In comparison with other industries, the performance of UK construction firms generally lags behind the performance of global leaders in productivity, profitability, value-added, investment in capital and R&D (DBIS, 2009). Despite the challenges the UK construction industry face, there are several positives which promote the industry's output. For example, the property sector UK receives a good measure of support from banks such as property development loans, mortgages which make up about half of all corporate lending and provision for loan defaults with more than a fifth of commercial property borrowers breaching the terms of their loans or falling behind in their repayments (Duke, 2011). The availability of finance contributes largely to a vibrant property sector which contributes significantly to overall industry performance. There is a commitment to improvement as seen in numerous industry initiatives and reports commissioned to investigate industry underperformance. These led to the establishment of industry bodies which address issues relating to the UK Construction Industry. Some of the major developments in the UK construction industry are discussed next.

### **UK Construction Industry Development**

The UK Construction Industry has been a cause of concern at both the government and industry levels for more than half a century. A succession of industry reports have been initiated by successive governments in the UK aimed at improving the construction process and output. These include the Emerson Report of 1962, the Banwell Report in 1964 and the Simon Report of 1994 (Murray and

Langford, 2003). In recent times however, the three most significant reviews are Latham (1994)'s *Constructing the Team*, The Levene Report and Egan's *Rethinking Construction* Report (National Audit Office, 2001). The most recent industry report, the Egan Report describes the UK Construction industry as having a low and unreliable rate of profitability, little investment in research & development and low levels of capital. The report faults traditional procurement systems which equate price to quality by selecting contractors and designers exclusively on the basis of tendered price and identifies a "crisis in training" (The Construction Task Force, 1998). In the case of training, it is reported that between 1994 and 1998, applications for construction related courses run by Universities for professional staff fell by 26 per cent (National Audit Office, 2001). The result of this is that there are few strategic, long term shareholders in listed construction companies (DETR, 1998). *Rethinking Construction* built on the Latham Report (Latham, 2004) and recommends that the construction industry learns from the experiences of industries such as the manufacturing and automobile industries that have achieved world-class excellence. The problems which necessitated the respective interventions in the UK are similar to those that the Ghanaian construction faces. Again, the Ghanaian construction industry derives its practice from the British construction industry (Ahadzie, 2007), thus the choice of UK as a case study for this paper.

### **Evolution of UK construction industry structures**

Following Latham's Report of 1994, 'Constructing the Team' and Egan's 'Rethinking Construction' Report in 1998, several cross-industry bodies were established as part of developments in the UK construction industry such as:

- i. The Construction Industry Board;
- ii. Reading Construction Forum;
- iii. Design Build Foundation;
- iv. Construction Best Practice Programme;
- v. Movement for Innovation;
- vi. Government Construction Clients Panel;
- vii. The Housing Forum;
- viii. Local Government Task Force;
- ix. Rethinking Construction;
- x. Constructing Excellence; and
- xi. Construction Clients' Group.

(Source: Construction Excellence, 2011).

The UK Construction Industry Board (CIB) was established in 1995 as a response to the Latham Report recommendations. It started with representatives from five 'umbrella' bodies with the Minister for Construction as President. Other members included specialised trade federations, professional bodies representing contractors, sub-contractors, materials suppliers and construction clients (SCPM, 2011).

### **The UK Construction Industry Council (CIC)**

The respective contributions of the epoch-making Latham and Egan Reports on the development of UK construction industry cannot be discounted. Significantly however, the UK Construction Industry Council (CIC) had been established long before these two major reports in 1988 to unify efforts and provide leadership in the drive to improve the UK construction industry (CIC, 2014). In the UK example, CIC was the foremost body representing the industry from which CIB evolved. With members drawn from the respective professional groupings within the UK construction industry, CIC is representative of professionals within the UK construction industry and serves as a common voice of construction professionals in relation to the government. The council's mission is to promote quality and sustainability in the built environment by providing leadership to the construction industry, encouraging unity of purpose, collaboration, continuous improvement and career development (CIC, 2014). This could provide a blueprint for emulation in the Ghanaian industry. The role and functions of the UK CIC are similar to examples in other countries. The next section discusses two examples in Hong Kong and Singapore.

