

**A STUDY ON THE POTENTIAL OF INCLUSION OF ENVIRONMENTAL  
MANAGEMENT ELEMENTS IN CONTRACT DOCUMENTS OF  
CONSTRUCTION PROJECTS IN MALAYSIA**

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**UNIVERSITI SAINS MALAYSIA**

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CONSTRUCTION PROJECTS IN MALAYSIA**

**by**

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# TABLE OF CONTENTS

	Page Number
ACKNOWLEDGEMENTS	ii
TABLE OF CONTENTS	iv
LIST OF TABLES	ix
LIST OF FIGURES	xiii
LIST OF PLATES	xv
LIST OF APPENDICES	xvii
LIST OF ABBREVIATIONS	xviii
LIST OF SYMBOLS	xix
ABSTRACT	xxii
<b>CHAPTER 1 : INTRODUCTION</b>	
1.1 Preamble	1
1.2 Rationale for Research	3
1.3 Scope of Research	7
1.4 Research Objectives and Methodology	8
1.5 Limitation of Research	9
<b>CHAPTER 2 : LITERATURE REVIEW</b>	
2.1 Construction Industry	11
2.1.1 Construction Project	13
2.1.2 Construction Project Value Chain	15
2.1.3 Construction Contracts	18
2.2 Strategic Environmental Management	21
2.2.1 External Influences	24
2.2.2 Internal Influences	37

2.2.3	Expectations and Purposes (Network) Influences	43
2.3	Construction Industry and Environmental Management in Malaysia	50
2.3.1	Malaysian Construction Industry	50
2.3.2	The Malaysian Construction Contracts	54
2.3.3	Environmental Management in Malaysian Construction Industry	56
2.4	The Scope of Strategic Environmental Management in the Current Research	65

### **CHAPTER 3 : METHODOLOGY**

3.1	Postal Questionnaire Survey	66
3.1.1	Survey Sampling Design	67
3.1.2	Contents of Questionnaire	71
3.1.3	Statistical Tests	82
3.2	Environmental Management Workshops	84
3.2.1	Environmental Management Workshop, Kuala Lumpur	85
3.2.2	Nationwide Environmental Management Workshops	86
3.2.3	Activity 1: Identification of Environmental Management Issues in Construction	87
3.2.4	Activity 2: Identification of Issues Related to Expectations and Roles of Stakeholders	89
3.2.5	Activity 3: Identification of Issues Related to Environmental Management Elements in Contract Documents	92
3.2.6	Activity 4: Identification of Factors that Influence Cost Estimates of Environmental Management in Construction Projects	96
3.3	Case Studies	99
3.3.1	Selection of Case Studies	99
3.3.2	EMS Audit	100

## **CHAPTER 4 : RESULTS**

4.1	Results for Postal Questionnaire Survey	104
4.1.1	Profile of the Respondents	104
4.1.2	Environmental Management Elements in Contract Documents: Construction Stakeholders Stance	109
4.1.3	Commitments of Construction Players in Implementation of Environmental Management	110
4.1.4	Cost for Implementation of Environmental Management in Construction Projects	113
4.1.5	Environmental Management Cost Items in Bill of Quantities of Construction Contracts	114
4.1.6	Environmental Management Elements to be Included in the Contract Documents	116
4.1.7	Technical Studies to be Included in the Contract Documents	120
4.1.8	Benefits to Include Environmental Management Elements in Contract Documents	125
4.1.9	Obstacles to Include Environmental Management Elements in Contract Documents	128
4.1.10	Success Factors for Inclusion of Environmental Management Elements in Contract Documents	132
4.1.11	Environmental Management Activities of Regulatory Agencies in Malaysia	136
4.1.12	Other Agencies	137
4.1.13	Other Opinions on Environmental Management in Construction Contracts	140
4.2	Expert Panels Workshops Output	141
4.2.1	Kuala Lumpur Workshop Participants	141
4.2.2	Nationwide Workshops Participants Profile	142

4.2.3	Kuala Lumpur Workshop Findings	145
4.2.4	Nationwide Environmental Management Workshops	150
4.3	Case Studies	183
4.3.1	Public Owner A	183
4.3.2	Private Owner B	192
4.3.3	Private Owner C (PC)	199
4.3.4	Contractor A	205
4.3.5	Contractor B	212
<b>CHAPTER 5 : DISCUSSIONS</b>		
5.1	Internal Aspects of Construction Projects	216
5.1.1	Integration of Environmental Management into Project Management	216
5.1.2	Scope of Environmental Management Elements in Contract Documents	219
5.1.3	Specifications for Environmental Management Elements	220
5.1.4	Environmental Management Items in Bill of Quantities	233
5.1.5	Human Resources Knowledge, Competence and Skills	234
5.2	Expectations and Purposes of Stakeholders (Networks) on the Strategy	237
5.2.1	Commitments of Construction Stakeholders	237
5.2.2	Cultural Influence on Environmental Management Elements	239
5.2.3	Capabilities of Technical Agencies	240
5.2.4	Obstacles to Include Environmental Management Elements in Contract Documents	241
5.2.5	Benefits to Include Environmental Management Elements in Contract Documents	242
5.2.6	Success Factors to Include Environmental Management Elements in Contract Documents	242



5.3	External Influences to Include Environmental Management Elements in Contract Documents	243
5.3.1	Environmental Policy and Its Implementation	243
5.3.2	Legal Enforcement Mechanisms	243
5.3.3	Active Participations of the Public and NGOs	244

## **CHAPTER 6 : RECOMMENDATIONS**

6.1	Integrated Project Management	248
6.2	Best Environmental Practices in Contract Documents	248
6.2.1	Checklist for Allocation of Roles and Responsibilities of Contracting Parties	249
6.2.2	Guidelines for Environmental Management System in Contract Documents (EMSiC)	250
6.3	Knowledge and Capacity Building	251
6.3.1	Need to Increase Professional Control	252
6.3.2	Need to Establish Professional Institution for Environmental Consultants	253
6.3.3	Need for Training and Awareness Programs	253
6.3.4	Need for Knowledge Sharing and Dissemination	254
6.4	Organizational and Cultural Changes	254
6.5	Institutional and Legal Mechanisms	255
6.6	Government and Public Initiatives	256

## **CHAPTER 7 : CONCLUSIONS** 257

7.1	Recommendations for Further Research	262
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## **REFERENCES**

## **APPENDICES**

## LIST OF TABLES

Table 2.1:	Aspects to consider for strategic environmental management: three perspectives	22
Table 2.2:	The development of green capabilities: four scenarios	40
Table 2.3:	Construction Contracts (more than RM500, 000) for the Eighth Malaysian Plan (2001-2005)	51
Table 2.4:	Projects undertaken by Malaysian contractors (up to December 2003)	53
Table 2.5:	Brief comparison of PWD 203A Form, the PAM 1998 Form, the IEM 1989 Form and the CIDB 2000 Form in relations to potential for inclusion of environmental management elements	55
Table 2.6:	Environment-related laws in Malaysia	59
Table 3.1:	Questionnaire contents for Set A, Set B and Set C	72
Table 3.2:	List of construction players (CP a-i) presented to the survey respondents	73
Table 3.3:	Environmental management cost items (CI a -g) to be included in contract bills	75
Table 3.4:	Environmental management elements (EE a-i) to be included in the contract documents	76
Table 3.5:	Technical studies (TS a-r) for environmental management to be Included in the Contract Documents	77
Table 3.6:	Beneficial factors (BF a-h) to include environmental management elements in contract documents	78
Table 3.7:	Obstacles (OF a-h) to include environmental management elements in contract documents	79
Table 3.8:	Success factors (SF) for implementation of environmental management in construction projects	80
Table 3.9:	Nationwide workshop locations and coverage	86

