The Importance of Business Ethics as a Project Management Professional (PMP®)

James Dee Burrows

A Senior Thesis submitted in partial fulfillment
of the requirements for graduation
in the Honors Program
Liberty University
Spring 2021

Acceptance of Senior Honors Thesis

This Senior Honors Thesis is accepted in partial
fulfillment of the requirements for graduation from the
Honors Program of Liberty University.

_____
David Duby, Ph.D.
Thesis Chair

_____
Brian Satterlee, EdD, DBA
Committee Member

_____
Emily C. Knowles, D.B.A.
Assistant Honors Director

_____
Date

Abstract

The Project Management Professional (PMP®) certification is the most industry-recognized certification due to the rigorous requirements and credibility of the Project Management Institute (PMI), (Alexander, 2020). PMI requires members and certification holders to abide by the PMI Code of Ethics and Professional Conduct, which prioritizes four main value areas: responsibility, respect, fairness, and honesty (Project Management Institute, 2006). The following research and analysis aim to define each value area by connecting project management methodologies and ethical business dilemmas through each value area's accompanying subsections.

Keywords: project management, ethics, business ethics

The Importance of Business Ethics as a Project Management Professional (PMP®)

The Project Management Professional (PMP®) certification designates that an individual has demonstrated sufficient knowledge of project management principles and methodologies through a rigorous exam, as well as over 36 months of project management experience where the various projects managed have been executed with proper consideration to requirements, deliverables, schedule, budget, and scope constraints (Remer & Ross, 2014). The PMP® certification can be earned through the Project Management Institute (PMI), the largest and most recognizable project management association in the world. Project managers who earn their respective certification through PMI must not only maintain their certification through continuous professional development but also abide by the PMI Code of Ethics & Professional Conduct.

The current PMI Code of Ethics & Professional Conduct was approved by the PMI Board of Directors in October 2006, after the Ethics Standards Development Committee reviewed and drafted a new code to ensure participation from the global project management community (Project Management Institute, 2006). White, EdD, MBA, PMP, is an advocate for the PMI Code of Ethics as seen in the July issue of PMI Today:

> One of the key roles and responsibilities of project practitioners is decision making. As a consequence, project managers are very often faced with ethical issues in their decision making. The Code and its supporting tools serve as a necessary guide to help practitioners make the right decisions and conduct themselves appropriately on a day-to-day basis. These behaviors help to foster a climate of trust amongst project stakeholders that enhance project success. (White & Dickson, 2016, pp. 3-4)

Among the values that were deemed most important by the project management community, the

four that were decided upon and highlighted throughout the Code of Ethics are responsibility,

respect, fairness, and honesty. It is important to note that abiding by these ethical standards are

not suggestions by PMI, as certification holders can be subject to disciplinary measures by the

PMI Ethics Review Committee if found guilty of violating the code of ethics (Project

Management Institute, 2006). The subsequent research and commentary provided throughout this

thesis will seek to analyze each value area, their relationship within project management

methodologies and practices, and provide a basis for why project managers should actively

pursue ethical decision-making.

Responsibility

Project managers have many responsibilities attributed to them because of their position

within their respective companies. They must uphold the expectations of project stakeholders,

effectively manage a project team, and fulfill the requirements of each project they are tasked

with (PM Network, 2007). Ethical considerations surrounding responsibility must be upheld

when actively fulfilling project requirements and adhering to the iron triangle of project

management. The iron triangle of project management are the three constraints most relevant to

project success: time, cost, and scope (Bronte-Stewart, 2015). Responsibility, as an ethical value

area for project managers is defined by the PMI Code of Ethics as "…our duty to take ownership

for the decisions we make or fail to make, the actions we take or fail to take, and the

consequences that result," (Project Management Institute, 2006, p. 2). The various considerations

for the value area of responsibility that project managers must follow include public and

environmental safety, protecting proprietary and confidential information, regulations and legal

requirements, bribery, fraud, and corruption.

