

Executive Summary

The importance of ethics to the discipline of project management is becoming more and more prominent, with ethical training of project managers in industry becoming the norm. The reasons for this shift toward more ethical practices is clear for those who have worked in industry. Unethical characteristics consistently cost companies and organisations time, money, and quality. Many reports state how unethical behaviour and corruption run rampant in a number of industries. Unethical behaviour also has social side-effects and personal consequences. In this paper, we consider how ethics is essential to successful project management and characterise a number of standards and issues that arise in pursuing ethical project management.

We investigate some of the standards presented by the Project Management Institute (PMI), but also analyse how external interpretation of these standards can differ. We further consider how these standards might differ internally, through a review of ethical dilemma, and present a specific example. A number of techniques which project managers should recognise are also presented and discussed. We additionally present some analysis of reactive and proactive methods for dealing with ethics in project management. Finally, we consider the contrast in the role that a project leader and a team member have to play in the ethics of a project.

Overall, we present a survey of the major aspects of ethics in project management and demonstrate their significance.

1 Introduction

Ethics plays a vital role in a successful project, yet is an aspect that many project leaders and management fail to recognise. The concept of ethics in project management is abstract and open to interpretation and therefore makes it difficult to fully understand. However PMI (2013) attempts to define it by saying that that “ethics is about making the best possible decisions concerning people, resources and the environment.” This definition is still open to interpretation as “best” is subjective. First, the core principles of ethical project management are introduced, and the role ethics plays in project management is explored. This report presents examples of ethical dilemmas and general unethical behaviour in the project management workspace, and discusses ways in which both the project manager and the team can resolve them, or prevent them from happening and causing problems in the future.

Ethics plays a large role in the success of projects and by extension the company, since making ethical choices helps to “diminish risk, advance positive results, increase trust, determine long term success and build reputations” (PMI, 2013). The ethical philosophy within the company when conducting activities can have a significant influence on the organisations reputation, efficiency and the bottom line of the business. Lack of attention to ethical behaviour can bring severe problems to organisations and society. It often leads to a number of issues, including but not limited to, a decrease in efficiency, depreciation in team communication and an increase in costs. According to the study by a Canadian accounting firm (Ashrafi, 2003), the average loss for each of the large Canadian corporations from fraud in 1997 was as high as \$1.3 million (CAD). Additionally, Hassim, Stephen and Bambang (2010) present a case study whereby Malaysia concluded that 17.3% of their 473 projects in 2005 were declared ‘sick’, many of which were caused by unethical behaviour. This cost the Malaysian government and people a significant amount of money. It is clear from these examples that ethical project management is a significant factor in saving resources and desisting in behaviour that causes a breakdown in communication and productivity.

2 Core Theory and Principles

There are a plethora of core principles outlined by a number of institution which outline values and practises held in ethical project management. One of the most reputable sources for project management resources, the Project Management Institute, provides a Code of Ethics (PMI, 2013) which outlines some of the values which managers try to/must adhere to. The major values are outlined here:

Responsible Holding ownership for the decisions made and the consequences that result. This includes holding others to the standards set in place and reporting illegal or unethical activity.

Respect Valuing the resources entrusted to members. Resources include, but

are not limited to, people, money, and environmental resources. Respect encompasses the values of trust, confidence, plurality, and cooperation.

Fairness Making decisions impartially and objectively; free from personal biases and self-interest.

Honesty Understanding the truth and being truthful in communication and actions. This helps to garner transparency and trust.

These values for project management are by no means complete or unambiguous. Due to the subjectivity and the way that people define their own moral compass, these values may be interpreted in vastly different ways. For example, suppose a project manager must choose to fire George, an under-performing software engineer with a dependent wife and family, or Karel, a young and outstanding developer who will easily find a job. From the above definition of fairness, the project manager should fire George, since this is the impartial and objective solution. Others would argue that this is not the globally optimal and fair solution and instead Karel should be dismissed. There are in fact many scenarios in which people interpretations of these values and their general ethics, will vary.

Even the values held by an ethical project manager may differ between organisations and institutions. For example, Cognitive Technologies (McGraw, 2011) lists differing values in their Code of Conduct than those presented by the PMI. They suggest that an ethical project manager should practise; reliability, transparency, fiduciary, continuous improvement and fairness/dignity. While many of these go hand in hand with the values outlined by the PMI, the difference in these values show the different perspectives that institutions and people can come from in relation to moral issues. These represent external and explicit conflicts in ethical standards, however conflicts can also be implicit and internalised through the way of a personal ethical dilemma.

