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Decision-making in a Competitive Business Environment: A Guided Case Study Discussion

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ABSTRACT

Case studies provide valuable tools for teaching and learning in higher education. They often offer real-life scenarios in a simulated environment. However, the case study discussions are highly dependent on the instructor's approach and perspective. In most cases, the students are presented with basic information and asked to review case studies for ethical identification. Although this approach is effective when there are multiple, well-developed, and detailed cases, it does not actively simulate the decision-making process. This paper presents a case study discussion that focuses on the decision-making process in a competitive business environment. The case includes a company's disclosure of propriety information to its competitors in a business meeting hosted by the potential client. After summarizing the case details and ethical identification, the paper focuses on the event's decision-making process. This example has been tested in the classroom at several levels and with industry practitioners at different venues. Based on this experience, possible reactions and tips on how to direct the discussion are included in the paper. The purpose is to present a detailed resource to educators for presentation and active discussion, which provides for possible actions to be undertaken within the presenter's company and towards the other participants in the meeting.

INTRODUCTION

Ethics, social responsibility, and trust are critical issues for all professions in the built environment. The importance of this subject is reflected in numerous professional codes of ethics and professional conduct statements such as the American Institute of Architect's Code of Ethics and Professional Conduct [1], the National Society of Professional Engineers' Code of Ethics for Engineers [2], and the American Institute of Constructors' Code of Conduct [3]. Since it is recognized as an essential part of professional practice, ethics and social responsibility education also became a required part of the higher education system for professional degree programs through accreditation criteria, including the Accreditation Board for Engineering and Technology [4], the American Council for Construction Education [5], and the National Architectural Accrediting Board [6]. The accreditation standards define a learning outcome of ethical understanding as an element of the profession without providing any specific approach.

There are several educational materials available for ethics education that provide information at the fundamental level and focus on discipline-specific issues. Among the available materials, case studies offer valuable tools for teaching and learning in higher education. They often provide real-life scenarios in a simulated environment. For example, design-specific cases and discussions usually become the focal point in professional design curriculums [7], while contractual and competitive relationships take center stage in construction curriculums [8]. There are also comprehensive study materials and educational approaches which present a broader perspective [9-12].

However, these subjects' discussions and study are highly dependent on the instructor's approach and perspective. In most cases, the students are presented with the necessary information and asked to review case studies. Most of these materials focus on ethical identification and do not provide an opportunity to explore what should be done after the problem is identified [13-15]. Some studies attempted to attach numerical values to conflicts in pursuit of rational identification [16]. Although these resources provide valuable information for the discussion of ethical principles, they do not actively simulate the decision-making process.

This paper aims to present an organized and practical discussion framework that may serve as a model for simulating the decision-making process. Although experienced faculty members or professionals may quickly expand on the case study, the intent is to provide a structure to be utilized by junior faculty members or less experienced professionals.

The case presented in this paper focuses on the decision-making process, after the ethical identification, in a competitive business environment. The case includes a company's disclosure of propriety information to its competitors in a business meeting hosted by the potential client and its representatives. In this scenario, the construction company representatives were not aware of the identity's other attendees in the meeting and provided information that would otherwise not be included in the presentation. After a summary of the case details and ethical identification, the paper focuses on the decision-making process.

This example has been tested in the classroom at several levels (several classes at sophomore, junior and senior levels in the last decade) and with industry practitioners at different venues (trade association and professional society meetings). Based on this experience, possible reactions and tips on how to direct the discussion are included in the paper. The purpose is to present a detailed resource to educators for presentation and active discussion, including possible actions to be undertaken.

APPLIED ETHICS AND THE DECISION-MAKING MODEL

Ethics can be defined as a science of morals, moral principles, or code. Applied ethics is a person's systematic approach to determining and selecting values for individual conduct and applying these values in human interrelationships. These basic definitions drive the relationships between parties in professional and business contexts.

In 2006, Hatipkarasulu and Gill proposed a systems approach for teaching ethics in the built environment disciplines, starting with the basic definitions of system structure, ethical principles, professional responsibilities and identity, followed by decision-making and handling conflicts [11]. Our experience confirms the effectiveness of the approach suggested by Hatipkarasulu and Gill. The first steps of the approach establish a strong foundation and provide a practical method to introduce the system structure, terminology, codes, and relationships, especially at first- and second-year courses. The structured discussion example presented in this paper focuses on addressing the last step of the approach; the decision-making process.