## **LESSONS FROM OTHER COUNTRIES**

### **Construction industry development in Hong Kong**

The Construction Industry Review Committee (CIRC) was set up as a follow-up to the Hong Kong Housing Authority (HKHA) which prior to this had been mainly responsible for initiating and implementing initiatives in the construction industry and deliver ambitious housing programmes. The composition of CIRC was made up of representatives of government, representatives of various segments of construction and property sectors, trade unions and universities with the vision of "an integrated construction industry that is capable of continuous improvement for excellence in a market-driven environment (Ofori *et al.*, 2012).

Following the establishment in 2000 of the Construction Industry review board (CIRC) to review the current state of the construction industry and make recommendations for improvement, the "Construct for Excellence" report was produced in 2001. To address the fragmentation of the industry and the prevailing adversarial culture, the report proposed the establishment of a statutory Industry Coordinating Body (ICB). The Provisional Construction Industry Co-ordinating Board (PCICB) was formed in September 2001 to champion the industry reform agenda and set the platform for the early establishment of the statutory ICB (HKCIC, 2012). Membership of the PCICB was mainly drawn from CIRC (Ofori *et al.*, 2012).

### **Construction Industry Council – Hong Kong**

The Hong Kong Construction Industry Council (HKCIC) serves as a resource centre for sharing knowledge and experience among stakeholders. It advises and makes representations to the Government on strategic matters, major policies and legislative proposals that may affect or are connected with the construction industry, and on matters of concern to the construction industry (HKCIC, 2012). The stated functions of HKCIC include making recommendations on the needs of the construction industry to the Government, promoting quality and the competitiveness of the construction industry by facilitating the ongoing development and improvement of the industry, promoting professionalism and integrity in the construction industry through the development of a voluntary code of conduct and enforcing such codes whilst promoting self-regulation within the construction industry (HKCIC, 2012).

It also serves to improve the performance of persons connected with the construction industry through establishing or administering registration schemes or rating schemes, working to advance the skills of personnel in the construction industry through planning, promotion, supervision, provision or coordination of training courses or programmes, encouraging and promoting research activities and the use of innovative techniques and to establish or promote the establishment of standards for the construction industry. In addition to the above, the council is responsible for promoting best practice in the Hong Kong construction industry in procurement, project management, supervision, dispute resolution, sustainable construction and other areas conducive to improving construction quality and promoting harmonious labour relations; and the observance of statutory requirements relating to employment to enhance the cohesiveness of the construction industry through the facilitation of communication among various sectors of the industry (HKCIC, 2012). Other functions of HKCIC include assessing improvements made by the construction industry through the development of performance indicators, making recommendations with respect to the rate of the levy imposed under Construction Industry Council Ordinance; and performing any other functions relevant to the construction industry, including those functions conferred or imposed on it by or under Construction Industry Council Ordinance or any other enactment (HKCIC, 2012).



### **Construction Industry Joint Committee (CIJC) Singapore**

Formed in 1997, the Construction Industry Joint Committee (CIJC) unites key players in the construction industry and works closely with the Singapore government towards the betterment of the industry. Its eight members, according to SIB (2012) are: The Association of Consulting Engineers Singapore, Institution of Engineers Singapore, Real Estate Developers' Association of Singapore, Singapore Contractors Association Limited, Singapore Institute of Architects, Singapore Institute of Building Limited, Singapore Institute of Surveyors and Valuers; and Society of Project Managers. The member organisations work together towards the common goal of improving the construction industry in Singapore.

The stated objectives of CIJC include serving as a platform to unite all key players in the construction industry and coordinating efforts to upgrade the construction industry. This is to enable it play a key role in the economy, providing quality feedback to the government on policies affecting the industry and problems facing the sector and working in partnership with the government to work out appropriate solutions to the various problems affecting the industry (SIB, 2012).

CIJC Singapore was formed following calls for the industry to take measures to improve its activities. The Council was formed amongst other aims to liaise amongst the respective sectors of Singapore's construction industry (Ofori, 1993). CIJC is a good model of an umbrella organisation which plays a championing role in industry development efforts whilst presenting a common voice in representing the needs of the Singapore construction industry to the government (Ofori, 2012).

