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Ethics

In

Project Management

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When I think about ethics in project management, a scene from the movie *Apollo 13* comes to mind. The scene involved three American astronauts who were minutes away from taking off to the moon. The rockets were about to ignite the thousands of pounds of fuel that would propel them into outer space. Bill Paxton, the co-pilot, turned to Tom Hanks, his crew commander, and said, "Do you realize we're sitting on thousands of pounds of fuel that was built by the lowest bidder?" A funny line, but it connotes, of course, that there was a possibility that the construction upon which they were placing their very lives could have been built by a contractor who cut corners in order to ensure he turned a profit.

Let's face it, every company is in business to make a profit. And many, dare we say most, unethical decisions are made in the interest of turning higher profits. Whether a contractor over-promises and under-delivers; cuts corners to save labor, time, or materials; or uses inferior equipment or materials, the bottom line is, it's unethical. It is a business owner's responsibility to determine what his maximum profit can be without compromising ethical integrity. When it comes to ethics, Martin believes "... persons and safe products come first, not profits" (p.357).

The business owner also has a responsibility to make the company's ethical beliefs known to both its internal and external customers. As a project manager, it is important to be ethically savvy, knowing what to look for when choosing a contractor. And as a potential employee, you must determine what your ethical standards are and make the decision to only work for a company that meets those standards.

This paper will define ethics; explain why it is important to run an ethical construction company, giving examples of how it can be done; explore some of the reasons unethical decisions are made; and educate project managers and potential employees about what to look for when choosing a construction company.

Ethics is "the activity of understanding moral values, resolving moral issues, and justifying moral judgements, as well as the discipline or area of study resulting from that activity" (Martin 3). As engineers, many of us like for everything to fit very neatly into one of two areas, black or white. Unfortunately, with ethics, we have to be willing to accept the fact that there is often a lot of gray.

Not all unethical decisions are made by the contractor alone. For example, let's assume there were some construction problems with the Apollo 13 rocket. Did the owner provide the contractor enough time to build the rocket or was the contractor rushed to ensure public

perception wouldn't be tarnished? In this case, perhaps both the owner and the contractor practiced unethical behavior. The owner may have been more concerned with public perception and perhaps saving money, and the contractor may have cut corners in order to get the job done both on time and within budget, without taking the ramifications of such action into account. You can certainly see how the situation can very quickly become gray.

Sound ethics are needed in all vocations, but they are especially important in construction project management, where unethical behavior could mean the difference between life and death or serious injury. As a business owner, if you expect to be in business for the long haul, it's clearly in your best interest to establish good ethics at the outset. Setting general ethics parameters and sticking to them will help earn respect amongst your customers as well as your colleagues. Only hire people with proven track records for upholding the highest ethical standards, create internal ethics policies and make them known. Punish unethical behavior. And always, always adhere to the terms of the contract.

Once you create these policies for ethical procedure and *enforce* them, your sales force and marketing materials can mention them as an added benefit to using your company, which can help set you apart from your competition and earn your company respect within the industry.

Construction contracts that are awarded solely on the basis of cost often start out with an adversarial relationship that must be recognized by the owner and project manager. This can lead to a relationship that lacks trust, honesty, and fairness. In an ethical environment, it goes without saying, no bribes or kickbacks should be tolerated by either party – they will only threaten good judgement. Always listen to your gut feelings, if you think what you're about to do may be wrong, it probably is. Erring in the direction of caution is always the best course of action.

Mercifully, the trend of awarding contracts based solely on cost is changing. As many years and many botched projects have proven, that process almost invites unethical behavior on the part of bidders. There's an old saying, "You can have it good, fast and cheap. Pick two. You can have it good and fast, but you can't have it cheap. You can have it fast and cheap, but you can't have it good. You can have it cheap and good, but you can't have it fast." Although this saying was obviously coined by a contractor, there is some truth to the thought process. While the goal, of course, is to create a win/win situation, remember, every company has to make a profit in order to stay in business. If that's not a possibility, given the scope of the

project, some companies will submit a bid with the intent to cut corners on the construction. As a project manager, it is important to be aware of this fact.