The tone and style of discussion are critical in conducting classroom exercises and encouraging active participation. Two simple recommendations can be noted for a successful discussion. The first is not to institute a strong lecturing attitude before and during the discussion. Presentation of ethical principles, professional code of ethics, and sample scenarios may provide proper preparation for the discussion; however, it is important to pay close attention to delivery tone. The second recommendation is to encourage exploration of ideas and maintain continuity during the discussion, although the conversation may deviate from the initial question. In agreement with Hatipkarasulu and Gill's suggestions [11], our experience also shows that differentiating between legality and ethics, and avoiding situational analysis are also very important for the overall argument.

In the example presented in this paper, the students are challenged to handle a business conflict that requires them to report to their managers with an action plan. The decision-making model follows a modified version of the structure proposed by Hatipkarasulu and Gunhan for a job offer scenario [17]. The decision-making process has three major stages: the event (noted as "the offer/challenge" by Hatipkarasulu and Gunhan [17]), the dilemma, and the decision. This modified model can be adapted for different scenarios and can be extended for further discussions.

THE SCENARIO AND FRAMEWORK

Using the modified model, the example in this paper is built on a straightforward scenario. The scenario includes a company's disclosure of propriety information to its competitors in a business meeting hosted by the potential client and its representatives. The construction company representatives were not aware of other attendees' identities in the meeting and provided information that would otherwise not be included in the presentation. As the first stage of the model, the students are provided with the following information:

Company: Sunset Construction (SSC)

Team Position: Senior Advisors to President

Communication: You have received the following memo:

> I am glad to hear about the meeting invitation for the Elderly Housing Project. Please report to me after the meeting.
>
> M. J. Smith, CPC
> President, Sunset Construction

Background: A pastor of a church was attempting to build a 50 unit elderly housing project. The pastor had been dealing with the state's Housing and Economic Development Authority regarding inexpensive financing and heard that SSC had recently completed two 40 unit elderly housing projects using conventional financing. The pastor, who had hired an architect, was interested in why your company decided to use private financing and was impressed with what your company had done. Looking to get a construction management contract, you shared your full experience with the pastor and even did some number crunching for him that would normally have been part of your estimating function.

After some more "estimating work", you requested a meeting with the church's building board in hopes of getting your proposal accepted. You told your

President that the company had been invited to the meeting and he instructed you to make the presentation and keep him informed.

Unknown to you, the architect invited several companies who would be your competitors and who were being interviewed that same day. At the meeting there were about twenty people present and the building chairman was introduced to you by the pastor. The pastor proceeds to also introduce you and the company by reviewing the work that you had done with him. There were no introductions of others present in the meeting.

The interview was conducted with the usual presentation, general questions and then detailed questions pressing for hard details relating for the project. Some of the questions concerned percentage fees and building procedures were very detailed. After the meeting, you are told that there were two competitors in the room.

The information is printed on a 5x8 index card to maintain a compact and organized delivery, as illustrated in Figures 1 and 2. A "Notes" page is also included to maintain the framework of the analysis and discussion.

CASE STUDY 3

COMPANY: Sunset Construction (SSC)

TEAM POSITION: Senior Advisors to President

COMMUNCIATION:

You have received the following memo:

> I am glad to hear about the meeting invitation for the Elderly Housing Project. Please report to me after the meeting.
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> M. J. Smith, CPC
> President, Sunset Construction Company

BACKGROUND:
A pastor of a church was attempting to build a 50 unit elderly housing project. The pastor had been dealing with the state's Housing and Economic Development Authority regarding inexpensive financing and heard that SSC had recently completed two 40 unit elderly housing projects using conventional financing. The pastor, who had hired an architect, was interested in why your company decided to use private financing and was impressed with what your company had done. Looking to get a construction management contract, you shared your full experience with the pastor and even did some number crunching for him that would normally have been part of your estimating function.

After some more "estimating work", you requested a meeting with the church's building board in hopes of getting your proposal accepted. You told your President that the company had been invited to the meeting and he instructed you to make the presentation and keep him informed.

Unknown to you, the architect invited several companies who would be your competitors and who were being interviewed that same day. At the meeting there were about twenty people present and the building chairman was introduced to you by the pastor. The pastor proceeds to also introduce you and the company by reviewing the work that you had done with him. There were no introductions of others present in the meeting.

