Report on a Case by the Board of Ethical Review

Case No. 69-5

Recruitment - Incentives To Staff

Facts:
The engineering department of a large manufacturing company, at the suggestion of senior engineers in the department, adopted a policy announcing to all of its engineering employees that it would pay a bonus of $100 to any present engineering employee who recommended the hiring of other engineers who were actually employed. The announcement stated that the purpose of the policy was to help meet a tight competitive market for engineering employees on the theory that the present engineering employees might know of other engineers who would consider employment with the company if personally contacted by the present employees.

Questions:
Q.1. Was it ethical for the senior engineers to recommend the policy adopted by the company?

Q.2. Would it be ethical for the engineering employees to act upon the policy and accept the bonus for the successful recruitment of new engineering employees?

References:
Code of Ethics-Section 1- "The Engineer will be guided in all his professional relations by the highest standards of integrity, and will act in professional matters for each client or employer as a faithful agent or trustee."

Section 1(e)-"He will not attempt to attract an engineer from another employer by unfair methods."

Section 11-"The Engineer will not compete unfairly with another engineer by attempting to obtain employment or advancement or professional engagements by competitive bidding, by taking advantage of a salaried position, by criticizing other engineers, or by other improper or questionable methods."

Discussion:
The issue in this case is akin to that in Case 69-3 in that it raises the question of permissible types and degrees of techniques to search out and hire qualified engineers in a period of intense competition for engineering personnel.

In Case 69-3 we bottomed our conclusion on the finding that the Code does not prohibit the utilization of personnel consultants to search for engineering personnel in the absence of improper pressure on other firms or individuals, and on the basis that ". . . the decision as to interest remains with the individual engineer." However, we did note

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in the earlier decision that it would be improper ".. . if the prospective employer or his agent made personal contact and sought to induce the employee away from his present employment."

In the case before us the engineering employees of the company are agents of their employer and are to make personal contact with prospective engineering employees. On the basis of the known facts, it is possible that a new employee might be recommended and hired without direct personal contact with the prospective employee, but taken in context we believe the general plan indicates an emphasis upon contact with engineers known personally to the present employees.

Admitting the lack of any guideline on the meaning of "unfair methods" in Section 1(e), we nevertheless believe that this type of personal contact, plus the inducement of a bonus for successful recruitment, is very close to, if not over, the borderline of "unfair methods." This approach comes very close to the idea of "pirating" other employees. The Code does not refer to "pirating," but we believe that this is the objectionable concept to which Section 1(e) is directed.

We also perceive another point of distinction, if a fine one, with regard to our emphasis in Case 69-3 on the initiative for a change in employment coming from the prospective employee to the prospective employer, rather than the other way around. In the case before us the initiative to change employment comes from the agent of the prospective employer. True, the employee being solicited to change employment is free to reject the overture, but there is inevitably a certain amount of pressure exerted upon him at the initiative of the prospective employer through the engineer-agent-employee. His "sales pitch" to the prospective employee is almost bound to involve comparisons between the employers, and necessarily to emphasize the advantages of the prospective employee making a change.

The concept of paying a bonus to engineering employees to induce, entice, or encourage other engineers away from their current employment has the ring of commercialism. It goes beyond the concept of the engineer-employee being a "faithful agent" of his employer. That mandate in Section 1 of the Code refers to the professional relations of the engineer-employee, whereas when acting as a solicitor of other engineers for a bonus he would be acting outside of his professional duties.

Conclusions:*

Q.1. It was not ethical for the senior engineers to recommend the policy adopted by the company.

Q. 2. It would not be ethical for the engineering employees to act upon the policy and accept the bonus for the successful recruitment of new engineering employees.

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