Table 3.10:	Statements given to focus groups for the first activity	88
Table 3.11:	Cost-influencing factors for environmental management for construction projects	97
Table 3.12:	Review checklist 1 elements based on ISO 14001	102
Table 3.13:	Environmental Statement Review – Subjective Rating System and Weakness Index	102
Table 3.14:	List of elements in bill of quantities	103
Table 4.1:	Survey responses on the commitment of construction players (CP's a-i) in implementing environmental management elements in construction	111
Table 4.2:	F-statistics on the commitments of construction players (CP's a-i)	112
Table 4.3:	Survey responses on the environmental management cost items (CI's a-g) to be included in bill of quantities of contracts	114
Table 4.4:	F-statistics on the environmental management cost items (CI's a-g) to be included in contract documents	115
Table 4.5:	Survey responses for environmental management elements (EE's a-i) to be included in the contract documents	117
Table 4.6:	F-statistics on the environmental management elements (EE's a-i) to be included in the contract documents	118
Table 4.7:	Survey responses on technical studies (TS's a-r) to be included in contract documents	121
Table 4.8:	F-statistics for the technical studies to be included in the contract document	122
Table 4.9:	RII ranking of technical studies to be included in contract documents according to survey groups	124
Table 4.10:	Survey responses for benefits (BF's a-h) to include environmental management elements in contract documents	125

Table 4.11:	F-statistics on benefits (BF's a-h) to include environmental management in construction contract documents	126
Table 4.12:	Survey responses: obstacles (OF's a-h) to include environmental management elements in contract documents	129
Table 4.13:	F-statistics on obstacles to include environmental management elements in contract documents	130
Table 4.14:	RII ranking according to survey groups for obstacles to include environmental management elements in contract documents	131
Table 4.15:	Survey responses: success factors (SF's a-g) for attainment of environmental management requirements in contract documents	133
Table 4.16:	F-statistics on success factors	133
Table 4.17:	Regulatory requirements by the Department of Environment	136
Table 4.18:	Survey responses from other agencies	138
Table 4.19:	Number of participants according to stakeholder groups	142
Table 4.20:	Number of workshop participants according to workshop locations	144
Table 4.21:	SWOT analysis of the workshop findings on the strategic position of environmental management in construction projects	149
Table 4.22:	Responses for Statement 1 "To have a separate environment package in the contract documents"	152
Table 4.23:	Responses for Statement 2 "Regulatory enforcement on the construction industry is not enough"	156
Table 4.24:	Responses for Statement 3 "Values attached to the environment are of low priority in the construction industry"	158
Table 4.25:	Example of specifications for the identified mitigating measures prepared by the focus groups	174
Table 4.26:	Example of bill of quantities prepared by the focus groups	176
Table 4.27:	Ranking of client characteristics and the respective Relative Importance Index (RII) and Coefficient of Variation (COV)	179

Table 4.28:	Ranking of consultant and design parameter and the respective Relative Importance Index (RII) and Coefficient of Variation (COV)	179
Table 4.29:	Ranking of contractor attributes firms' ability and site management and the respective Relative Importance Index (RII) and Coefficient of Variation (COV)	180
Table 4.30:	Ranking of project characteristics and the respective Relative Importance Index (RII) and Coefficient of Variation (COV)	181
Table 4.31:	Ranking of contract procedure and the respective Relative Importance Index (RII) and Coefficient of Variation (COV)	181
Table 4.32:	Ranking of external factors and market conditions and the respective Relative Importance Index (RII) and Coefficient of Variation (COV)	182
Table 4.33:	Examples of Superintendent Officer's responsibilities	185
Table 4.34:	Examples of Environmental Officer's scope of work	186
Table 4.35:	Examples of scope of work for the Environmental Management Unit of PB	194
Table 4.36:	Examples of TQM Department's responsibilities related to EMS	200
Table 4.37:	Examples of the environmental management responsibilities of project team	201
Table 4.38:	List of environmental management guidelines attached in the contract documents	204
Table 4.39:	Examples of the responsibilities of the Environmental Section of Contractor A	208
Table 4.40:	Examples of responsibilities of the Environmental Officer of Contractor B	214
Table 4.41:	Examples of responsibilities of the Site ESH Officer of Contractor B	214

## LIST OF FIGURES

Figure 2.2:	Components of construction documents, contract documents and bid documents	17
Figure 2.3:	Elements of strategic management	23
Figure 2.4:	Construction methods and environmental planning	25
Figure 2.5:	Environmental Management System (EMS) cycle	34
Figure 2.6:	How environmental assessment can affect construction contracts	38
Figure 3.1:	Survey groups and number of questionnaires sent to each group and subgroup	70
Figure 3.2:	Construction value chain for second workshop activity	91
Figure 3.3:	Stakeholder Power/ Interest Matrix	91
Figure 4.1:	Percentage of survey respondents according to survey groups	105
Figure 4.2:	Overall respondents' working experience	106
Figure 4.3:	Type of respondents from construction players (Group 2)	107
Figure 4.4:	Types of respondents from other agencies (Group 4)	108
Figure 4.5:	Percentage of responses according to survey groups (Groups 1-4) on the strategy to include environmental management elements in contract documents.	109
Figure 4.6:	RII ranking profile among commitments of construction players	112
Figure 4.7:	Different percentages of environmental management financial allocation from the total project cost and the corresponding responses	113
Figure 4.8:	Relative Importance Index (RII) ranking profile for environmental management cost items to be included in bill of quantities of the contract documents	116
Figure 4.9:	RII ranking profile among environmental management elements to be included in the contract documents.	119

Figure 4.10:	Ranking profiles among the benefits (Bf's a-h) of environmental management in tender and contract documents	127
Figure 4.11:	Ranking profiles for success factors (SF's a-g)	134
Figure 4.12:	Related departments in other agencies involved in environmental management activities	139
Figure 4.13:	Departments responsible for environmental management activities from local authorities	139
Figure 4 14:	Overall workshop participants according to organization/agencies	143
Figure 4 15:	Stakeholders involved according to construction phase identified by the focus groups	161
Figure 4.17:	Weakness index for PA Contract Documents	189
Figure 4.18:	Weakness index of PB contract documents	196
Figure 4.19:	Weakness index of PC contract documents	202
Figure 4.20:	Weakness index of contract documents (Contractor A and subcontractor)	211
Figure 6.1:	Model framework of drivers for inclusion of environmental management elements in contract documents: Malaysian perspective	247