Safety and the Environment

Subsection 2.2.1 of the PMI Code of Ethics states "We make decisions and take actions based on the best interests of society, public safety, and the environment" (Project Management Institute, 2006, p. 2). Throughout the project life cycle, project managers will have to continually evaluate the internal and external factors of a project to ensure that society, public safety, and the environment will not be affected negatively. During the initiation phase of the project, sponsors are identified and the project team is assembled. Project managers must have meaningful dialogue with all parties during the initiation phase to get a clear picture of the purpose and goals of the project. A key output for the initiation phase is the project charter, which includes the project's benefit to the organization, a brief description of the objectives, expected time frame, budget and resources, and the project manager's authority (Harvard Business Review Staff, 2016). The project charter allows senior management to clearly state the authority and power of the project manager and accompanying team. Once the project charter is signed, the project manager will be able to start identifying risks and any potential safety concerns as a result of the project, which will in turn allow the project manager to demonstrate responsibility by ensuring public safety and care for the environment.

Patagonia

Not all projects will force a project manager into tough, ethical choices. Rather, there are times when a project manager is involved in a company initiative or project that is innovative and progressive, allowing beneficial social change. Patagonia is an example of a company that has impacted the clothing and agricultural industries in positive ways out of their purpose to 'Use business to protect nature' (Patagonia, Inc., 2021b). In the early 1990s, Patagonia began research into their cotton supply chains intending to discover how pure and natural the cotton they use in

their clothing truly was. After learning about the chemicals that were used to raise conventional

cotton plants and the accompanying research detailing the harmful effects of synthetic chemicals

on soil, water, air, and living things, Patagonia launched a company-wide initiative to only use

organic cotton and began the practice in 1996 (Patagonia, Inc., 2021a). Patagonia has encouraged

other clothing brands to join them in producing organic cotton and has partnered with various

cotton farmers since 1996, allowing farmers to transition their crops into fully organic cotton

over a multi-year conversion process. This certification process, called *Regenerative Organic*

Certification, allows farmers to improve soil quality, animal welfare, and their businesses

(Patagonia, Inc., 2021a).

     As a company, Patagonia was not pressured into becoming more environmentally

friendly. Executives weren't aiming to take advantage of their customers by marketing their

clothing as organic when in actuality their studies showed otherwise. Patagonia's purpose for an

extensive and expensive change in their cotton materials was due to their commitment to the

environment and improving the clothing industry. Patagonia felt responsible for their products

not living up to higher standards and chose an ethical path forward. Project managers can learn

from Patagonia's commitment to altering their business practices to ensure environmental safety.

One of the key phases of any project is the monitor and control stage, where project data is

collected, measured, and assessed in order to identify process improvements (Project

Management Institute, 2017). By assessing project performance periodically, project managers

will be able to determine whether any corrective or preventative actions need to be made in order

to ensure project success (Project Management Institute, 2017). Patagonia demonstrated that by

monitoring and controlling their clothing supply chains, they were able to identify a problem that

they felt needed to be changed for the betterment of the environment. Just like Patagonia

demonstrated, the monitoring and controlling of projects or processes can lead to significant

opportunities for improvement.

Data Protection

Subsection 2.2.5 of the PMI Code of Ethics states "We protect proprietary or confidential

information that has been entrusted to us" (Project Management Institute, 2006, p. 3). Project

managers will most certainly manage internal organizational data, confidential customer data,

and proprietary technology in at least a few of the projects they manage during their careers. The

protection and security of this data lies in the hands of the project manager, project team, and

organization the project manager represents. Although it is important for project managers to

take necessary steps to protect data and confidential information, many project managers do not

have a background in information security (Gale, 2018). This is not an excuse, however, for

project managers to not be actively involved in the monitoring of vital project data. An important

step during the project life cycle is the selection of project team members. When selecting the

ideal project team, the skills, competencies, experience, and specialized knowledge of each

candidate should all be considered to maximize the project team's capabilities (Project

Management Institute, 2017). When tasked with managing a project involving data security,

project managers should formulate a team with members who have direct knowledge of

information technology and security. Including team members who are well-versed in

information security measures will ensure that all potential risks and security guidelines are

addressed and monitored throughout the project life cycle (Gale, 2018,). Just as the PMI Code of

Ethics states, the project manager is ultimately responsible for the protection of project data.

With the involvement of skilled project team members who have a proper information security

background, the project manager can help eliminate potential security breaches and leaks during

the project.

