



## An engineering vaccine?

Tough new laws and oversight boards will fundamentally reshape the accounting profession and its contract with the public, both here and in the United States. What can the profession of engineering do to avoid having similar measures imposed upon it? A compulsory ongoing ethics program would be a start, the author argues.



by Jim Ridler, P.Eng.

In July/August and September/October 2002 issues, this ethics series focused on the Enron and Arthur Andersen ethical and business failures. These failures were shown to be contagious, spreading to many other companies and to general concerns regarding the accounting and auditing professions. The latter concerns extended to the regulatory bodies that were supposed to be protecting the public. In particular, the self-regulation of the accounting profession came under government scrutiny, due to the public outcry and loss of confidence in the accounting profession.

As a result, the American accounting profession is now to be regulated by a new independent board, with a minority of accountants. In Canada, a new independent board was set up with similar but more limited powers. Recently, the Ontario government brought forward Bill 213 to open up public accounting so that certified management accountants and certified general accountants will be entitled to do what only chartered accountants have been allowed to

do—audit public companies. The bill would also create a more independent regulatory body to put the public interest ahead of that of accountants. The accounting profession in North America has found out that self-regulation is not a right, but a privilege—a privilege that was withdrawn once the profession lost the confidence of the public and government.

### Our common ground

Why is this relevant to the engineering profession? We have much in common and should learn the lessons taught by the other's problems. First, let's look at the common ground we have shared. We have had the privilege of a self-regulating monopoly, under provincial law, as highly regarded professionals. The public does not have the ability to judge our competence. Thus, the public has to trust our judgment, which makes it vulnerable. This trust is based on the public perception of credibility.

This credibility in turn depends on the professional's competence and character. The ethical guidelines we professionals must follow to maintain this credibility are not just rules (e.g. do not commit professional misconduct), but values (e.g. our

ethics code) such as honesty, integrity and transparency.

Both professions are faced with serious potential conflicts of interest, whether practising as consultants or as technical or managerial employees in an organization. Our primary priority should be to protect the public, but there are many temptations to pursue our own best interests instead. If we submit to these temptations, the public could be hurt seriously. With accountants, the public hurt is financial. With engineers, it can be an endangered environment, public health or public safety that are of paramount concerns.

Pursuing our own interests and using deception to cover up is usually found out. The result is lost credibility, as our character is now in question. If the public hurt is strong enough, it will lead to government investigation. If the self-regulating profession is defensive, it will be perceived as self-serving and not acting in the public interest. This will reinforce government's response to public pressure, with tougher laws and regulations as a result. It may even lead to the loss of the profession's privilege of self-regulation. This has already happened with the accounting profession.

## The vaccine

While some American accountants have broken the profession's rules, the more pervasive concern has been the loss of ethical values, especially that of putting the public interest first. As a result, we have seen too many financial statements that followed the "rules" but misstated the reality of the company's performance and position.

The message for professional engineers is that the profession's self-regulation—by having criteria for entrance into the profession, practice rules and discipline for those who break them—is not enough. This compliance-based, reactive model is the bare minimum for trying to ensure ethical practice and protection of the public. The accountants had this model. It failed.

What is needed in addition to the regulatory compliance model is a general and individual striving for professional ethical excellence. This requires a proactive approach, based on instilling ethical values in the professional engineering culture and practices such as are embodied in the PEO's Code of Ethics (Section 77 of Regulation 941). Remember that credibility comes from competence and character, not just obeying the rules. Progress toward ethical excellence requires principled leadership. It means clear ethical standards, ethical decision-making skills, the courage to follow through on those ethical decisions and recognizing our accountability for those decisions.

It also means doing the right thing, in the right way, for the right reasons. Striving for ethical excellence will go a long way to immunizing our profession from Andersenitis. How can we best build on our current compliance-based model and progress toward ethical excellence?

## The specifics

The vision of professional engineering licensing bodies should include ethical excellence as a necessary characteristic of their licensees. Their mission should include striving to instil this ethical excellence in all licensees. Plans to achieve this mission should include improving the priority for, and quality of, ethics teaching in our engineering schools. A mandatory course, taught early by knowledgeable and motivated professors using current, quality resources, would be a significant step forward. The profession's ethics

program would support and audit these courses and work with engineering school deans to produce a high quality result. This effort will send a strong message that engineering ethics is considered to be a vital priority by the profession. The association could also encourage the incorporation of engineering ethics into professional development courses and seminars, providing cases and support materials, especially when there are new or difficult issues like harassment, or standards in international practice.

Communications by the associations should make clear the vital role of ethics. Speeches and interviews with their leaders should show that they are "walking the ethics talk" by being the spokespeople and providing role models. The Code of Ethics could play a predominant role in these communications.

Other possible responses by engineering organizations, either regulatory or member services, include:

- ◆ establishing an ombudsperson role, including the encouragement and sup-

port of responsible whistle blowing;

- ◆ recognizing ethically excellent performances, through an "Integrity" award;
- ◆ introducing periodic individual signoffs stating that members are aware of, and adhere to, the Code of Ethics; and
- ◆ encouraging individual members to volunteer for community support activities.

Such actions would demonstrate that the profession accepts its ethical responsibility. In turn, it could help to immunize the profession against Andersenitis, by honouring our social contract with the public to put its interest first. ◆

**Jim Ridler, P.Eng., is principal, James G. Ridler and Associates in Lansdowne, Ont., and a director of the Canadian Centre for Ethics and Corporate Policy. He coordinates the professional practice course for the Professional Development Centre (Engineering) at the University of Toronto and teaches business ethics at Queen's University.**