## LIST OF PLATES

Plate 3.1:	Focus group brainstorming for 'Asking Why' activity in Melaka	88
Plate 3.2:	Focus group brainstorming for 'Asking Why?' activity in Miri	88
Plate 3.3:	Presentation by representative of focus group for 'Stakeholder Analysis' activity	91
Plate 3.4:	Example of concrete crushing for recycling at construction site	93
Plate 3.5:	Example of demolition waste at construction site	93
Plate 3.6:	Example of wash trough at entry/ exit of construction site	93
Plate 3.7:	Example of water bowser to control dust during dry season	94
Plate 3.8:	Example of earth drain and perimeter bund	94
Plate 3.9:	Example of silt trap at construction site	94
Plate 3.10:	Focus group discussion for 'Preparation of Contract Document' activity in Melaka	95
Plate 3.11:	Focus group brainstorming for 'Preparation of Contract Document' in Miri	95
Plate 3.12:	Presentation by representative of the focus group for 'Preparation of Contract Document' activity	95
Plate 4.1:	Briefing by the EMS in house audit team (project proponent) before starting site inspection at the project site	187
Plate 4.2:	Site inspection of the material, equipment and vehicles storage areas of the project	187
Plate 4.3:	Concrete crushing for recycling at construction site	198
Plate 4.4:	Requirement for wash trough at entry/ exit of construction site of PB	198



Plate 4.5:	Site visit at Contractor A project site. Spoils from dredging activities are placed along the site boundary create dust (drier periods) and surface runoffs (wetter periods) as well as safety hazards to the adjacent residential areas	209
Plate 4.6:	Site visit to Contractor B project site: siltation of a lake due to soil erosion and siltation from neighboring construction sites	213

## **LIST OF APPENDICES**

### APPENDIX A: Postal Questionnaire Survey

- A.1 Questionnaire for Public Works Department (Group 1)
- A.2 Questionnaire for Construction Players (Group 2)
- A.3 Questionnaire for Department of Environment (Group 3)
- A.4 Questionnaire for Other Agencies (Group 4)

### APPENDIX B: Workshop on Environmental Management in Construction Industry, Kuala Lumpur

### APPENDIX C: Environmental Management in Construction Industry, Nationwide Workshops

- C.1 Introductory Presentation Handouts
- C.2 Activity 3 Worksheet
- C.3 Results from Activity 3

### APPENDIX D: EMS Audit Protocol

### APPENDIX E: Recommendations

- E.1 Checklist for Allocation of Roles and Responsibilities
- E.2 Guidelines for EMSiC

### APPENDIX F: List of Publications and Events

## **LIST OF ABBREVIATIONS**

WTO	World Trade Organization
GATS	General Agreement in Trade and Services
CIDB	Construction Industry Development Board, Malaysia
PMI	Project Management Institute
PMBOK	Project Management Body of Knowledge
DOE	Department of Environment, Malaysia
TCPD	Town and Country Planning Department, Malaysia
LA	Local Authorities
DID	Drainage and Irrigation Department, Malaysia
EMS	Environmental Management Systems
SMM	Standard Method of Measurements
CESMM	Civil Engineering Standard Method of Measurements
PAM	Persatuan Arkitek Malaysia
IEM	Institution of Engineers, Malaysia
PWD	Public Works Department, Malaysia
SO	Superintending Officer
EU	European Union
GATT	General Agreement on Tariffs and Trade
EA	Environmental assessment
LCA	Life cycle analysis
EMAS	Eco-management and Audit Scheme
ISO	International Standard Organization
EQA	Environmental Quality Act, 1974 (Act 172)
EIA	Environmental impact assessment

LCP	'Laporan Cadangan Pemajuan'
CP	Construction players
RII	Relative importance index
MBAM	Master Builders Association of Malaysia
REHDA	Real Estate and Housing Developers Associations of Malaysia
AECCOM	Association of Environmental Consultants of Malaysia
ACEM	Association of Consulting Engineers of Malaysia
NGO	Non governmental Organizations
ANOVA	Analysis of variance
SD	Strongly disagree
DA	Disagree
QA	Quite agree
A	Agree
SA	Strongly agree
ERP	Emergency response plan
EMAR	Environmental monitoring and audit report

## **LIST OF SYMBOLS**

$\Sigma$	Summation
$w$	Weighting given to each factor
$A$	Highest weight
$N$	Total number of samples
$COV$	Coefficient of variation
$S$	Standard deviation
$x_w$	Weighted mean of sample

# **KAJIAN POTENSI PENERAPAN ELEMEN PENGURUSAN PERSEKITARAN KE DALAM DOKUMEN KONTRAK BAGI PROJEK PEMBINAAN DI MALAYSIA**

## **ABSTRAK**

Industri pembinaan di Malaysia sangat memerlukan pengurusan persekitaran strategik untuk menterjemah misi pembangunan mapan dan memastikan keberkesanan amalan baik alam sekitar di tapak binaan. Penerapan elemen pengurusan persekitaran dalam dokumen kontrak bagi projek pembinaan telah dipilih sebagai satu strategi pembangunan mapan di peringkat projek. Kajian ini bertujuan menentukan posisi strategik pengurusan persekitaran dalam projek pembinaan dan mencadangkan pemacu perubahan untuk memastikan strategi ini menjadi tindakan. Analisa strategi pengurusan persekitaran telah dijalankan daripada tiga perspektif projek pembinaan: aspek dalaman, jaringan dan luaran. Kajian ini merujuk kepada pihak yang terlibat dalam industri pembinaan di Malaysia melalui soal selidik pos, perbincangan panel pakar dan kajian kes, bagi meneroka dan mendalami cadangan penerapan elemen pengurusan persekitaran dalam dokumen kontrak. Hasil kajian menunjukkan kepentingan integrasi pengurusan persekitaran ke dalam pengurusan projek, skop elemen pengurusan persekitaran, jadual bahan yang terperinci untuk elemen pengurusan persekitaran dan pengetahuan, kepakaran dan kelayakan sumber manusia sebagai aspek dalaman projek pembinaan yang mempengaruhi penerapan elemen pengurusan persekitaran ke dalam dokumen kontrak. Pengaruh aspek jaringan industri pembinaan ke atas strategi adalah komitmen terhadap pengurusan persekitaran daripada pihak yang terlibat dalam pembinaan, budaya terhadap kualiti, kos dan masa, dan keupayaan agensi teknikal. Aspek luaran projek binaan pula adalah pelaksanaan polisi alam sekitar pada peringkat tempatan dan projek, mekanisma penguatkuasaan undang-undang dan penyertaan aktif daripada pihak awam dan badan bukan kerajaan. Berdasarkan dapatan kajian,

penyelidikan ini merangka dan mencadangkan enam pemacu perubahan untuk penerapan elemen pengurusan persekitaran dalam projek pembinaan: i) integrasi pengurusan projek, ii) pengurusan persekitaran dalam dokumen kontrak, iii) pembangunan modal insan, iv) perubahan organisasi dan budaya, v) mekanisma institusi dan undang-undang, dan vi) inisiatif pihak kerajaan dan awam. Kesimpulannya, kajian ini menjelaskan faktor yang mempengaruhi penerapan elemen pengurusan persekitaran dalam dokumen kontrak, menyediakan asas yang kukuh untuk pihak CIDB dan pihak lain untuk meningkatkan prestasi industri pembinaan di Malaysia, dan menyumbang terhadap pengetahuan mengenai pengurusan persekitaran strategik dalam industri pembinaan.