Regulations and Legal Requirements

Subsections 2.3.1 and 2.3.2 of the PMI Code of Ethics encompass the project manager's

duty to uphold organizational policies, rules and regulations, as well as the zero-tolerance policy

of illegal behavior (Project Management Institute, 2006). Project managers have a lot of control

over their projects, with one of the aspects being the project budget. Anyone with direct access or

authority over business expenses will face temptation, project managers especially. A few of the

common illegal behaviors that are prevalent in the project management field are theft, fraud,

corruption, embezzlement, and bribery (Project Management Institute, 2006). It is no surprise

that these illegal behaviors can all be connected to money in some way, due to project managers'

involvement in the project budget. These unethical behaviors can also harm the project

manager's organization financially and they can also damage the organization's reputation.

Project managers must consider the impact of their decisions and the people around them when

faced with an ethical dilemma.

Bribery, Fraud, and Corruption

An article published by Hoke (2014) detailed the U.S. Agency for International

Development (USAID) and its involvement in brokering a project between itself and a local

Spanish company to help build a new water treatment system. The local water resource ministry

was given responsibility of the construction and operations, while project costs, billing and

oversight was given to the USAID (Hoke, 2014). The terms of the agreement allowed USAID to

assign one employee, a construction engineer, and an American Society of Civil Engineers

(ASCE) member to serve as the project manager, mostly in a supervisory role. Due to the

USAID's involvement, the terms of the project allowed for overrun costs which eventually

totaled $3 million over the life of the original $9 million project. Hoke (2014) details the

aftermath of the project audit:

> Nearly two years later, a second audit of the water treatment project reveals evidence
>
> suggesting that several of the Spanish company's invoices had been falsified…The two
>
> principals would prepare invoices with inflated costs or costs that were incurred in
>
> connection with the other company's projects, and the U.S. project manager would
>
> approve the fraudulent charges. (p. 41)

After the individuals were indicted and put-on trial by a U.S. federal prosecutor, the investigation

found that the ASCE project manager had previously been passed over for a promotion,

concluding that he had a personal and financial motivation to defraud his organization and the

project. As a result, the project manager was convicted and sentenced to three years in prison

along with a criminal fine. This case is a simple demonstration of how a personal grudge and

financial motivation can lead a project manager down an unethical path. Being a responsible

member of the project management profession means knowing the difference between ethical

and unethical choices as well as speaking up when an ethical dilemma arises.

Why Should Project Managers Act Responsibly?

Project managers have an obligation to themselves and their organizations to act with

integrity and responsibility while fulfilling their job duties. Business professionals in today's

world run the risk of being scrutinized and tarnishing their reputation based on an unethical

decision they make in the workplace. The case involving the U.S. Agency for International

Development hurt the agency financially and in terms of their reputation, all because of one

project managers unethical decision. Patagonia, on the other hand, has demonstrated that

innovation and environmental change can have a net positive on a business's reputation due to a commitment to corporate social responsibility. The responsibility section in the PMI Code of Ethics outlines a project manager's duty to ensure environmental safety, data security, project confidentiality, the following of organizational rules and governmental laws. Being ethical in this value area is important for project managers and their organizations, as acting with integrity can boost the trust of customers and will help the organization stand out against their competition (EBSCO Corporate Solutions, n.d.).

Respect

Respect is a behavioral trait that all project managers should demonstrate. Due to the nature of a project manager's position, there is a wide range of relationships that a project manager must cultivate and maintain to ensure project success. Showing respect to upper-level management, functional managers within the organization, project team members, customers, and any other parties involved with the project will foster cooperation on any given project. The PMI Code of Ethics defines respect as "…our duty to show a high regard for ourselves, others, and the resources entrusted to us. Resources entrusted to us may include people, money, reputation, the safety of others, and natural or environmental resources" (Project Management Institute, 2006, p. 4). The PMI Code of Ethics also states that building an environment with respect will build trust, confidence, and performance excellence. The various considerations for the value area of respect that project managers must follow include cultural and customs, relationship building, negotiation, and leadership.