Developments following the formation of the National Joint Council culminated in the establishment of a Construction Industry Development Board (CIDB) in 1984 (Ofori, 1993). Singapore's CIDB is cited as the most successful and most studied model amongst the industry development agency initiatives globally (Ofori, 2012). It was formed to spearhead the expansion and development of the construction industry. In 1999, the CIDB was merged with the Building Control Division of the then Public Works Department to form the Building and Construction Authority (BCA). Singapore's Building and Construction Authority is a government agency established under the BCA Act. It is an agency under the Ministry of National Development, championing the development of an excellent built environment for Singapore. The stated functions of Singapore's BCA include promoting the development, improvement and expansion of the construction industry including the use of advanced technology in the construction industry, advising the Government on matters relating to the construction industry, raising standards and efficiency in the construction industry by encouraging the standardisation and improvement of construction techniques and materials, providing consultancy and advisory services related to the construction industry, promoting the advancement of skills and expertise of persons in the construction industry and raising the professionalism and capabilities of firms in the Singaporean construction industry. Other functions of BCA include the promotion of internationally recognised quality management systems in the construction Singaporean construction industry, facilitating the supply of essential construction materials, and securing and managing land and facilities related to their import production and carrying out research aimed at developing and improving the Singaporean construction industry (Ofori, 2012). Like the proposed CIC for Ghana, Singapore's example demonstrates the essential role the industry can play in organising itself in anticipation of government support in the progression towards the formation of industry bodies.

Other examples of CICs are found in Malaysia where the Building Industry Presidents Council (BIPC) is a professionally driven, industry recognised and government endorsed body which provides leadership in the collective pursuit of excellence within the construction industry in Malaysia (GBI, 2012). Malaysia's BIPC is different from The Construction Industry Development Board (CIDB) of Malaysia which was established under an Act in 1994 and whose objectives include promoting and stimulating the development, improvement and expansion of the construction industry, advising and making recommendations to the government on matters relating to the construction industry, promoting,

stimulating and undertaking research into any matter respect to the construction industry and the promotion of quality assurance in the Malaysian relating to the construction industry. Other functions of BIPC are the promotion, stimulation and assisting in the export of construction industry- related services, providing consultancy and advisory services with construction industry (Ofori, 2012). According to Ofori (2012), the Malaysian CIDB was modelled after the Singapore example. The Malaysian example typifies the model which is proposed for the Ghanaian construction industry.

### **African successes**

There are African examples of how a unified body for the industry can champion improvement efforts in the construction industries of the respective countries. In South Africa, CIDB was established by statute in 2001 amongst other things to promote the contribution of the construction industry in meeting national construction demand and in promoting industry performance, efficiency and competitiveness. Its roles also include offering improved value to clients, providing strategic leadership to construction industry stakeholders to stimulate sustainable growth, reform and improvement of the construction sector as well as the determination and establishment of best practice that promotes improved industry stability, improved industry performance, efficiency and effectiveness (Ofori, 2012). Other African countries such as Zambia, Rwanda, Malawi, Kenya and Tanzania all have central bodies for their construction industries backed by the state that are mainly responsible for the regulation and development of the industries (Donkor-Hyiaman, 2014). The key lesson to learn from the reviews on these countries' experiences is that giving legislative backing to these efforts help provide the legal mandate and authority base for the work of these bodies.

### **DISCUSSION: THE WAY FORWARD**

The experiences of many advanced countries show deliberate programmes and strategies to improve the management and delivery of construction within the industries in these countries. For example, the pursuit of improvement and excellence in the UK construction industry has led to a succession of major industry reports. If the Ghanaian construction industry will achieve the kind of progress that has been made by the construction industries in other countries, innovative programmes are needed which will yield drastic changes and transform the industry from its current state to a level where it can deliver standards of excellence at a global level. Evidence from literature on the UK construction industry reveals a well regulated industry with regular reporting requirements such as annual reports, health and safety regulation etc. Majority of UK construction companies are small- scale with less than 1% of the total contractor population employing more than 80 employees.

Egan's Rethinking Construction report identifies key challenges which the UK construction industry faces. These include low profitability, low investments in research and development (R&D), a crisis in training, low levels of capital and the predominance of traditional procurement methods which use price as the basis for selecting contractors. The key barriers to performance within the UK construction industry are grouped into following four (4) categories: procurement, briefing and specific problems, problems with design and planning and project management issues. Rethinking Construction identifies benchmarking as presenting opportunities for improving performance in the construction industry. Again the report identifies the key drivers which can lead to "dramatic improvements" in performance as follows: committed leadership, a focus on the customer, integrated processes and teams, a quality driven agenda, and commitment to people. Drawing lessons for the Ghanaian construction industry, this paper takes the position that a multi-stakeholder representative body for the Ghanaian industry will provide crucial leadership and a platform to bring together all the critical factors identified as influencing performance improvements.