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**ABSTRACT**

Strategic environmental management in the Malaysian construction industry is very much needed to translate the mission of sustainable development for effective environmental best practices at construction site. Inclusion of environmental management elements in contract documents of construction projects was chosen as the sustainable development strategy at project level. The study aimed to determine the strategic position of environmental management in construction projects and to recommend key drivers for changing the strategy into action. Strategic environmental management analysis was conducted from three perspectives of construction projects: internal, network and external aspects. The study consulted the Malaysian construction stakeholders via postal survey, expert panel discussions and case studies to explore and scrutinize the proposed inclusion of the environmental management elements in contract documents. The research revealed the importance of integration of environmental management into project management, scoping of environmental management elements in contract documents, specifications for environmental management elements, itemized environmental management elements in bill of quantities; and human resources knowledge, competence and skills as internal aspects of construction projects that influences the inclusion of environmental management elements in contract documents. The construction project network influences on the strategy were, the commitments of the construction stakeholders on environmental management, the culture on quality, cost and time, and the capabilities of the technical agencies. The external aspects of construction projects determined in the study were implementation of environmental policy at the local and project levels, the legal enforcement mechanisms and the active participations of the public and the

NGOs. Based on the findings, the study formulated and recommended six key drivers of changes for inclusion of environmental management elements in contract documents of construction projects: i) integrated project management; ii) environmental management in contract documents; iii) knowledge and capacity building; iv) organizational and cultural changes; v) institutional and legal mechanism; and vi) government and public initiatives. Thus, in conclusion this study elucidates factors that influence inclusion of EMS elements in construction contract documents, offer leverage to CIDB and other related parties to improve environmental performance of the Malaysian construction industry, and contributed towards better understanding of the area of strategic environmental management in construction industry.



# CHAPTER 1

## INTRODUCTION

### 1.1 Preamble

In construction, environmental impacts arise during the construction process as well as from the physical existence and operation of the completed structure (Carpenter, 2001a). Significant contributions of construction activities to the degradation of environmental quality and the mission of sustainable development have put pressure on the construction industry to improve their environmental performance (Ofori, 1992; Spence and Mulligan, 1995; Rees, 1999; Dulaimi et al., 2001; Ofori et al., 2002).

One of the frameworks suggested, to achieve sustainable development in construction industry is the use of Environmental Management System (EMS) (Hill and Bowen, 1997; Ofori et al., 2000; Ofori et al., 2002; Shen and Tam, 2002). In general, EMS can be defined as part of the overall management system which includes the organizational structure, responsibilities, practices, procedures, processes and resources for determining and implementing the firm's overall aims and principles of action with respect to the environment (Kolk, 2000). Organizations implement EMS to address an organization's impact on the environment, maintain compliance with environmental regulations, lower environmental costs, reduce risks, train employees, develop indicators of impacts and improve environmental performance (Christini et al., 2004). EMS also can provide opportunities for creative prevention of pollution. Instead of only looking at 'end of the pipe" solution, an EMS develops procedures to help a company minimize its overall environmental impact (Sasseville et al., 1997).

However the construction industry is still facing problems due to the prevalent construction culture where clients view time, quality and cost as the well expected objectives of every construction project (Ofori, 1992; Havranek; 1999). Therefore, Ofori (1992) suggested that proper managing of the environment should be the fourth objective of the construction project; and this is in concordance to the opinion held by Havranek (1999), who pointed out that project management must satisfy environmental requirements in all the three objectives i.e. time, quality and cost.

The measures being taken in relation to environmental issues have had many consequences in the construction industry. According to Ofori (1992), the Economic Commission for Europe considered environmental measures were felt mostly through an increase in investment costs and a lengthening of the process of designing, planning and carrying out of the construction. According to Christini et al. (2004) there are significant resource requirements for an EMS, especially management and worker time in developing plans, documenting the EMS, undertaking training, accomplishing EMS tasks and undergoing environmental audits. Accordingly, environmental management requirements designed for construction projects were suggested to be included in the construction contracts to ensure implementation and improved environmental performance (Sanvicens and Baldwin, 1996; Hickie and Wade, 1997; Hill and Bowen, 1997; Hill, 2000; Carpenter, 2001c).

Construction contracts are the written agreements signed by the contracting parties (mainly the project proponent and the contractor), which are binding and defines relationships and obligations (Zaghloul and Hartman, 2003). Smith (1995) added that contracts are also a planning tool, whereby, in developing contracts, the spectrum of potential risks can be identified and then addressed in contract language. In essence, a contract is a handbook of performance; it will set out clear, consistent

and concise language, the procedures to be followed for such things as inspections, tasks, roles, responsibilities, payments, and interpretations of the contract documents.

## **1.2 Rationale for Research**

Carpenter (2001a) defines construction as fitting parts or materials together to make something – such as a structure to provide shelter, a bridge or foundation to carry loads, an embankment to support raised way or a dam wall to impound water. In its broadest sense construction is responsible for the 'built environment'. The construction industry participates in every phase of the development, from investment and financing to site planning engineering, and architecture; through project execution; and even into facilities management. It is clear then, that the construction industry plays a central role in the economic development (Moavenzadeh, 1994).

Around the world, construction processes and practices are under scrutiny. Changing markets, new technology and rising client expectations are stimulating radical reviews of how the industry can be re-engineered to enhance its environmental performance (Yitmen, 2007). Construction has a poor image mainly as a result of the industry's failure to change the attitudes, technologies, processes and culture (Moavenzadeh 1994, Dulaimi et al. 2001, CIDB 2000; Yitmen 2007).

The traditional concern of designers and builders had been the protection of constructed items from the effects of the environment. However, the industry had realized that together with the industries that supply the building material, construction industry is also one of the largest exploiters of natural resources. Construction projects may have environmental implications arising from the nature of the design, the method of construction, the location and layout, the physical structure or its use. Accordingly the effects of construction operations and products on the environment

have received much attention (Ofori, 1992; Spence and Mulligan, 1995; Carpenter, 2001b).

Jamaluddin (1999) indicates that one important aspect within the natural process system is response and the physical environment is very sensitive to disturbance either natural or due to human activities. Environmental deterioration starts to occur when the disturbances exceed the optimum level and no appropriate management measures are taken. Environmental impacts of construction activities are typically classified as air pollution, waste pollution, noise pollution and water pollution.

Issues relating to the environment are receiving attention from governments, non-governmental organizations and trade associations in most sectors of the economy, as well as the general public. The implications of these trends result in heightened pressure to consider environment as part of the culture of the construction industry (Ofori, 1992). Environment and development are not separate challenges; they are inexorably linked (Jamaluddin, 1999) and research conducted in this topic have shown that environmental management is essential to safeguard the environment and ensure sustainable development (Ofori, 1992; Sanvicens and Baldwin, 1996; Hickie and Wade 1997 and 1998; Hill, 2000; Ofori et al., 2000). Consequently, environmental management in the construction industry has been implemented in many countries throughout the world such as the United States of America (MacDonald, 2004), Kuwait (Kartam et al., 2004), South Africa (Hill, 2000), Hong Kong (Shen and Tam, 2002), China (Zhen et al., 2004), Singapore (Ofori et al., 2000) and Sweden (Faith-Ell et al., 2006).

A global research agenda on environmental management in construction industry has emerged after the publications of the Bruntland Report also known as *Our Common Future* which was published in 1987. This report put forward a key statement on sustainable development. Considerable effort has been devoted to research in this area and has been conducted along several fronts for example: integrated project management (Hill, 2000; Zhen et al., 2004), monitoring systems and follow-up activities (Harrington and Canter, 1998); environmental management systems (Zhi et al., 2000; Tam et al., 2004; Ofori et al., 2000; Zhen et al., 2004); environmental management system in design (Aminatuzuhariah, 1996); environmental performance indicators (Tam et al., 2006); waste management (Kartam et al., 2004); environmental management plan (Hickie and Wade, 1998; Sanvicens and Baldwin, 1996); environmental requirements in construction contracts (Ofori and Chan, 1999; Faith-Ell et al., 2006); eco-labelling in construction (Ball, 2002) and strategies and challenges in construction industry (Dulaimi et al., 2001; Cheng et al., 2004; Yitmen, 2007).