3 Ethical Dilemma

An ethical dilemma is a situation in which an individual must make a choice between two or more alternative ethical standards and no matter which decision is taken, some ethical principles are compromised (Allen, 2012). The George and Karel example mentioned above is a scenario where an ethical dilemma exists. It would be unethical for the project manager to dismiss George due to his familial responsibilities. However, taking into consideration that Karel is more productive for the company, it would also be unethical to fire Karel.

There are various strategies used to tackle ethical dilemmas. First of all, we need to appreciate that as mentioned in the definition above, there is no perfect solution. The first technique is the BELIEVE model, which stands for background, estimate, list, impact, eliminate, values and evaluate (Ping, 1997). This approach can be applied to the above scenario, with the **background** being the context of the situation the project manager is facing. Following this, an **estimate** of the main ethical conflict is required, finding the core issues of

the dilemma. After that, we **list** the possible solutions, in this case, it could be unemploying one of the workers, offering voluntary redundancy or reducing their salaries to keep both workers. Then we consider the likely **impact** of each solution and **eliminate** the solutions with the greatest detrimental impact on the stakeholders, in this case, firing any of the employees. After **valuing** the remaining solutions and **evaluating** their impacts, an informed decision can be established.

Further techniques and theories can be applied to determine the a more moral solution. Consequential theories focus on the result of an act to determine the morality of the practice. On the other hand, non-consequential theories are more focused on the factors, in other words, the 'how', rather than the results, of dealing with an ethical dilemma. The ethical theory that most aligns with your values is then selected; Bigg Success (Bigg Success, 2008) outlines these theories:

Consequential theories

Egoism Morality is defined by promoting your best long-term interest.

Utilitarianism An act is moral if a similar ratio of damage is going be done to everyone.

Situational An act is moral if it generates the most love for the society.

Non-consequential theories

Golden Rule Judging an acts morality by asking how you would feel if you were treated in that way.

Categorical imperative If everyone behaves in the same manner in that situation, then it is moral.

Prima Facie Duties When there is a conflict, the act is moral is you fulfilled the duty you are most obligated to.

4 Proactive Methods

Project managers should be proactive in their work on a project to ensure that ethical misconduct does not occur. A core outcome of project evaluations is ensuring that value is being created by the project (Schweriner, 2007) which should be the main outcome of a project, instead of purely focusing on making profits, etc. Regular project charter reviews can help to see how the project is progressing and whether it is still within its constraints (Schweriner, 2007). The charter should define the conditions under which the project should be cancelled (Schweriner, 2007). It is the role of the professional project manager to cancel the project if the conditions are met, despite the sunk costs (Schweriner, 2007). Continuing the project is only going to further waste the resources of the client, namely time and money. In the case that projects are cancelled, lessons need to be learnt from them, otherwise the mistakes will be made again in the future.

It is imperative that in the meeting where the project is cancelled, that the reasons for the project failure are discussed and responsibility is placed where it is due, regardless of their role/position within the team or the business in general (Shouche, 2008).

Keeping a project journal about all the decisions that are made is an effective way to look back on past decisions and to understand the rationale behind them (Schweriner, 2007). This can either be just for personal use, or added to the official documentation of the project. This can also be used as a personal learning tool to reflect on the decisions made, to help project managers make better, more informed decisions in the future. This additionally ensures that the project manager is held accountable for the decisions made to both senior management and team members.

When you notice that something is of an unacceptable quality, or you notice someone behaving unethically, then it is important to take note and tell the project leader or management about it (Shouche, 2008). Even if they do not care and say that the current situation is how it has been for a long time and that there is nothing wrong, it is important to try to improve the situation before more people are affected. You should aim to introduce a process or policy for it and try to bring positive change to the project and the business in turn.

Withholding information from the customer is an ethical grey area. The clients have a right to, for example, know who is working on the project and their role. Charging the customer for all employees when some are interns or subcontractors is unethical. But as Schweriner (2007) asks, "Is it unethical even if the customer does not ask?" Some businesses may have the attitude that if the customer does not ask, then they do not care, while others may feel obliged to be transparent with the customer. A project manager concerned with ethics will aim to be more transparent than one who only cares about making a profit.

