

Faculty of Engineering and Mathematical Sciences

Project Management & Engineering Practice
(GENG 5505)

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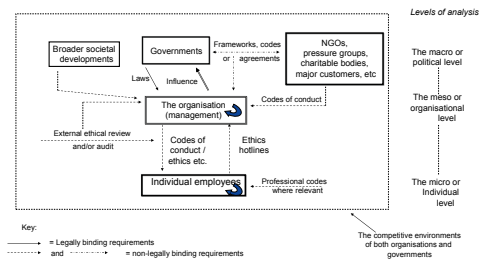
Project Management & Engineering Practice
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Ethical management and leadership

(Week 12a) - Lecture 20th, 21 May 2024



Formal and informal pressures for ethical behaviour



Project Manager/Leader: Executive integrity

➤ Executive integrity is more than the presence of morality or the appropriation of values; executive integrity **involves the process of seeing or creating values**;

➤ In this sense, organization is not viewed as a closed, determined structure but is seen as a **perpetual state of becoming**;

➤ **Dialogue** is the transformation of mere interaction into **participation, communication and mutual empathy**;

➤ Executive integrity is, therefore, a breaking out of a narrow individualism and is based on a fearless trust in what true dialogue and understanding might bring, both new responsibilities and new forms of responsiveness to the other.

(Srivastva and Cooperrider, 1988)



Loyalty and integrity

Managers and Leaders' ethical horizons

Loyalty and integrity

➤ Themes that often appear in organisational codes of ethics:

- Expected to maintain the highest levels of **honesty and integrity**, both inside and outside working hours;
- Maintain **confidentiality**;
- Devoting their best **efforts and loyalty to the firm**.

The limits of a manager/leader's ethics

➤ Organisations expect employees to be loyal and show integrity at work:

How do managers and leaders respond to these expectations?

- Where do they place their loyalty?
- Where do they seek to show integrity and where do they not?

Whistleblowing – Case example

(Fisher, et al., 2009)

➤ Disclosure by organisation members of illegal, immoral or illegitimate practices under the control of their employers, to persons or organisations that may be able to effect action (Miceli et. al, 1984).

- An interview survey of 45 managers:
- 15 examples of serious ethical breaches by the organisations they worked in;
- In all cases they **chose to do nothing** – and became cynical because of **loyalty to the organisation?**
- The **limit of their loyalty was the organisation**.

Principled resignations – Case example

(Fisher, et al., 2009)

- A number of interviewees reported that when they saw or experienced ethical wrongs at work:
 - Harassment and bullying
 - Employment discrimination
- They **resigned** as a matter of principle, **to maintain their personal integrity**;
- But they **did not whistleblow** internally or externally.



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Limits of loyalty and integrity

Loyalty

- **Being faithful** to:
 - Self and family;
 - Groups and associations one has chosen to join;
 - The employing organisation;
 - Society at large.

Integrity

- **Thinking honestly and soundly**, and acting accordingly, in:
 - The personal and private arena;
 - The public arena;
 - The organisation;
 - Society at large.



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Loyalty and integrity may conflict

- 'Loyalty to people or institutions is a **fine quality**, which arouses admiration and respect;
- **But** it is part and **not the whole of morality**;
- In order to understand and exercise it aright we have to set our loyalties to our persons and organisations within the framework of a much larger framework of ethics;

It is adherence to this framework which both expresses and creates integrity'.

Management and Morality, Adair, J. (1980)



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Sacrifice

- Loyalty and integrity both demand sacrifice:
 - Integrity demands the sacrifice of things – money, status, power – for its maintenance;
 - Loyalty is the sacrificing of integrity to obtain things – money, status, power – for oneself or for some other body such as an organisation.



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An example (Fisher, et al., 2009)

➤ At the organisational level:

- Integrity
 - A person will tell the manager of the wrongdoing and try to convince them to put things right;
- Loyalty
 - A person will offer to cover up for the organisation;

➤ But in either case the organisation may feel vulnerable and get rid of the employee.



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Attributes of an ethical (virtuous) Manager/ Project manager/Leader

➤ Ethical managers/project managers/leaders should provide a good role model by:

- Being ethical & honest at all times (obeying to wide loyalty and integrity principles):
 - Telling the truth
 - Admitting failure
 - Communicating shared ethical values to employees;
 - Rewarding employees who behave ethically & punish those who do not;
 - Protecting employees (whistleblowers) who bring to light unethical behaviors or raise ethical issues;

➤ These traits are typical of ethical project managers who lead by example.



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Attributes of an ethical Manager/ Project manager/Leader continues....

- Establish codes of ethics & decision rules;
- Hire individuals with high ethical standards;
- Have all levels of management continually reaffirm the importance of code of ethics & the organization's commitment to the code;
- Publicly reprimand and consistently discipline those who break the code;
- Provide ethics training;
- Conduct independent social audits;
- Provide support for individuals facing ethical dilemmas.



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Transactional vs Transformational leadership

Transactional leaders

➤ Leaders that lead primarily by using social exchanges: Guide or motivate their followers to work towards established goals by exchanging rewards for their productivity;

➤ They: a) Link job performance to rewards; b) Strive for structural efficiency; c) Ensure resources allocation to get the job done

➤ (i.e. Leaders/managers commonly found in organizations)

Transformational leaders

➤ Stimulate & inspire followers to transcend their own self-interests for the good of the organisation to achieve extraordinary outcomes

➤ i.e. Anita Roddick (the Body Shop); Richard Branson (Virgin); Herb Kelleher (Southwest Airlines)

➤ Transactional leadership is more about "managing", whilst transformational leadership is about "leading";



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Transformational Leaders

- Create a strategic vision ➤ Vision is the substance of transformational leadership
- Communicate the vision ➤ Communicating the vision is the process of transformational leaders
- Model the vision ➤ Transformational leaders not only talk about the vision, they enact it ("walk the talk")
- Build commitment toward the vision ➤ Transformational leaders transform the vision into reality

➤ Transformational leaders: **Develop** a vision for the organization, **inspire & bound** employees to their vision (collectively), & give them a **"can do" attitude** that makes the vision achievable;

➤ **Strongly correlated** with lower turnover rates & higher levels of productivity, employee satisfaction, creativity, goal attainment, follower well-being & quality of life

➤ Research shows that **transformational leaders implement a more consistent ethical approach to leading than transactional leaders.**

In conclusion

➤ In addition to the PM concepts, theories, models and frameworks studied in the 1st part of the course, the key concepts to remember include:

- Sustainability (TBL) → Triple Bottom Line
 - Financial responsibility
 - Social responsibility
 - Environmental responsibility
 - Sustainable use of natural resources
 - Life cycle thinking

➤ Ethical/moral approach to doing business.