Smith (1995) identified environmental compliance and constraints as construction risks and suggested that allocation of these risks by improving contracts and contracting practices would save construction costs. Faith-Ell et al. (2006) conducted two studies of the implementation of environmental requirements in Swedish road maintenance contracts. The studies examined the fulfillment and follow-up of the requirements, the client's intention behind the requirements, and factors influencing the contractors' environmental performance. Ofori and Chan (1999) discussed the contractual provisions for sustainability in construction in Singapore. Review on the works of Sanvicens and Baldwin (1996), Hill and Bowen (1997) and Hill (2000) revealed that the authors dealt with in-depth discussions on the implementation of environmental management system in construction. However, applications of

environmental management in construction contracts were only briefly mentioned in the papers to support the framework suggested by the authors.

In Malaysia, considerable effort has been devoted to the study of environmental management. For the most part investigations have concentrated on environmental impact assessment (EIA) reviews (Ahmad Kamarulnajib et al., 1998), studies on environmental parameters in EIA (Haslynda, 2000; Al-Madhoun, 2004); environmental monitoring and audit (Abdullah, 1997), and the usage of expert system in EIA (Aljack, 1997; Foo, 1998; Sehkaran, 1998). However, few scholars had examined environmental management in construction for example sustainable architecture (Ahmad Sanusi, 2004) and construction waste management (Begum, 2007).

Studies on ISO 14001 environmental management systems in Malaysia were conducted by Wang (2002), Samuel (2002), Lee (2004) and Low (2004). Lee (2004) conducted a survey on ISO 14000 certified companies registered with SIRIM, the registering authority in Malaysia. The author reported that most of the certified companies were electrical and manufacturing.

There are very few studies on environmental management in construction industry. Hasmawati (1997) investigated and developed a model to establish environmental management within remit of construction professionals in procurement of building projects. Contract law and its application in relation to environmental problems in Malaysia were examined by Muhammad Rizal (2002). It is clear that this represents a lack in our knowledge on environmental management in construction industry and this need to be addressed. In essence, the potential of construction contracts for attainment of proper environmental management in construction projects has not been fully investigated by the researchers in this area.

### **1.3 Scope of Research**

Given the unsatisfactory state of environmental management in construction industry and the limited research conducted on its inclusion in contract documents, it is compelling to undertake a research on environmental management elements in the contract documents for construction projects in Malaysia. Accordingly, this research explores and identifies the status of construction projects in implementing measures to improve environmental management in construction. Based on the strategic management approach (Johnson and Scholes, 2002), this research investigates four major themes in order to identify the strategic position of construction projects to include environmental management in construction contracts. Firstly, the influence of external environment on construction projects; secondly, the internal factors such as the capabilities of construction projects; thirdly, the expectations and purposes (network factors) required of construction projects; and fourthly, the inclusion of the environmental management elements in the contract documents.

This research, therefore, has been structured around four key questions. Firstly, what are the external factors that influence employment of environmental management in construction projects in Malaysia? This demands investigations on the global influence on construction industry and on the inclusion of environmental management in construction contracts. Secondly, what are the internal factors (capabilities) required to include environmental management elements in construction contracts? This question demands identification of the success factors which includes the knowledge and competence required and assessing the construction projects resources in meeting these factors. Thirdly, what are the expectations and purposes (network factors) of the construction stakeholders in relation to the strategy? The question requires assessment of the roles, responsibilities, culture, organizational and ethical issues of the stakeholders in relation to environmental management in

construction projects. Finally, the last question, what are the changes required for attainment of environmental management in construction contracts? This part requires establishment of specific findings on which to base practical recommendations of key drivers to improve environmental management in construction projects via inclusion of environmental management elements in contract documents.

Environmental management elements and contract documents are terms used in the present research to signify the strategic measures and instruments chosen to improve implementation of environmental management in construction projects.

#### **1.4 Research Objectives and Methodology**

To probe the key questions outlined above, seven research objectives were identified for further investigation in this study. These are listed below:-

- 1) To establish the concepts and characteristics of contract documents in construction projects;
- 2) To explore the concepts and characteristics of environmental management in construction industry;
- 3) To verify the external environment influence on the inclusion of environmental management elements in construction contracts;
- 4) To ascertain the resources and competence required for environmental management in construction contracts;
- 5) To determine construction stakeholders expectations and purposes in relation to implementation of environmental management in construction contracts;
- 6) To investigate environmental management elements in construction contracts of selected construction projects;



- 7) To elucidate specific findings to base practical recommendations of key drivers for the inclusion of environmental management elements in contract documents.

In order to achieve these objectives, the study employed several research methodologies which are briefly described below. Detailed discussion of these methodologies is given in Chapter 3. A literature review is employed to appraise environmental management in construction is important to achieve all the research objectives, but was of particular important for objectives 1 and 2. Postal survey and expert discussions were designed to achieve objectives 3, 4 and 5. Environmental audit protocol was developed to assist case studies and satisfy objective 6. Strategic analysis such as SWOT analysis, power/interest matrix and sustainability/ cost matrix were employed which lead to the main findings and accordingly became the basis for recommendations to satisfy objective 7. In conclusion, employing these methodologies mean that all the objectives of the research could be achieved and the four key questions posed in this research are explored in a scientifically rigorous manner.

### **1.5 Limitation of Research**

A study on the status or position of environmental management in construction can be very broad. The current research is conducted on an exploratory manner to distinguish the position from the perspectives of the construction stakeholders. Thus, it is important to note that detailed environmental management elements being practice in the construction industry is not investigated. The subject of study, contract documents are confidential and have legal implications, therefore, the extent to which the documents may be reviewed are very limited.

In conclusion, this research represents a significant contribution to environmental management research in the construction industry. In particular, this research will: (i) elucidate factors that influence inclusion of EMS elements in construction contract documents; (ii) establish Guideline for EMS in Contract Documents for improvement of Bill of Quantities and Specifications for environmental best practices in construction projects; (iii) offer leverage to CIDB and other related parties to improve environmental performance of the Malaysian construction industry, environmental management in construction industry; and research on sustainable development strategy in construction industry.

## **CHAPTER 2**

### **LITERATURE REVIEW**

This chapter starts with the description of construction industry, projects and contracts. Strategic environmental management concept is discussed as the theoretical framework and followed with an appraisal of issues related to the strategic environmental management in construction industry. It is important to note that most of the reviews were based on researches, practices and experiences of other countries. Hence, a section of this chapter was devoted to review the environmental management in the construction industry in Malaysia as the procedure and practices may be different from other countries.

#### **2.1 Construction Industry**

Construction is defined in various ways in literature. Webster's Revised Unabridged Dictionary, defines construction as a process or art of constructing; the act of building; erection; the act of devising and forming; fabrication; and composition (CIDB, 2000). Carpenter (2001c) defines construction as fitting parts or materials together to make something – such as a structure to provide shelter, a bridge or foundation to carry loads, an embankment to support raised way or a dam wall to impound water. In its broadest sense construction is responsible for the 'built environment'.

