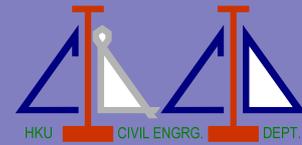


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## *Construction Industry Development Comparison and Acceleration*

**Report: Focus Group for Validation of  
Research Findings**

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## **1 FOCUS GROUP BACKGROUND**

### **1.1 Background**

This second focus group meeting on the ‘Construction Industry Development Comparison and Acceleration (CIDCA)’ research project was an important milestone in the last phase of this RGC funded project. While the aim of the research project is to compile an independent evaluation/ review of the implementation of the major construction industry improvement programs that have been launched since 2001, following the Construction Industry Review Committee (CIRC) report, this focus group was presented with the consolidated findings of the project to date. Feedback and comments on the research findings were elicited in the focus group in order to validate, refine and compile the final set of findings. Additionally, research findings from a connected research project titled ‘Management of Infrastructure Rehabilitation, Redevelopment or Revitalisation (MIRROR)’ were also presented, commented upon and validated at the focus group.

### **1.2 Focus Group Format**

The focus group consisted of two parts: Session 1 focused on research findings from CIDCA while Session 2 focused on research findings from MIRROR.

Session 1 consisted of two presentations by the research team, the first being a general summary of research findings and the second being on research findings with respect to specific objectives. These presentations were followed by a question and answer session and a discussion session. Session 2 followed the same format, i.e., a presentation on the research findings from the research team followed by question and answer and discussion sessions.

### **1.3 Participants Profile**

Participants comprised of 9 external experts (2 clients, 3 contractors, 2 consultants, 1 academic, and 1 from an industry body) and 3 members from the research team, totaling 12.

## **2 SUMMARY OF THE SESSION FOCUSING ON CIDCA**

This session kicked off with a presentation by Prof. Mohan Kumaraswamy on a general summary of research findings from the CIDCA research project. The presentation can be accessed at [http://hku.hk/cicid/3\\_events/112/112\\_PPT.zip](http://hku.hk/cicid/3_events/112/112_PPT.zip). The presentation revisited the background, aims and objectives of the research project and then presented the evaluated progress to date derived from the findings of the research project. The road to the current status of the industry was described and root causes for shortfalls, current concerns of the industry, lessons learnt and a roadmap for the future were delineated.

During the presentation a query was raised on whether there were any similar studies on progress from CIRC recommended reforms. The industry body representative responded that although there were no formal external reviews, some internal reviews and observations by the CIC indicated that approximately 80% of the reform initiatives have been completed while the remaining ones are currently being worked on by the committees, stakeholders and CIC. Also, the CIC had asked for feedback from the industry through their technical committees on adoption levels on certain items such as guidelines on safety (e.g. tower crane operation). While the industry was supportive in key areas such as above, it has not been as supportive in others such as on guidelines on partnering which are under consideration and the eventual uptake may be on an ad hoc basis, as the private sector does not want to be bounded by guidelines on how to run their businesses). In this regard, KPI's to measure industry improvements are being worked on (in the research stage) by the CIC.

Following the above presentation and discussion Dr. Gangadhar Mahesh presented CIDCA research findings with respect to specific objectives. The presentation can be accessed at [http://hku.hk/cicid/3\\_events/112/112\\_PPT.zip](http://hku.hk/cicid/3_events/112/112_PPT.zip). The presentation started by describing the research philosophy, moved on to the research methodology and presented the findings from the questionnaire survey in relation to the specific objectives of the research project. Key areas highlighted in the questionnaire findings were (i) response rate and profiles, (ii) effectiveness of industry improvement programmes against original objectives w.r.t the 6 thrust areas described in the CIRC report, (iii) key trends emerging from the findings, (iv) role of key organisations in construction industry development and (v) identified barriers and enablers to structural change towards construction industry development.

The Q&A session following the presentation first focused on the response rate and quality of the responses from the questionnaire survey. Addressing the concerns about the low response rate (4.8%), the research team explained the possible reasons as (i) the way the population was chosen - much wider than usual in most questionnaire surveys of the HK construction industry resulting in wider circulation but lower response rate (many of the smaller organisations did not respond as evidenced by lower no. of responses from subcontractors, suppliers), (ii) a fair number of the organisations listed in the databases used, may quite possibly not be presently active, (iii) questionnaire fatigued and ultra-busy HK industry (iv) longer questionnaire - vis a vis - many questions that had to be asked to form a clearer unbiased picture, (v) Targeting institutions (questionnaire was mostly addressed to institutions rather than individuals, hence identifying the 'right' and 'available' person to respond may have been an issue).

In summary the 126 responses received for the questionnaire survey were considered to be more than adequate to represent a reasonable cross section of the active industry, given the above reasons which confirmed that a % response rate number was not an appropriate indicator of this particular exercise.