Cultural Considerations

Subsection 3.2.1 of the PMI Code of Ethics states "We inform ourselves about the norms and customs of others and avoid engaging in behaviors they might consider disrespectful"

(Project Management Institute, 2006, p. 4). Having respect for another person's background and culture is an obvious consideration when conducting business in today's society. This directive is especially helpful when managing a project internationally, as Baker (2006) explains about Chinese business culture. Having strong relationships in the Chinese business community allows project managers the opportunity to call on their connections when a project faces a problem, or when an opportunity for capitalization arises (Baker, 2006). To pursue strong business connections in China, Baker (2006) explained that respect must be exhibited at all times:

> *Mianzi* means 'face,' and it's important. Every conversation, every meeting, every meal represents an opportunity for you to gain – or lose – stature. Rudeness or anger, for example, can cost you dearly. Raising your voice to a Chinese manager, for example, will shame him, embarrass his colleagues and brand you as a barbarian. (p. 24)

While this advice is especially helpful in China, project managers should understand that rudeness or anger toward another person can cause embarrassment and hurt feelings. Whether the project manager is unhappy with a team member's performance, or the current project is facing sudden problems, it doesn't give the project manager the right to show their frustration towards someone else. Having respect for others is not just a cultural consideration, it is a non-negotiable must-have if a project manager is going to be successful.

Building Relationships

Subsection 3.2.2 of the PMI Code of Ethics states "We listen to other's points of view, seeking to understand them" (Project Management Institute, 2006, p. 4). Having the ability to recognize how to motivate and encourage project team members is another key trait of being a successful project manager. According to Porath of Georgetown University, a nationwide survey of U.S. employees concluded that respect is the most important leadership behavior (Porath,

2014, as cited in Rogers, 2018). While respect can be easily understood by most leaders, Rogers

(2018) explained that there are two distinct types of respect:

> *Owed respect* is accorded equally to all members of a workgroup or an organization; it
>
> meets the universal need to feel included. It's signaled by civility and an atmosphere
>
> suggesting that every member of the group is inherently valuable…*Earned respect*
>
> recognizes individual employees who display valued qualities or behaviors. It
>
> distinguishes employees who have exceeded expectations and, particularly in knowledge
>
> work settings, affirms that each employee has unique strengths and talents. (para. 3)

Both types of respect as defined by Rogers (2018) can be applied to project management

principles. At the beginning of a project, the project manager assembles the project team and

conducts a project kick-off meeting. This meeting allows the project manager and team to come

together and build relationships with each other before project work actually begins. The project

kick-off meeting is a unique opportunity for the project manager to engage and demonstrate

owed respect to the team, as each member is brought together by the project manager and allows

the team to feel like a valuable, cohesive group. As the project begins, each project team member

is responsible for their specific area of expertise. The project manager must encourage and

engage with each team member, reminding them of how integral their area of expertise is for the

success of the project. By communicating and rewarding team members, the project manager

will exhibit earned respect, as each employee is distinguished for their unique project strengths

and talents.

Televerde

Televerde is a technology-based marketing firm with locations in Arizona and Indiana.

What makes the company unique is its commitment to hiring female inmates who are currently

serving sentences in state prison systems. With the help of the work program, women become rehabilitated, their problem-solving skills are enhanced, opportunities are given for higher education, and they are better able to reach their life goals (Hellman & Craven, 2019). After conducting 92 interviews and observing over 185 hours of Televerde operations, Rogers (2018) noted that owed respect and earned respect permeate throughout the company due to constant employee training and engagement from upper-level managers. One employee noted that instead of being treated like an inmate, the women are treated as a human being and someone who's life is valued (Rogers, 2018). Televerde co-founder James Hooker had previously worked in many corporate settings, but after a decade of running Televerde, he had the ultimate respect and trust in his employees. Women who work for Televerde are constantly promoted and entrusted with big tasks, as Hooker stated that they are much more motivated than someone 'on the outside' (Barret, 2010). Demonstrating trust and respect are foundational elements to building long-lasting relationships with employees, and the degree of conflict and tension within the work culture will be reduced by encouraging respect amongst employees (Caprino, 2019). By cutting down on conflict and tension, a project manager will have increased the success of a project by empowering the project team to work together. Another benefit of demonstrating respect to employees is that the commitment and engagement levels of employees will increase, as respect is considered more important to employees than recognition and appreciation for hard work (Caprino, 2019). No matter the background or previous relationship a project manager has had with a project team member, respect is owed and appreciated when demonstrated properly. Just as Televerde has empowered women to transform their business through trust and respect, project managers can increase teamwork and engagement by respecting those around them.