According to Fadhlin (2004), the Malaysia Industrial Classification 1972 (updated 1979) followed the definition by International Standard Industrial Classification of all economic activities issued by the United Nations (1968) which defines construction as follows:

*“...constructing, altering, repairing and demolishing building; constructing, altering and repairing highways and streets and bridges; viaducts, culverts, sewers and water, gas and electricity mains; railway roadbeds, sub-ways and harbour and water ways; piers, airports and parking areas; dams, drainage, irrigation, flood control and water power projects and hydroelectric plants; pipe lines; water wells; athletic fields, golf courses, swimming pools and tennis courts; communication systems such as telephone and telegraph lines; marine construction, such as dredging and under water rock removal; pile driving, land draining and reclamation; and other types of heavy construction . . . mining services such as preparing and constructing mining sites and drilling crude oil and natural gas wells... specialist trade contractor’s activities...”*

*“The assembly and installation on site of prefabricated, integral parts into bridges, water tanks, storage and warehouse facilities, railroad and elevated right-of-way, lift and escalator, plumbing, sprinkler, central heating, ventilating and air-conditioning, lighting and electrical wiring, etc. systems of buildings and all kinds of structures...”*

CIDB (2000) uses the definition given in Construction Industry Development Board Malaysia Act, 1994 (Act 520) which defines construction works as:

*“construction, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of:*

- a) any building, erection, edifice, structure, wall, fence or chimney, whether constructed wholly or partly or below ground level;*
- b) any road, harbour, railway, cable way, canal or aerodrome;*
- c) any drainage, irrigation or river control works;*
- d) any electrical, mechanical, water gas, petrochemical or telecommunication works;*
- e) any bridge, viaducts, dam, reservoir, earthworks, pipeline, aqueduct, culvert, driveshaft, tunnel or reclamation works.”*

An industry is a group of related economic activities classified according to the type of goods or services supplied. Following the definitions of construction and industry, construction industry is that sector of an economy which constructs, alters, repairs and demolishes buildings, civil engineering works and other similar structures; the assembly and installation on site of prefabricated components and building engineering services (Fadhlin, 2004).

### **2.1.1 Construction Project**

According to Havranek (1999), the definition of a project has been the subject of considerable debate among the practitioners of the profession. The Project Management Institute (PMI) in the Project Management Body of Knowledge (PMBOK) has published the definitions for a project and various definitions have appeared over time. Havranek (1999) adopts the definition of a project that acknowledges the activities must be completed in accordance with established specifications (scope), must have defined starting and ending dates (schedule), require funding limits (budget), and will consume resources (material, equipment, and people). According to Oberlender (1993) project consists of three components, which is the scope, budget (finance) and schedule. Abdul Rashid and Abdul Aziz (1999) listed various views and summarized 'project' as a process to achieve specific objectives and involves specific phases in the life cycle; short term where temporary organization (ad hoc) is set up; involves one aim, where the final product can be explain from the cost, time and implementation requirements; involves specialists from various profession and organization; assignments are interdependent and need coordination; each project is different due to the different situation, materials and equipments; objective oriented; and product management.

Management can be define and mean different things to different people. According to Havranek (1999) there are five functions or principles of classical management: planning, organizing, staffing, controlling and directing. Abdul Rashid and Abdul Aziz reviewed various definitions of management and concluded that in essence management involves processes (technical and social); decision-making and implementation; decisions that involved limited resources; and also to achieve predetermined aim.

Oberlender (2000) defined project management as the art and science of coordinating human resource, machineries, materials, money and schedule to complete a project within specific time and cost. Given the working definition of a project and understanding of the classical management functions, Havranek (1999) defined project management as:

*'the art and science of planning, organizing, integrating, directing, and controlling all committed resources – throughout the life of a project – to achieve the predetermined objectives of scope, quality, time, cost, and customer satisfaction.'*

Following the definitions given; construction project is a unique undertaking that constructs, alters, repairs and demolishes buildings, civil engineering works and other similar structures within a specific objective, a series of tasks, defined scope and specifications, schedule for completion, budget and resource consumption. Construction project referred and used in this research is deemed to comprise the civil engineering and building construction works.

### **2.1.2 Construction Project Value Chain**

Construction project process and activities can be described according to the phases and the value chain of the construction project can be summarized as in Figure 2.1. The figure clearly illustrates the main process of the phases and the main players involved during each phase.

The feasibility analysis is performed to examine the proposed investment (project) from several standpoints that is on cost of money, schedule, budget, and market demand. The developer/ client often consult architects and engineers for design advice; and contractors for cost and constructability advice. This phase also requires the developer/ client to secure financial backing for the project (Gould and Joyce, 2003).

Design of the project is usually divided into distinct stages: programming, schematic, design development and construction documents. Programming is a concisely written project objective matched to the owner's budget and schedule; schematic stage is the investigation on different design alternatives that meet the program; design development stage is a continuation and refinement of the selected design and scheme accomplished on a system-by-system basis; and construction documents stage is the preparation of the final documents used to describe the work to the builders. At this last stage of design, the designer creates the final working construction documents used to bid the job for construction and to build the job in the field. These documents are particularly important because they represent the work as it will be actually constructed (Gould and Joyce, 2003).