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Figure 1. Case Study Index Card – Scenario Page

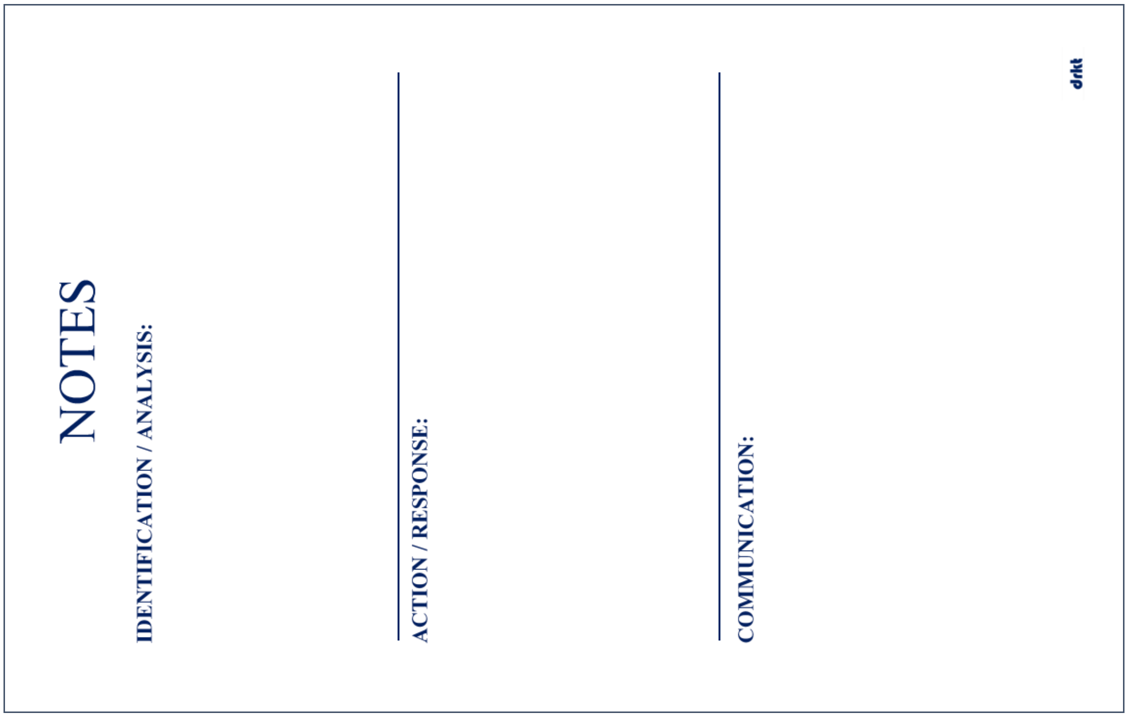

Figure 2. Case Study Index Card – Notes Page

The students are asked to review the information and complete the "identification/analysis," "action/response," and "communication" sections on the index cards. The use of index cards makes it possible to deliver this scenario individually, which may be more appropriate for smaller groups or group assignments. The review and answer task typically takes five to ten minutes, depending on the discussion level.

THE CLASSROOM DISCUSSION

The example presented in this paper is an example of a relatively simple and realistic scenario. In the last few years, we have conducted this case study discussion with different audiences, including college students, mid/high-level managers in the industry, and construction company owners. The case is usually presented combined with a formal ethics lecture where the fundamental definitions and principle to application concepts are covered based on the Hatipkarasulu and Gill [11] approach. This particular case study receives a high level of attention from senior-level students (especially after completing their internships) or industry practitioners since the response and discussion require a specific understanding of construction industry practices.

The ethical identification/analysis is perhaps the easiest part of the discussion. The students typically identify unfair circumstances quickly. There are no apparent legal conflicts in the scenario. It is also possible to match the identification process directly to specific codes of ethics when presented as a part of the accompanying lecture. On the other hand, the lack of simple business etiquette of introducing all meeting participants is noted as the root cause of the complications.

The second part of the discussion introduces "the challenge" and "the decision" stages of the model. When students are asked to report their answers, the initial "action/response" notes are expected to be limited. Most answers will gravitate towards how to answer the President of their own company. However, at this time, the following series of questions can be introduced for a more in-depth exploration of the possible actions:

1. How would you report to your President?
    a. How would you explain the divulging of proprietary information?
    b. Would you recommend pursuing the job under these circumstances?
    c. Would you recommend any procedures to prevent such situations?
2. Would you communicate any concerns to the Pastor?
3. Would you communicate any concerns to the Architect?
4. Would you communicate any concerns to the other Contractors?