Construction is often experimental in nature. A project manager relies upon abstract models that, when complete, may or may not meet their intended purposes. Project managers must live up to this challenge and look upon it as a "calling." They create products, expand frontiers, and are "personally committed to using their skills and abilities to achieve a high social goal" (Schlossberger 41).

During the course of construction, a project manager can usually anticipate many moral challenges. This is a risky business and these challenges cannot be ignored. If ignored, they can resurface at a later date and cause significant damage on a regional, national or even international scale. For example, those who constructed the Titanic claimed it was an "unsinkable" ship. However, what made the sinking so tragic was not necessarily that the Titanic sunk, but that the number of people who had died could have been drastically reduced had there been an adequate number of lifeboats. In the interest of aesthetics, the unethical decision was made to reduce the number of lifeboats, thereby making it impossible for all the passengers and crew on board to be saved. In hindsight, we see this was clearly the wrong decision.

In order to prevent tragic events like this from happening, a project manager must:

1. Focus on the safety of all people.
2. Look for potential problems in the construction.
3. Remain personally involved in all steps of the project.
4. Be accountable and accept the responsibilities of his duties.

If a project manager adheres to these concepts the public can be assured that if a product fails, "it will fail safely, that the product can be abandoned safely, or that the user can safely escape the product" (Martin 177).

Some other reasons individuals and company's make poor ethical decisions are when their pride or reputation is at stake, they fear a potential lawsuit, or they are afraid to fail. It should be made clear to all employees in the construction industry that construction is a team concept and that they have a professional responsibility to always act in the best interest of the public before they protect themselves, their company, or their colleagues.

When a project manager has some identifiable proof that harm can be done to the public he should present the concern to his immediate supervisor. If no action is taken from management, the project manager has an ethical responsibility to whistleblow. This is, by far,

the most difficult ethical decision a project manager can be faced with, since it can lead to termination of his job or severely impact his reputation. Schlossberger (87) recommends four criteria that can be used in order to determine if whistleblowing is required:

1. As a matter of principle: the evil is so heinous that to remain silent is to ignore one's deepest moral commitments.
2. As a matter of responsibility: one is directly responsible for righting the wrong.
3. As a practical matter: the harm to oneself or one's goals is much greater than the harm one will incur by fighting.
4. When there is no neutral option.

Table 1 identifies the most common conflicts that a project manager can be faced with. By understanding these conflicts, a project manager can know what to look for and possibly prevent some large-scale damage to the public.

Table 1: Common Conflicts (Martin, 356)

1. Conflicts over schedules, especially where managers must rely on support departments over which the manager has little control.
2. Conflicts over which projects and departments are most important to the organization at a given time.
3. Conflicts over personnel resources made available for projects.
4. Conflicts over technical issues, in particular over alternative ways to solve a technical problem within cost, schedule, and performance objectives.
5. Conflicts over administrative procedures, such as extent of the manager's authority, accountability procedures and reviews, and administrative support.
6. Personality conflicts.
7. Conflicts over costs.

In the *Atlantic Reporter, 2nd Series*, a case cited as *157 A.2d 412, Clement Martin, Inc. v. Gussey* can be found. This case involved a bid submitted by a subcontractor, Gussey Floor Contracting Company, to install both tile and wood floors. The prime contractor, Clement Martin, Inc. was awarded the contract and promised Gussey that he would be awarded the subcontract. However, Martin received another bid that was lower in price to install the wood floors and decided to award the tile floor installation to Gussey, and the wood floor installation to the other bidder. Gussey refused to sign the contract stating that his original bid included costs to install both the tile and wood floors.

Martin decided to lie to him stating that the architect would not approve Gussey as the subcontractor for the installation of the wood floor, when, in fact, the architect had never indicated this. Of course, this act was fraudulent and the court ruled in Gussey's favor. Again,

as seen in Table 1, one of the common conflicts that exists in project management is a conflict over costs. Upon reviewing this case, it is easily determined that the prime contractor made a poor ethical decision based upon profit alone. Martin's decision was based solely in his own self-interest and as a result his company could become known as "cut-throat." In addition to tainting his reputation, this case could also void any chance he had of getting another contract.