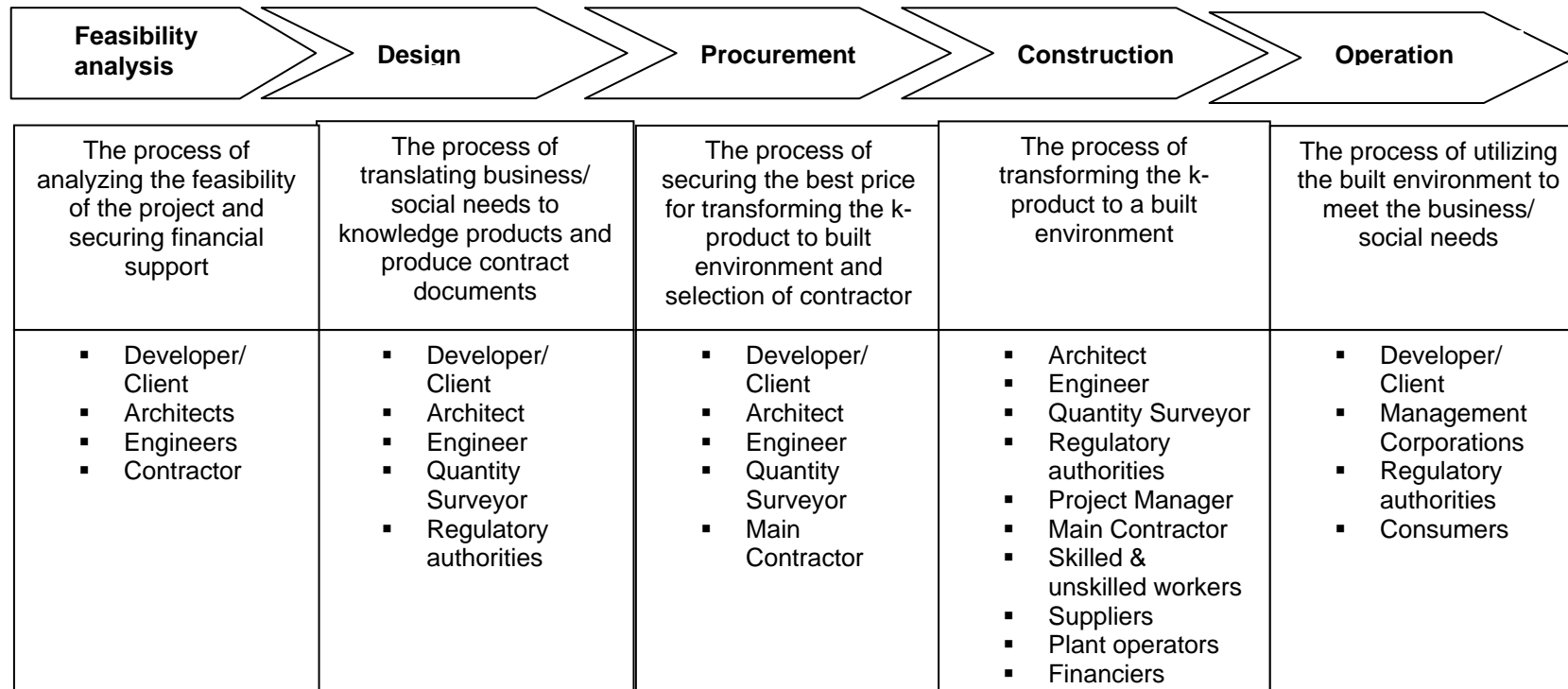


Figure 2.1: Construction value chain, main process and main players involved in the chain  
(adapted from CIDB, 2000 and Gould and Joyce, 2003)



The bid requirements, the agreement, technical specifications, drawings, addenda, and contract modifications all form part of the construction documents. Figure 2.2 illustrates the relationship of the many components. The construction documents translate the owner's needs so that the contractor can execute them correctly, thus they are the communication link among the parties in the project. Therefore, the specifications and drawings must be accurate and clearly communicate the scope of work (Gould and Joyce, 2003).

<b>Construction documents</b>	✓	Bid forms	✓	<b>Bid documents</b>
	✓	Instruction to bidders	✓	
<b>Contract documents</b>	✓	✓	Contract forms	✓
	✓	✓	General conditions	✓
	✓	✓	Supplementary conditions	✓
	✓	✓	Technical specifications	✓
	✓	✓	Drawings	✓
	✓	✓	Addenda	✓
	✓	✓	Change orders	

Figure 2.2: Components of construction documents, contract documents and bid documents (source: Gould and Joyce, 2003 p 175)

Procurement stage involves the overall process of finding and purchasing the materials called for in the contract and hiring the best contractor to build the project. At this stage the related construction documents also known as bid documents (refer to Figure 2.2) are given to interested parties (Gould and Joyce, 2003).

Construction phase is when the actual works take place. In general, construction activities can be described as: a) handling of materials and equipments and b) techniques for handling them which require the capability and resources of constructors to produce the desired product. The main element involved in construction is the task of managing and coordinating the field operations. This means scheduling the crews in

proper sequence, choosing the most efficient and safe construction techniques and methods, and directing the production process for the activities. To accomplish this task, the construction professional must order the correct materials, ensure an adequate supply of the necessary tools and equipment, and monitor schedule, cost and quality (Illingworth, 2000; Carpenter, 2001c). Another task in this stage is the contract administration which involves controlling changes to the scope of the project, accounting for payments and other costs, maintaining work schedules, keeping track of contract documentation and monitoring quality-control tasks (Gould and Joyce,2003).

After actual construction is complete, the project must be turned over to the owner. However, often this turnover involves complicated technical issues and problems such as training of special equipments installed, certificates of warranty, and obtaining various other legal certificates. Lastly, operational stage is the responsibility of the owner and/ or the tenant of the building and usually does not involve either the architect or the construction professional (Gould and Joyce, 2003).

### **2.1.3 Construction Contracts**

Construction contracts are the written agreements signed by the contracting parties (mainly an owner and a contractor), which bind them, defining relationships and obligations (Zaghloul and Hartman, 2003). Uff (1989) listed the objectives of construction contract: providing necessary resources for the efficient administration of the work; providing an apportionment of risk arising out of the performance of the work and the end product of the work; providing for possible contingencies regarding price, time and other variables; providing for the coverage of any risks which are not to be borne ultimately by the parties; facilitating proper management of the works being carried out; achieving proper economy in regard to performance of the works and the

finished product; maintaining sufficient flexibility to attain the proper objectives of the contract; and dealing appropriately with disputes which may arise out of the contract.

Smith (1995) gave a brief outline of the role of construction contracts where the main role is as a source of rights, responsibilities and procedures. As part of the allocation of rights and responsibilities, contract can also be used to assign risk. Contracts are also a planning tool, that is, in developing contracts, the spectrum of potential risks can be identified and then addressed by contract language. In essence, a contract is a handbook of performance; it will set out with clear, consistent and concise language the procedures to be followed for such things as inspections, payments, and interpretation of the contract documents.

Contract documents are the means by which a designer's intentions are conveyed to the client, the statutory authorities, the quantity surveyor, the contractor and the subcontractors (Murdoch and Hughes, 1996). Components of contract documents are shown in Figure 2.2. The articles of agreement record in general terms what the parties have agreed to do. They identify the parties, description of the project and the work, date of start, date of substantial completion, liquidated damages, the contract sum, progress payment, interest rates, retainage, final payment and enumeration of contract drawings. They tie these obligations to the conditions and to the other contract documents (Murdoch and Hughes, 1996; Gould and Joyce, 2003).

The purpose of the general conditions is to establish the legal responsibilities, obligations, authority, and rights of all parties involved in the project. As the name implies, these conditions are general in nature and apply to any construction project. Special conditions or supplementary conditions are intended to supplement the general conditions and are project specific. Special conditions include additional owner

requirements. However, the special conditions are not contractual in nature; therefore they are properly part of general conditions (Gould and Joyce, 2003).

Drawings are the tools by which the designer's intentions are conveyed to the contractor. The detail design drawings contain information which shows how the separate parts interact and how detailed information from specialist sub-contractors and from other designers is coordinated and presented. In essence, drawings provide information about the shape, appearance and location of the various components which have to be assembled (Murdoch and Hughes, 1996).

According to Murdoch and Hughes (1996), specifications define the materials and products to be used, the standard of work required; any performance requirements and the conditions under which the work is to be executed. The authors also emphasized that in preparing a useful and accurate specification, it is essential to be systematic and methodical.

According to Murdoch and Hughes (1996) the purpose of bills of quantities, and their status, may vary under different standard form of contracts. The bills typically consist of preliminaries, preambles and measured works. The contracts govern the preparation of the bills, typically specifying that bills have been prepared in accordance with the relevant standard method of measurement. Since the bills have such contractual significance, it is often necessary to be fully cognizant of what the relevant Standard Method of Measurement (SMM) contains. Any item of work that is not measured in line with the principles in the SMM must be expressed categorically in the bills, in term of both the nature of the change and which items are affected.