This list of questions can be extended depending on the level of response from the audience. It is essential to underline that the project is still not awarded to any party at the time of the report to the President. There is a motivation to secure the job regardless of the circumstances.
Our experience suggests that the instructor should initially play the President's role to carry the discussion further. For example, suppose the audience suggests that the company should not pursue this job under these circumstances with the current Architect. In that case, the President can respond by stating that the company will not stop pursuing the project because of their mistakes.

As the discussion about the "action" progresses, the tendency usually is to identify a "guilty" party and explore possible punishment or enforcement actions. This tendency brings the question of "can anything be done" in this case. However, this question usually carries the legal options as the core of the conversation and steers the discussion away from an ethical analysis. When the "can anything be done" question is replaced with "should anything be done," the conversation focuses on ethical analysis.

Our experience with students and mid-level managers resulted in the detailed examination of the architect's actions in this scenario. As it is presented in the information card, the architect is representing the owner and is the one that invited the other contactors to the meeting. In addition, when and if the contactor secures the project, the same architect would be a part of the process throughout the design and construction phases. This issue is typically highlighted very strongly as a concern by the students and the mid-level managers. When the same case was presented to the high-level managers and construction company owners, the focus of the discussion was to secure the job and manage the architect's actions with a higher level of awareness throughout the project rather than pursuing enforcement actions. Similarly, the silence of the other contractors in the meeting was also identified as a concern. Their attitude was also recognized as highly unethical by the students and mid-level managers, while the high-level managers focused on securing the job as a priority.

The closing of the discussion should include a reflection of fairness and reputation in professional practice. Current practices such as bid shopping [18] or reverse auctions [13] can be efficiently utilized for this purpose while explaining the concept of ethical profit [14]. Professional responsibilities and reputation can also be included in the closing discussion, preferably with real-life examples and experiences. As an overall recommendation, maintaining a neutral tone without singling out any of the responses helps the continuity of the discussion even though some of the responses may suggest negative and unethical behavior.

LEARNING OUTCOMES AND ASSESSMENT

The initial review and ethical analysis of the scenario provide an opportunity to assess the level of understanding of the ethical principles. Since the students are asked to write their answers during the exercise, it is relatively simple to obtain a snapshot assessment. The "action" and "communication" portions of the exercise focus on handling conflicts and are more difficult to assess using the index cards.

Since the discussion typically moves from the enforcement for the "guilty" party to handling the conflict, the initially written answers do not provide a tangible measure. Although we have not conducted a structured assessment of the exercise, students provide positive feedback at the end of the discussion. The exercise aims to highlight the fair practice principle and the concept of confidential/proprietary information in the industry. It is common to have students asking additional questions after the exercise in a more confidential setting, which is related to a personal experience or a similar scenario that they have observed.

It should be noted that the Construction Science and Management Program at the University of Texas at San Antonio utilizes a multi-step procedure to deliver and assess the ethics and decision-making components of the curriculum, which includes lecture modules, homework/exam questions, an interactive decision-making game, and multiple case studies. The case study presented in this paper is one of the components we utilized in the last decade.

SUMMARY AND CONCLUSIONS

Ethics, social responsibility, and trust are critical issues for designers, architects, engineers, and contractors. Today's fast-paced and competitive business environment experiences a wide range of social and economic pressures, making ethical identification and behavior ever more critical. Professional degree programs carry the responsibility of shaping tomorrow's professionals and industry leaders through the higher education system. Several educational materials are available to facilitate ethics discussions in the classroom, including formal lectures, case studies, simulations, and games. However, the effectiveness of the delivery is very dependent on the instructor's approach, and the examples are often limited to fundamental definitions and ethical identification.

This paper presents a structured classroom discussion on fair industry practices, the concept of confidential and proprietary information, and handling conflicts. The discussion includes exploration of possible actions and communication with different parties involved in the scenario. Our experience has been very positive with this example, especially with senior students. The idea behind this scenario is to trigger critical thinking on a personal level while presenting the dynamics of a competitive business environment. It is also important to note that the responses received from students and mid-level managers were different than the high-level managers and construction company owners. This difference can be explained with experience in the competitive business environment while highlighting the fact that some unethical behavior can be accepted as "normal" in a competitive setting. This decision-making model and the structured discussion can easily be adapted to different scenarios and enhanced by using current events and personal experiences.

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