While appreciating some of the reasons, a participant felt that the low rates also reflect the industry's own reluctance to contribute to its overall long-term development. One suggestion for enhancing the response rates was that more industry responses may be elicited if the questionnaire is sent by an industry body (e.g. CIC). It was felt that if a survey comes from the CIC, respondents will feel it is geared only towards the industry and not for a student study (if coming from a university) and may hence elicit more responses. While, chasing particular groups / associations was also considered as another option to boost response rates, the disadvantage of skewing/ distorting results by targeting specific groups ruled this out.

With regard to the quality of responses, the research team pointed out that the profile of those who did respond was in line with expectations (majority with 10 or more years of experience). Additionally, reliability was enhanced by the use of a pre-planned combination of research methods including interviews, case studies, literature review, questionnaires and relevant industry statistics that were taken together with the questionnaire findings in order to compare, triangulate and consolidate the overall findings.

A participant asked if some respondents could be answering something they were not familiar with, since the questionnaire results show only 18% who are 'very familiar' with the CIRC report. The research team explained that (i) questions are on generalized industry issues and independent of the CIRC report itself, hence, respondents were still able to answer fully and well, even if they are not at all familiar with the report; (ii) in any case, there was another bigger group who professed to be 'familiar' with the report; and (iii) the option of not answering a question was included in each question if a respondent felt inadequately aware of

any specific issue(s). It was evident from the responses that some respondents availed of this option in certain questions.

The discussion session following the Q&A session centered around the identified cross cutting trends that were presented. They are (i) the higher the familiarity with reforms – the lower the perceived improvements from measures already in place; with higher expectations from anticipated measures, (ii) relatively satisfied clients, less satisfied consultants and even less satisfied contractors, (iii) the larger the institution, the lower the perceived improvements and (iv) self complacency within groups (e.g. consultants) coupled to skepticism about improvements in other groups. These discussions concluded that there could be a polarization of opinions leading to a wide distribution. It was suggested that it would be helpful to show the distribution of the responses for those who are satisfied and those who are not. The research team confirmed that this polarization is evident across the board in the research findings.

In response to calls for regulatory power for CIC from the research findings, the participants while agreeing, pointed out that under the CIC ordinance, no enforcement power is granted to the CIC. While issues such as safety are something that can be enforced, it is difficult to do the same with partnering and contracts. In this regard, participants felt that codes of practice can be recommended to the government but CIC has no statutory power to make changes. CIC guidelines while being guidelines only, and requiring resources to implement, would not provide a level playing field unless they are statutory requirements. If they become statutory, it would provide a level playing field for everyone. An example of the above was cited as - a 5-day work week to help attract youngsters to join the industry and to allow proper rest periods for workers so that they won't be exhausted which will also help improve safety. Furthermore, it was suggested that CIC needs to have a Board that is well balanced, rather than with 70% from the Government.

Two participants felt that some of the findings from the questionnaire were somewhat counter-intuitive to what they saw in the industry and cited some safety statistics as an example. The research team acknowledged that safety statistics do show that there has been a worsening trend in the last two years, while the questionnaire survey findings indicate a perceived improvement in safety environment over the last decade. One participant added that CIC's own evaluation of nearly complete reforms process w.r.t to the original recommendations together with the findings presented today which indicate moderate progress may result in complacency. The research team pointed out that the polarisation and disparity of satisfaction between different groups of stakeholders indicated that there are unsatisfied groups while at the same time there are relatively satisfied groups. These differences would be brought out when analysed in detail. They reminded the group that questionnaire findings were only results from one part of the much deeper and wider study, for example, interviews and case studies have also been conducted to get more in-depth insights of the issues. Hence, the consolidated findings would yield a reasonably representative picture of industry improvement initiatives.

Discussions on how CIC could operate more effectively followed. It was acknowledged that CIC operates under a lot of political constraints and due to the structure of the council it takes time for stakeholders (employers, contractors and consultants) to reach a consensus. The latter was evident in the workings of various task forces and committees. One opinion was that that CIC was often reactive rather than proactive and it was suggested that CIC should understand what needs to be done, not do all by itself but to commission (and fund) independent organizations (e.g. universities) to do the work. In this regard, the need for co-ordinating research needs of the industry with academic institutions was discussed. It was

also mentioned that many studies have been conducted with academic institutions and some results did not seem so realistic in reflecting the current industry scenario. It was concluded that CIC needs strong, independent leadership and to build up its credibility and image with the industry. It also needs to find a well positioned champion within the government to accelerate the propagation and implementation of CIC recommendations. It was also felt that it takes major progressive, 'good' clients (from both public and private sector) to promote change and that having good clients would attract good contractors who would want to work and improve along with them.

The discussions then centered on a vision for the Hong Kong construction industry. Many felt that there is a lack of vision for the industry (e.g. there is no vision for safety the way there is a vision for the environment and target for carbon emissions) with clear markers and set goals (e.g. to have no fatalities by 2020) and absence of strong leadership from the CIC. While, having a vision was considered important, it was suggested for example that just having a vision for 2020 doesn't work because the industry may only start acting in 2018. To remedy that closer immediate target dates are needed. Progress is too slow and the industry cannot delay needed improvements. In achieving this, the CIC needs to lead the way to represent the widest (majority) number of players. The discussions then veered to other comparative jurisdictions like UK, Africa, Malaysia, etc., on whether they have a vision? Do they have organizations with teeth (e.g. CIC UK)?

