

The Necessity for Ethical Behavior in the Management of Projects

Marc C. McCune

Embry-Riddle Aeronautical University

Abstract

In a 'what's in it for me' society one might ask, why be ethical? This paper will explore the necessity for ethical behavior in the management of projects and why being ethical is not as simple as one would think. The insidious nature of we humans makes being ethical a challenge, we are easily led down slippery slopes. This paper will answer the question 'why be ethical' and explore why people are unethical and how to ensure ethical compliance, In summary, this presentation will demonstrate the rewards of such behavior, showing that there is something in it for you.

Introduction

The Project Managements Institute's web page, 'Ethics in Project Management,' states; "In today's business climate, acting and behaving ethically is more important than ever. Project professionals face unique challenges as they navigate political and social dynamics both inside and outside their organizations. It may not always be clear how you should act when faced with an ethical dilemma" (Project Management Institute, n.d.). With a myriad of government rules, supplier interaction, and cultural differences, being ethical is not as easy as it might sound; the project manager must be more than merely cognizant of a code of ethics. The underlying pitfalls of today's business environment mandate further discipline.

The Necessity of Ethical Behavior in Project Management

Ethics are necessary in the management of projects; trust and sustainability are the result. Gaining and maintaining the support of sponsors, the team, and suppliers hinges on the trust of the project manager. Ethical behavior in the management aviation projects is paramount as the repercussion can be devastating. Unethical behavior can run the gamut from fudging numbers to lying about the facts. Ethics regarding aviation and safety have to be the first priority when considering the necessity of ethics in project management. As an example, in the late 1970's the competition for a small efficient vehicle was fierce. The Ford Motor Company initiated a project to produce the Ford Pinto. During tests the vehicle revealed an issue with gasoline leakage during rear end crashes, resulting in possible explosion and loss of life. Upper management at Ford knew about the problem and chose to view the issue from an analytical perspective, making decisions based on the cost – benefit analysis. At the time, to them it was purely a business decision. The public saw it as greedy exploitation and disregard for public safety (Bazerman & Tenbrunsel, 2011).

The Space Shuttle Challenger provides another example of managers acting out in a manner that make me question their ethical intent. On January 28, 1986, the space shuttle Challenger took off on an ill-fated mission that resulted in an explosion claiming the lives of the seven crew members. Years before the event, the wheels were in motion setting the stage for the inevitable. Supplier contracts were set to the lowest bidder, the workforce was pushed to the edge of their human factors envelope, and expert witness warnings were pushed aside; upper management was schedule driven (Kerzner, 2013). Once again, ethical consideration was masked by an overwhelming desire for project completion.

I find the necessity for ethics readily apparent in both the Ford Pinto and the space shuttle Challenger cases. What led these project managers down the path of iniquity? Was it a brazen desire to complete the project 'come hell or high water' or, were there more subversive factors at play?

Why Are People Unethical?

When asking project managers whether they are ethical, I think they will respond in earnest that they are ethical. The issue is recognition of the triggers and signs of unethical behavior beyond the obvious. Written codes of ethics provide the foundation for proper behavior in many institutions; however, compliance is more deceptive than having a written document defining values and conduct.

Beyond obvious issues such as sexual harassment or outright embezzlement, most unethical behavior is masked by many factors. Studies indicate that we humans are easily led down the path of unethical behavior, many times without us even knowing it.

Consider the article at the Psychology Today website titled, '*When Good People Behave Badly*' by Sommers, (n.d.); the author identified three behaviors that indicate the issue is more complex than people simply making bad decisions with willful intent. The article points out three situations that could arise on any project, leading the project manager down an unethical path. The article points to a study by researcher Ann Tenbrunsel, Director of the Rex and Alice A. Martin Research Institute for Ethical Business Worldwide at Notre Dame. The study demonstrates how unethical behavior is context dependent and decisions are framed by the situation. Tenbrunsel conducted the study where two groups were given a decision to make. One group has a business decision and the other has an ethical decision. When another task was given, with the opportunity to cheat, the group who was making the business decision cheated more. Why? Apparently being a business decision makes it acceptable. Sommers asserts that the study demonstrates how decisions are framed and when ethics is equated into the situation, it has a significant result on how we act.

In the second study, Sommers next claims that unethical behavior is incremental. The author uses the well-known research from Milgram and Zimbardo's (2009) work on obedience to authority where volunteers are asked to administer electrical shocks to a fellow participant. When the volunteers were asked to give near fatal doses of electricity at the second or third request they would most likely respond 'no'. When the volunteers were asked to give doses of electricity in smaller increments, they would comply, eventually giving a dose that was near fatal. (The fellow participant receiving the 'fake shock' was actually an actor; no humans were hurt during this experiment). The author observes that ethical behavior follows this same trend. When a little diversion of the truth occurs, it perpetuates just a little bit more, and so on. When

looked upon in the aftermath such events led to the Enron scandal and the mortgage crisis of 2008.

Finally, the article '*When Good People Behave Badly*' contends that unethical behavior can be contagious. Sommers refers to a study where students were given the opportunity to cheat. When they saw a student from their own school cheat, the student was more likely to cheat. The results were the opposite if they saw a student from a rival school cheat. It was clearly asserted by the article that if a person's superior in the workplace does something along the edge of ethics, subordinates view it as acceptable practice.