Project managers are not perfect. However, time and again, organizations do not learn from past mistakes. Martin states that poor communication within an organization, fear of inexperience, fear of litigation, and plain negligence often lead to the repetition of past mistakes (83). A good example of this is the nuclear reactor accident that occurred in 1979 at Three Mile Island. The accident was a result of the organization's failure to pay attention to reliable information about the potential malfunction of the reactor's pressure relief valves. The valves eventually failed, thereby contaminating the environment.

As stated previously, an organization or company sets either a positive or negative ethical climate. Salary should never be the primary factor in establishing the company for which you choose to work. Many companies are not willing to share technical information about how they do business for fear that it may have an impact on their competitive position. This makes it extremely difficult for new project managers entering the work force. Martin (355) believes the following criteria should be considered when looking for a job in project management:

1. Ethical values in their full complexity are widely acknowledged and appreciated by managers and employees.
2. Ethics language is recognized as a legitimate part of the corporate dialogue.
3. Top management sets a moral tone.
4. Procedures are in place for conflict resolution.

An ethical company will form a foundation of good business and avoid any costly situations that could develop as a result of poor judgement. Table 2 provides some basic functions that are normally practiced by a company and sample ethical questions that could be asked by managers and potential employees in order to judge the ethical climate.

The *Southwestern Report, 2nd Series*, cites a case, *599 S.W. 2d 221, Thomas J. Osterberger v. Hites Construction Company*. This case involved the Osterberger's who were interested in purchasing a house from Hites Construction Company. The president of this company drew up the sales agreement between both parties and intentionally failed to disclose some relevant information in the deed of trust about the home.

Table 2: Functions and Sample Ethical Questions (Martin, 385)

Function	Sample question
Conceptual design	Will the product be useful? Not illegal, as are certain drugs now and possibly landmines later?
Market study	Is the study unbiased or is it embellished to attract investors?
Specifications	Do they meet established standards and codes? Are they physically realizable?
Contract	Are cost figures and time schedules realistic? Is a bid made low to get the job, with the hope of renegotiating?
Analysis	Is there an experienced engineer who can judge if a computer program gives reliable results?
Design	Alternatives explored? Safe exit provided? User friendliness stressed? No patents violated?
Purchasing	Will parts and materials be spot tested for quality upon receipt?
Manufacturing parts	Is the workplace safe, free of noise and toxic fumes? Is time allowed for quality workmanship?
Assembly, construction	Are workers familiar with the purpose and basic functions of the product? Who supervises safety?
Final test of product	Are testers sufficiently independent of manufacture or construction management?
Sale of product	Any bribes? Is advertising honest? Are customers given good advice? Is informed consent required?
Installation, commissioning	Do users get training? Is the safe exit tested? Are neighbors informed of possible toxic emissions?
Use of product	Are users protected from harm? Are users informed of risks?
Maintenance and repair	Is maintenance regularly carried out by competent staff? Does the manufacturer still carry spare parts?
Product recall	Is there a commitment to monitor the "experiment" and, if necessary, to recall the product?
Decommissioning	How are recycling of valuable materials and disposal of toxic wastes handled at end of useful life?

The Osterberger's maintained, they would never have been interested in purchasing the home if this information had been made available to them at the outset. It is evident that the ethical tone set by top management in this situation was disgraceful. Had the president asked himself the questions from Table 2, next to *Sale of Product*: "Am I giving these customers good advice?" and "Is informed consent required?" he clearly would have known the answer and would never had been taken to court and lost this case which could have potentially damaged his company's reputation.

Again, every organization sets an ethical tone for its employees. And the most difficult challenge that a project manager can be faced with is when a fellow colleague or supervisor is

about to put the safety of the public at risk. Overall, when faced with an ethical situation that involves personal profit or reputation versus the trust and safety of the public, a project manager should always make his decision based on what is best for the public. Without this as a standard for operation, the public would loose faith in every automobile that is purchased, every airplane that is flown, and every building that is constructed. By being familiar with conflicts that could arise and what questions need to be asked, a project manager can be guided toward making ethically correct decisions and avoid mistakes as significant as those made in the example of the Titantic or as small as those made in the Martin case. Regardless of what is at stake, public protection should never be compromised.

References

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