Drawing from UK experiences one of the participants explained that many industrial reforms have been implemented in the past 15 years. KPI's have been set by groups of organizations for themselves. As an example of leadership, Deputy PM of UK himself took on the reforms recommendations, changed the landscape and made it a matter of job creation, delivering value and making the industry more sustainable. Further, Australia's different problem of unionized system leading to more pressure on employers and clients regarding worker safety was mentioned.

While noting that one cannot transplant an entire system from another region, it was felt that some issues can be picked out and compared where useful, e.g. the federal safety commission 'safe climb' guides in Australia. The perceived difference between Australia and Hong Kong was that in Australia, there are framework agreements which are implemented and there are more incentives. It was mentioned that in Hong Kong, DevB has too much control and something like the three-envelope system only tinkers with some problems but does not solve them. The way forward for Hong Kong in driving the change in the industry was thought to be ensuring reasonably continuous workload that secondly is not always based on the lowest-paid tenders.

On the continuity of workload issue and referring to the Chief Executive's last year's call for sustainability of the industry it was felt that there is a need to get together to compile a detailed picture of the future workload. A big core group of clients needs to help predict the amount of work load not just in the next decade, but even up to 30 years (of course with less certainty for future years), so that the industry could plan to 'right-size' itself accordingly. Also, it was stated that the industry, particularly the contractors need to come out and say we want and can handle \$X Billion per year.

### **3 SUMMARY OF THE SESSION FOCUSING ON MIRROR**

This session kicked off with a presentation on the findings of the research project titled 'MIRROR' by Dr Gangadhar Mahesh. The presentation detailed the objectives and significance of the research, and the main findings. The latter brought out the challenges in

delivering 3R (Rehabilitation, Redevelopment & Revitalisation) projects, critical success factors in delivering desired outcomes w.r.t. three stages: (i) planning stage, (ii) stakeholder engagement and management stage and (iii) detailed design and construction stage. Also, typical performance criteria and strategies to improve management of '3R' projects as derived from the research were presented. '3R' projects were found to be similar to 'new-build' projects but with higher uncertainties and limited information, hence requiring intense levels of risk management, co-ordination levels and stakeholder engagement and management. In this regard, it was concluded that traditional project management strategies could be deployed, but with enhanced project control systems, emphasizing particularly critical (in '3R' works) aspects.

The presentation can be accessed at [http://hku.hk/cicid/3\\_events/112/112\\_PPT.zip](http://hku.hk/cicid/3_events/112/112_PPT.zip). The above presentation was followed by a Q&A and discussion session. While the participants agreed with the findings of the research, it was highlighted that the challenge of '3R' projects is the uncertainty of end users (i.e. limited information on stakeholders, not technical aspects). Also, participants agreed that the cost of these works is often underestimated, leading to sacrifices in safety, quality, etc. it was suggested that better pre-work planning and assessment on post-job processes are needed to evaluate the efficiency and cost effectiveness. The issue of long term commitment of new-build contractors in mitigating build-go mentality and easing the uncertainties of '3R' projects was raised. Considering the fact that '3R' projects were about 50% of the volume of construction work, it was confirmed that more focus was in this area. In this regard, CIC's plans to set up a task force to look at RMAA works were discussed.

#### **4 CLOSING THOUGHTS FROM THE FOCUS GROUP**

Closing thoughts of the focus group meeting revolved around a key finding from CIDCA which suggests "subcontracting is fine, subcontractors are not". While the improvement due to subcontractor registration scheme was acknowledged, it was felt that it is difficult to generalise and performance finally depended on the individual subcontractor. It did not matter how many tiers of subcontractors were involved. As long as value was added, specific targets reached and responsibilities discharged, it was perceived to serve a useful purpose.

However, having too many subcontractors and the constant movement of workers was thought to be leading to lack of training on safety, environment and culture. Keeping track of subcontractors and workers was still deemed to be difficult task. Difficulties in paying MPF to workers due to workers not giving their names and account numbers, was cited as an example of the problem.

#### **5 THE WAY FORWARD**

Focus group outputs will be further analyzed and consolidated to inform and help the research project team in guiding the remaining research and compiling the final outcomes. The CIDCA project is scheduled to conclude in early 2012 while the MIRROR project concludes mid 2012.

#### **6 ACKNOWLEDGEMENTS**

All participants are gratefully acknowledged for their valued support.

## **7 DISCLAIMER:**

This focus group report was a summary prepared from available information by means of recordings of discussions, presentations and notes of recorders. The report reflects the interpretation of above data by the research team and is prepared for research purposes only. It is a collective output and is not the representation of any individual viewpoints. The authors disclaim any responsibility for any liabilities arising out of the use of the report for other than the intended use.