

ETHICAL DILEMMAS IN VALUE DELIVERY: THEORETICAL CONDITIONS

Frode Drevland¹, Jardar Lohne², and Ole Jonny Klakegg³

1 BACKGROUND

- Delivering customer value is a key tenet of Lean Construction
- Value is subjective and dependent on the customer
- There are many different customers in construction projects
- Customers will have interests that are at odds with each other
- Existing literature contains little discussion about how different customer groups should be prioritized and the ethical implications of doing so.

2 RESEARCH AIM AND METHODOLOGY

- Develop a theoretical framework for considering the ethical dilemmas associated with delivering value for diverse customers in construction projects
- This is a preliminary work that will be followed up with an empirical study to determine how people in the industry experience and handle ethical dilemmas of value delivery

3 RESEARCH FINDINGS

3.1 Ethics

- Ethical is distinct from lawful
- Robin Hood's stealing from the rich (unlawful) to give to the poor (ethically laudable) forms, is in fact is a clear example of this distinction
- Ethics can be separated into normative and descriptive ethics
- Normative ethics is typically sorted to three main currents, deontology, consequentialism and virtue ethics.
- Virtue ethics differs from most other approaches by being more concerned with the character of the moral actor than in outlining rules for conduct.
- Few industry practitioners are trained ethicists, but still they uphold ethical standards.
- While it is possible to investigate and discuss the ethics of value delivery using a normative approach, in the context of the construction industry this would yield little practical benefit.
- Understanding the ethical standards of professionals will provide a frame for understanding the dilemmas experienced and potential measures for value delivery.

¹ Ass. Professor, Department of Civil and Environmental Engineering, NTNU - Norwegian University of Science and Technology, Trondheim, Norway, frode.drevland@ntnu.no

² Research Scientist, Department of Civil and Environmental Engineering, NTNU - Norwegian University of Science and Technology, Trondheim, Norway, jardar.lohne@ntnu.no

³ Professor, Department of Civil and Transport Environmental, NTNU - Norwegian University of Science and Technology, Trondheim, Norway, ole.jonny.klakegg@ntnu.no



3.2 Value

- Value is the difference between what you get and what you give, i.e. $\text{Value} = \text{Benefit} - \text{Cost}$
- Value can be negative
- Shifts in value for a project customer will typically be tied to decisions
 - Baseline value - The value for someone given that the zero or default alternative is chosen
 - Marginal value - The shift in value for someone after a decision is made.
- Perception of value:
 - *Perceived value* - What someone perceives the value of something to be given the knowledge that they possess
 - *True value* - what someone would perceive if they had perfect knowledge.
- Delivering value for two actors A and B can either be subject to alignment or misalignment
 - *Value alignment* - The situation where increasing the value for A will cause an increase in the Value for B and conversely decreasing the value for A will decrease the value for B.
 - *Value misalignment* - The situation where increasing the value for A will cause a decrease in the Value for B and conversely decreasing the value for A will increase the value for B.

3.3 Ethical dilemmas

Ethical dilemmas typically arise in projects whenever a non-negligible misalignment of value happens. In the paper we present some examples that could occur:

- The good of the few versus the good of the many
 - E.g. powerlines and city densification
 - Good for society, but negatively impacts existing neighbours
- The good of the client versus the good of wider society
 - The situation where the contract between the client and wider society, i.e. laws, regulations etc., does not ensure value alignment
 - E.g., a client wanting a massive building that negatively affects a city environment, for example, by blocking sightlines or having a blocking effect on pedestrian traffic.
- The good of the developer versus the good of the buyer
 - In a housing project, increasing value for the developer will be a matter of reducing the cost of the project while maximizing the price each unit can be sold for
 - The cost of the project could be reduced without seemingly affecting the value for the customers buying the units, i.e. the perceived value stays the same.
 - True value for the customer could be reduced, e.g. through higher maintenance costs

4 FURTHER WORK

Empirical studies of:

- What value misalignments are experienced in practice and how frequently?
- Do designers and constructors experience ethical dilemmas due to these misalignments?
- How are these situations handled by designers and constructors?