Leveraging on the benefits of benchmarking, lessons are drawn from the structure and organisation of the UK construction industry to make proposals for the Ghanaian construction industry. Developments in the UK industry such as the Construction Industry Council (CIC) and the Construction Industry Board (CIB) can be adapted for the Ghanaian construction industry. In the UK example, CIC was the foremost body representing the industry from which CIB evolved. With members drawn from the

respective professional groupings, the UK CIC served as a common voice of construction professionals in relation to the government. This could provide a blueprint for emulation in the Ghanaian industry.

The respective compositions and functions of CIC and CIB are clearly distinct. Whilst CIC is representative of professionals within the industry, CIB maintains a regulatory function ensuring sanity within the industry. The clear distinction between the two bodies in terms of their respective form and functions justifies the need for these two vital industry groups. In terms of developing the industry further, the formation of Constructing Excellence in 2003 as the amalgamation of several previous initiatives and groupings confirms the relevance of a single point of responsibility for promoting excellence in the construction industry.

### **The Ghanaian Construction Industry context**

Available evidence shows a poor system of controls and regulation in the Ghanaian construction industry. There is a welcome development in recent times of industry-led efforts to address standards in the industry. Initiatives include a campaign for the establishment of an industry regulator and the establishment of an industry-wide contractor's association. It is envisaged that this is the beginning of a movement towards greater organisation within the industry as a whole which will lead to the development of structures and systems to address the numerous systemic problems which affect the Ghanaian construction industry.

It is recommended that industry-wide representative bodies be established to provide both regulatory and advocacy support to the industry. It is proposed that all major professional groups and stakeholders in the Ghanaian construction industry come together to form the Construction Industry Council, Ghana (CICG) to advance the collective interests of stakeholders within the Ghanaian construction industry.

### **Objectives of the Construction Industry Council**

It is proposed that amongst others, CIC Ghana will:

- i. Provide a single voice for the Ghanaian construction industry;
- ii. Provide a platform to unite key players in the Ghanaian construction industry;
- iii. Provide vision, leadership and to co-ordinate joint industry efforts to continuously improve the Ghanaian construction industry;
- iv. Provide relevant feedback to the government on government policies and how they affect the Ghanaian construction industry;
- v. Work with industry stakeholders to identify the problems which face the Ghanaian construction industry and provide leadership in addressing the problems;
- vi. Be a think-tank for the industry; and
- vii. Work in partnership with the government to explore and seek common solutions to the problems affect performance and delivery within the industry.

The proposed CICG is modelled after the UK Construction Industry's CIC. Members may be admitted into one of three categories of membership as follows: Full Membership, Associate Membership or Honorary Affiliate Membership. Full Membership of CICG will be open to Professional Institutions whose members are actively involved in planning, procuring, designing, constructing, regulating, maintaining or managing the built environment. Organisations within the construction industry which speak for defined groups but are not eligible for admission as full members of the Council may be admitted as Associate Members whilst Honorary Membership may be conferred on individuals who have made substantial contributions to the Ghanaian construction industry. It is proposed that council members will have a fixed term with an option to extend the mandate if the industry representatives so decide.

## Conclusions

Available evidence on Construction Industry Councils show this as an industry-driven process. The proposed Construction Industry Council, Ghana (CICG) will bring together all major stakeholders within the industry with a common purpose to seek improvements in the industry. It will be a high level committee made up of representatives professional bodies within the Ghanaian construction industry. The Council will be responsible for initiating action to address critical issues which affect the Ghanaian construction industry. It will generally provide a voice for the industry in general policy issues and other matters which individual firms lack the capacity to address by themselves. In such matters, the Council will act as an intermediary between the construction industry and the government whilst providing an advisory service to the government. It will provide both leadership and facilitate the establishment of relevant bodies in as necessary in the common pursuit of excellence in the Ghanaian construction industry. This will include advocacy action for the establishment of an Industry Development Board for the Ghanaian Construction Industry. In this outline proposals have been made for the establishment of the Construction Industry Council, Ghana. Potential founding members have been proposed for the Council. The next stage of this study will involve a sensitization workshop for the potential members to collate their views on the proposals made in this paper and to discuss practical ways to realize these proposals.

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