Exaggerating expertise or making other misleading claims are unethical practices (Schweriner, 2007). This deception can take the form of either falsely bettering the image of your own company, or portraying the competition in a negative light in order to gain a client. A more subtle way this could be done is by saying that your company employs someone who worked on a notable project or has some specific expertise, but they no longer work there in the same capacity as they were advertised to. An ethical project manager, when in contact with clients, will be truthful about their business, their workforce, and other businesses.

5 Ethical Teams

There is a greater responsibility on the project manager to ensure that both themselves and their team are behaving in an ethical manner overall, but it cannot be expected that the manager does this perfectly. So it is up to team members to understand the importance of ethical matters in order to support the project manager. Everyone in the team can carry out leadership activities, in other words, all team members can affect a group of individuals on their way

to achieve their common goals. Members should also follow the code of ethics within the organisation to “fulfil their ethical and corporate social responsibilities being a good citizen” (Majeed, 2012). It is also important the employees are aware whether people with authority are being ethical. If they believe that the ethical standards are being compromised they are required to be ‘whistleblowers’. This means that they inform on wrongdoings at their own organisations to the superiors (Ravishankar, 2013). However this can be a delicate situation as employees will feel they are betraying their organisation and may be hated/isolated by their colleagues. Training is required to teach workers how to deal with these situations. This demonstrates that project ethics is not only something that the project leader needs to be aware of, but rather the whole team.

6 Conclusion

From the above reasoning, ethics is inherently essential to the success of a project. What ethics is and how it is interpreted is not always agreed upon and ethical decision making is open to subjectivity and bias. Each company and institution may have different values and standards to which they hold themselves, despite the general deontological trends. Ethical issues can arise at any point throughout the project management and an analysis of ethical dilemmas demonstrates the reasons for the conflict and suggests possible remedies. However, it also establishes that there is no perfect solution to them. A greater emphasis needs to be placed on project managers documenting their actions and being open and clear with team members. Team members should also be concerned with ethics if a project is to be successful. This report accentuates the need of ethical practises in project management, as well as the multifaceted and complex methods for managing projects ethically.

7 References

- Abu Hassim, A., Kajewski, S.L. and Trigunarysyah, B., 2010, December. Factors contributing to ethical issues in project procurement planning: a case study in Malaysia. In Proceedings of 2010 International Conference on Construction & Real Estate Management Volume 1 (pp. 312–317). China Architecture and Building Press.
- Allen, K. (2012). What Is an Ethical Dilemma?. [online] SocialWorker.com. Available at: http://www.socialworker.com/feature-articles/ethics-articles/What_Is_an_Ethical_Dilemma\%3F/ [Accessed 17 Mar. 2016].
- Bigg Success. (2008). 3 Steps to Solve an Ethical Dilemma . [online] Available at: <http://biggsuccess.com/biggsuccess/articles/3-steps-to-solve-an-ethical-dilemma/> [Accessed 13 Mar. 2016].
- Majeed, M. (2012). Ethical Issues Related to Project Management. [online] Project-Management.com. Available at: <http://project-management.com/ethical-issues-related-to-project-management/> [Accessed 15 Mar. 2016].
- McGraw, Bruce. (2011). Project Management Ethics and Rules of Conduct. [online] Available at: <https://fearnoproject.com/2011/01/27/project-management-ethics-and-rules-of-conduct/> [Accessed 10 Mar. 2016].
- Ping, A. (1997). resolving ethical dilemmas workplace. Management.
- PMI. (2013). PMI's Code of Ethics | Project Management Institute. [online] Available at: <http://www.pmi.org/~media/PDF/Ethics/ap-pmicodeofethics.ashx> [Accessed 10 Mar. 2016].
- Ravishankar, L. (2003). Encouraging Internal Whistleblowing – Resources – Business Ethics – Focus Areas – Markkula Center for Applied Ethics – Santa Clara University. [online] Scu.edu. Available at: <https://www.scu.edu/ethics/focus-areas/business-ethics/resources/encouraging-internal-whistleblowing/> [Accessed 16 Mar. 2016].

Schweriner, J. (2007). Ethics Considerations for the Project Manager in Professional Services. 2007 PMI Global Congress Proceedings, p.4,5.

Shouche, S. (2008). 8 Types of Ethical Dilemmas in Project Management. [online] PMI. Available at: <http://www.pmi.org/learning/ethical-dilemmas-project-management-7084?id=7084> [Accessed 12 Mar. 2016].