## 2.2 Strategic Environmental Management

Strategy can be seen in many ways. Strategy can be seen as the matching of the resources and activities of an organization to the environment in which it operates; where the notion is to develop the strategy by identifying the opportunities and adapting resources and competences to make the most out of the opportunities. Strategy can also be seen as building on an organization's resources and competences to create opportunities or to capitalize on them. Therefore strategic decisions are likely to be concerned with the scope of an organization's activities and affect the operational decisions. The strategy adopted is also affected by the values and expectations of those who have power in and around the organization – the stakeholders of the organization (Johnson and Scholes, 2002). Identification of potential opportunities and threats facing the organization based on its strengths and weaknesses forms part of the background to which strategic decisions are made and provides insight into the difficulties of implementing strategic change (Dobson and Starkey, 1993).

Johnson and Scholes (2002) defined strategy as *'the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations'*. Therefore strategic management includes understanding the strategic position of an organization, strategic choices for the future and turning strategy into action (see Figure 2.4) .

The strategic position is concerned with the impact on strategy of the external environment, internal resources and competences, and the expectations and influence of stakeholders. Strategic choices involve understanding the underlying bases for future strategy at both the corporate and business levels and the options for developing strategy in terms of both the directions and methods of development. Lastly, strategy

into action is concerned with ensuring that strategies are working in practice (Johnson and Scholes, 2002).

Kolk (2000) proposed a strategic approach to environmental management implies that three sets of issues can be appraised: the risks that firms may incur from (neglect of) the environment, the possibility of increasing strategic control by integrating environmental aspects into different stages of the value chain, and the market opportunities of developing firm-specific green capabilities. Therefore, strategies can be examined from three inter-related perspectives: outside-in (external influences), inside-in (inside influences) and inside-out (network influences). Table 2.1 lists the aspects for strategic environmental management.

Table 2.1: Aspects to consider for strategic environmental management: three perspectives

Perspective	Aspect
Outside-in (external influences)	<ul style="list-style-type: none"> <li>- Industry structure (competition, markets, products, environmental risks)</li> <li>- Main regulatory influences (in home and host countries, international)</li> <li>- Other forms of environmental pressure (customers, societal organizations)</li> </ul>
Inside-in (inside influences)	<ul style="list-style-type: none"> <li>- Economic characteristics of the firm (profit, market shares, market strategy, control structure, degree of vertical integration, diversification and internationalization)</li> <li>- Firm-specific resources and capabilities</li> <li>- Organization structure</li> <li>- Environmental impacts and risks</li> </ul>
Inside-out (network influences)	<ul style="list-style-type: none"> <li>- Network and dependency relationships; assessment of core firms</li> <li>- Major environmental problems in product chain (s) and network</li> </ul>

Source: Kolk (2000: 78)

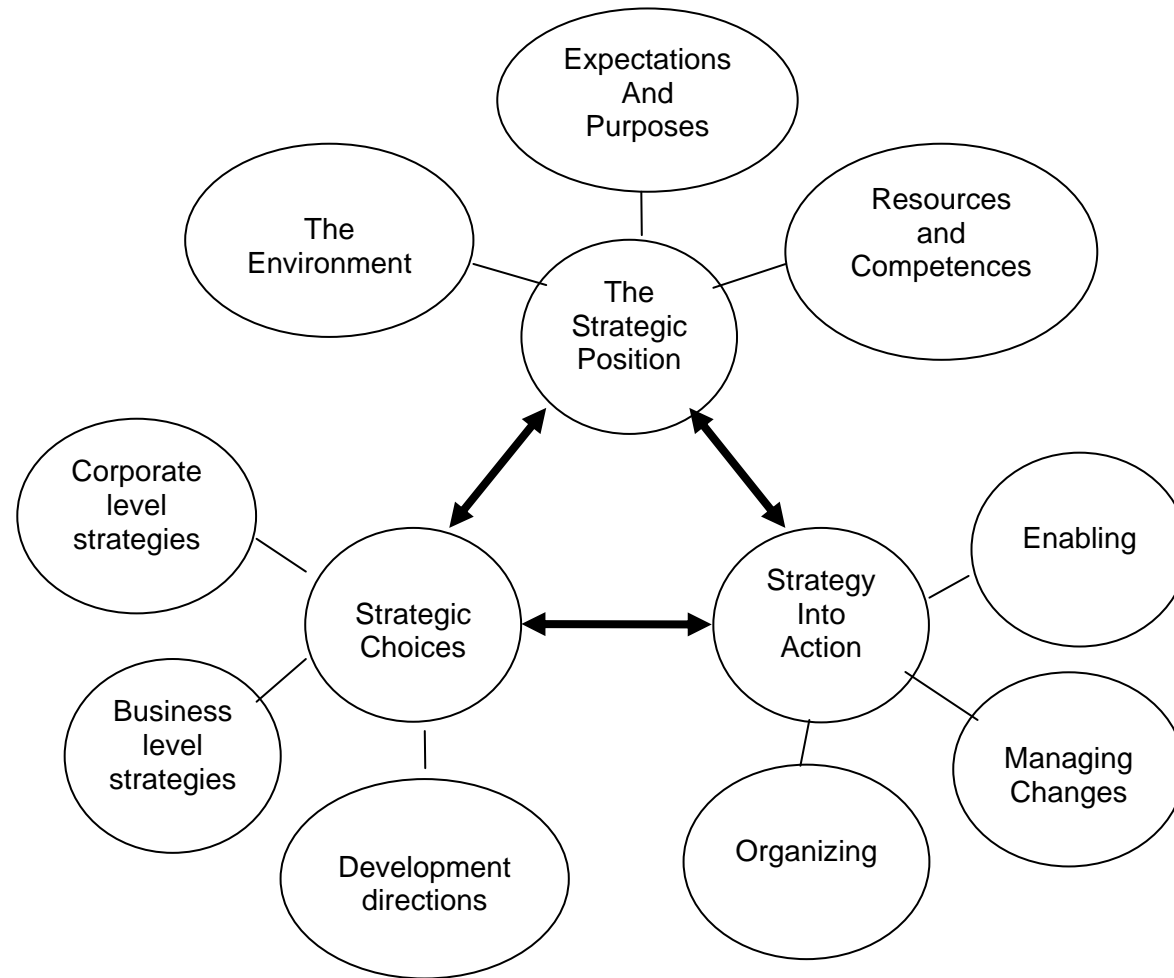


Figure 2.3: Elements of strategic management (Johnson and Scholes, 2002)

Havranek (1999) was also in accord that environmental management issues can be appraised in relation to differing objectives of project stakeholders; charged political nature of construction projects; conflicting regulations; uncertainty/ conflict with traditional engineering process; and unrealistic specifications.

The following sections apprise environmental management in construction projects from three perspectives: the external influences, the internal (resources and competences) influences and the network (expectations and purposes) influences.

### **2.2.1 External Influences**

The external influences or the outside-in perspective for strategic environmental management in construction projects considers three aspects: the industry structure, main environmental regulations and other environmental pressures (refer to Table 2.1).

#### **2.2.1(a) Construction Industry Structure**

The construction industry is involved in creating the physical assets which are the basis of virtually every aspect of development, and thus in the creation of much of the world's man-made capital. But the industry is also one of the largest exploiters of natural resources, both mineral and biological. Its activities cause irreversible transformations of the natural environment (Spence and Mulligan, 1995).

Carpenter (2001a) proposed the sequence for analyzing environmental impacts of construction project activities (see Figure 2.6) and in planning how the construction activities shall be undertaken in terms of appropriate equipment and machinery, organization of work sites and accommodation and management of both construction and public traffic. Environmental impacts during construction may arise from the building of foundations; the building of structure; the protection or removal of existing buildings;