In the Harvard Business Review article, '*Good people often let bad things happen. Why?*' by Max H. Bazerman and Ann Tenbrunsel it was identified that "even the best-intentioned executives are often unaware of their own or their employees unethical behavior" (Bazerman & Tenbrunsel, 2011). An example given was when Sears, Roebuck in the 1990s gave their automotive mechanics a sales goal of \$147 per hour in an effort to increase the speed of repairs. The outcome was not an increase in the speed of repairs but overcharging customers and fixing things that did not need repair. The article '*Good people often let bad things happen. Why?*' categorized these seemingly callous acts as follows:

1. Ill-conceived goals. We set goals and incentives to promote a desired behavior, but they encourage a negative one.
2. Motivated blindness. We overlook the unethical behavior of others when it is in our interest to remain ignorant.
3. Indirect blindness. We hold others less accountable for unethical behavior when it is carried out through third parties.

4. The slippery slope. We are less able to see others' unethical behavior when it develops gradually.
5. Overvaluing outcomes. We give a pass to unethical behavior if the outcome is good.

How to Ensure Ethical Compliance

There has to be a structured model to ensure leadership embraces ethical behavior and a mechanism to validate compliance. Unethical behavior in most cases is not a single act, or something that people intend, there has to be device beyond recognition of obvious unethical events. There are complex issues faced by the project manager when making decisions. In the above Harvard Business Review article, recognition of the categories of unethical behavior stems from pre-enacted measures.

Consider unintended consequences when setting goals or milestones. Aggressive goals can have the unintended result of reporting schedules in an unrealistic manner, leading to the perception that the truth is not being told. In the example of the space shuttle Challenger disaster when the mission was in jeopardy, not many wanted to challenge management's desire to fulfill the mission. Overlooking unethical behavior because it serves the project's purpose, especially when we are not exposed directly, can sneak into the equation.

Again, the space shuttle Challenger disaster serves as a grim reminder that just because an outsourced supplier has problems and tells you what you want to hear does not obviate you from culpability. The NASA organization bore the brunt of Congressional hearing recommendations. The project manager must take ownership of these unintentional blind spots and address them head on. The outcome of projects can override ethical consideration. Phase

gate review between initiation, planning, and execution must ensure the decision to move forward is based on sound business practices and ethics.

Leadership is an overriding factor for the project manager. As demonstrated by Sommers, (2009) *'When Good People Behave Badly'* in Psychology Today a team can be lulled into decisions framed by context (the government wants this done urgently, we can shave quality a little here and there). The team can also find themselves down the unethical path incrementally (report favorably this quarter and we will make up for it in the next quarter), and they can act in an unethical manner when they see their peers doing so. The project manager is responsible for recognizing all of these factors, but the task of doing so is not that daunting.

Embracing ethical practices from the top down will direct most team members on the right course. I contend that in most cases where unethical practice has resulted in a project or business failure, that either motivated blindness, indirect blindness, or both, were prevalent at the leadership level of the project or business. What is in it for you to adhere to ethical values and recognize even the most insidious signs of unethical behavior?

The Benefits of Ethical Compliance

The consequence of unethical behavior as we have seen, can be as tragic as the loss of life. Many examples, such as the Enron financial crisis, drive companies out of existence and cost the public billions of dollars. The athlete who signs the multi-million dollar advertising campaign alludes to a trust that they represent the values of the company paying for the ads. Aside from the cases in the news, there are day-to-day consequences of unethical behavior.

Most business and project initiation is built on trust. Employee relationships with leadership is also built on trust. An incongruent message regarding commitments from the project manager can put the team in either a tailspin of confusion or distrust. Sponsors,

stakeholders, suppliers, and team members all work together based on trust. The opposite would be suspicion and doubt, which brings us to the fundamental benefit of ethical compliance: sustainability.

A nationwide exploitation of a company whose medical product is killing consumers could bring the most prestigious of companies to its knees. Such was the case for Johnson and Johnson's Tylenol tragedy. Late September 1982, seven people died and in 1986, one person died from cyanide poisoning after taking the Tylenol medication. In lieu of playing the blame game, Johnson and Johnson shouldered full responsibility and committed to ensuring public safety. They established transparency in communications, set up consumer hotlines, kept their own employees informed about the events, and reported in earnest the financial impact of the crisis to stockholders. The Tylenol product not only survived but Johnson and Johnson received accolades for their conduct from government officials and the media (Kerzner, 2013).

In an article by Vivek Wadhwa, *'Why be an ethical company? They're stronger and last longer'* the author cites Harvard Business School professor Michael Beers' finding that the Wall Street fall of 2008 was due to firms "lacking a higher purpose, lacked a clear strategy, and mismanaged their risk" (Wadhwa, 2009). By contrast, companies that did survive had cultures of honesty and transparency. Ethical values result in trust and sustainability for the project manager and the project management community. Daily reinforcement of these values maintains an organization's integrity and foster safety in the projects they produce.

References

Bazerman, M., & Tenbrunsel, A. (2011, April). Good people often let bad things happen. Why?

Harvard Business Review. Retrieved February 5, 2013, from <http://hbr.org/2011/04/ethical-breakdowns/ar/1>

Kerzner, H. (2013). *Project management case studies*. S.l.: John Wiley.

Milgram, S., & Zimbardo, P. G. (2009). *Obedience to authority: An experimental view*. New York: Harper Perennial/Modern Thought.

Project Management Institute. (n.d.). *Ethics in project management*. Retrieved February 5, 2013, from <http://www.pmi.org/en/About-Us/Ethics.aspx>

Sommers, S. (n.d.). *When good people behave badly*. Retrieved February 5, 2013, from <http://www.psychologytoday.com/blog/science-small-talk/201206/when-good-people-behave-badly>

Wadhwa, V. (2009, August 17). Why be an ethical company? They're stronger and last longer. *Business Week*. Retrieved February 5, 2013, from http://www.businessweek.com/technology/content/aug2009/tc20090816_435499.htm