Report on a Case by the Board of Ethical Review

Case No. 62-16

Engagement in Engineering and Non-engineering Activities

Facts:
A corporation has an integrated operation embracing engineering, construction, and manufacturing. In its brochure and advertisements the corporation states that it is engaged in activities embracing all of the above-listed operations. It will provide any portion of these services as may be desired by a client. The corporation usually acts for clients on large projects, such as power plants, factories, dams, etc., and has separate divisions for each of the primary functions. All of the engineering operations are under the direction of professional engineers.

Question:
Do the Canons of Ethics restrict the practice of engineering in association with non-engineering activities by the same organization?

References: Canons of Ethics-Canon 8- "The engineer will act in professional matters for each client or employer as a faithful agent or trustee." Canon 9-"He will act with fairness and justice between his client or employer and the contractor when dealing with contracts." Canon 17-"He will not be financially interested in the bids as or of a contractor on competitive work for which he is employed as an engineer unless he has the consent of his client or employer." Canon 18-"He will promptly disclose to his client or employer any interest in a business which may compete with or affect the business of his client or employer. He will not allow an interest in any business to affect his decision regarding engineering work for which he is employed, or which he may be called upon to perform."

Discussion:
All of the cited Canons require, in essence, that the engineer will not allow any other private or personal interest to come between him and the client in performing his duty to give the client the fullest measure of protection in serving the client's interests. Under this mandate, the integrity of the engineer together with his pride in professional performance dictate that he not take any action which would not be in the best interest of the client.

Multiple operations of the type involved here could create problems in meeting his obligation, but the same problems may exist under(any circumstances of organization if the engineer is not mindful of his duty. The engineers responsible for the design phase of a project are required to consider first the welfare of the client in connection with the selection or recommendation for the performance of the construction phase, even though both operations are part of the same organization. Likewise, the engineers in the construction or manufacturing operations of the company must strive for that type of decision which best serves the client's interests.

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Canon 17 specifically permits an engineer to have a financial interest in the construction of the project, provided the client knows of the exact arrangement. Canon 18 also recognizes the ethical propriety of more than one financial interest in a project under the same limitation.

Whether it is advisable for the client to place the engineering in the same organization as that which handles the construction or manufacture for the project is a decision solely for the client and is not limited by the Canons of Ethics. The guiding and controlling principle is simply that the engineers who are responsible for any part of the work may not allow possible conflicting interests of the organization among its various operations to influence or control professional decisions. If such conflicts should arise it is the duty of the engineers involved to make the facts known to the client in order that he may determine the direction which he wishes the organization to take in performing for him as "a faithful agent or trustee."

Conclusion:
The Canons of Ethics do not restrict the practice of engineering in association with non-engineering activities by the same organization, provided that the engineers in each phase of the operation treat the interests of the client as paramount to any other consideration.

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