Negotiation

Subsection 3.3.1 of the PMI Code of Ethics states "We negotiate in good faith" (Project Management Institute, 2006, p. 4). Negotiation as a project manager can occur at many points throughout the project life cycle and in many of the project management knowledge areas. Developing project teams, cost management, resource management, procurement management, and stakeholder management all may involve negotiation on the project manager's part. That being said, proper and ethical negotiation is an important competency for project managers to master. According to Lukas (2010), an ideal negotiation includes three main parts, understanding the other sides position, problem-solving in order to find common ground, and formulating an acceptable agreement. The basis for all negotiations is compromise, as both parties must openly discuss their goals and concerns to actively settle on a beneficial outcome. Failure to negotiate successfully as a project manager can cause project delays, product malfunctions, or going over project budget (Couanau, 2019). While project managers may not be able to control the actions or behaviors of the opposite party in a negotiation, project managers must negotiate by prioritizing respect. Negotiating should not have the goal of achieving project goals by any means necessary, but rather, for the health and success of the project, communicating and acting respectfully.

Ethical Leadership

Subsection 3.3.3 of the PMI Code of Ethics states "We do not act in an abusive manner toward others" (Project Management Institute, 2006, p. 4). It is no surprise that in the modern business environment, organizations can be demanding of their employees. Businesses aim to constantly cut costs and reduce unnecessary staff while maintaining a high level of output and increase revenues (Gallagher et al., 2015). As a result of the demanding nature of modern

organizational cultures, abusive management styles toward subordinates are an unfortunate side-effect. Project managers are always operating in a supervisory role due to their position, and they must lead the project team in a respectful manner. Research from Huemann, Keegan, and Turner (2007, as cited in Gallagher et al., 2015) concluded that the ideal culture for a project-oriented company should include the empowerment of employees, continuous and discontinuous organizational change, teamwork, and constant networking between the organization and its clients and suppliers. The ideal projectized organization cannot be achieved without positive leadership from the project managers. The behaviors most highly identified by Gallagher et al. (2015) that project managers should avoid as leaders are bullying, petty tyranny, undermining, aggression, victimization, and negative mentoring. Providing ethical leadership as a project manager will not only build cohesiveness amongst the project team but provide the organization with valuable business culture.

Why Should Project Managers Act Respectfully?

Treating people with respect is one of the easiest and most beneficial ethical traits a project manager can possess. When conducting projects within your community or around the globe, if the other party feels respected by the project manager, there will almost always be a positive interaction. Project managers must understand that continually achieving success is not possible without meaningful relationships, and to foster these relationships over time, showing respect is the most important behavior to workers today (Rogers, 2018). When it comes to specific duties of the project manager, negotiation and leadership of the project team are two areas where there is a temptation to exert organizational authority. It is within these tasks where a project manager can habitually show respect, allowing the ethical practice to become a staple in the project manager's repertoire.

Fairness

Project managers have an obligation to stakeholders, the project team, and any customers that are involved with a project to make decisions that are fair and justified. Projects have many factors that impact the timeline, budget, and scope. Therefore, understanding the resources and having the intelligence to understand the risks and rewards in every project decision is a valuable trait of an effective project manager. Chapter four of the PMI Code of Ethics defines fairness as "…our duty to make decisions and act impartially and objectively. Our conduct must be free from competing self-interest, prejudice, and favoritism" (Project Management Institute, 2006, p. 4). Understanding how to evaluate decisions fairly while also recognizing when there may be a conflict of interest are both important aspects of acting objectively in the project management profession. The use of expert judgment, organizational process assets, and enterprise environmental factors are all valuable tools that aid project managers in making justifiable decisions. The various considerations for the value area of fairness that project managers must follow include transparency, conflicts of interest, and discrimination.

Transparency

Subsection 4.2.1 of the PMI Code of Ethics states "We demonstrate transparency in our decision-making process" (Project Management Institute, 2006, p. 4). Whether decisions involve personnel when developing the project team, formulating plans to mitigate potential risks, or updating stakeholders about the project's progress, it is ethical for project managers to be transparent in all situations. One aspect of project management that is often overlooked is the potential for a project audit. Audits hold your organization and project management practices accountable to ensure fairness. According to Gumz (2006):

Two events have contributed to more organizations conducting project audits than in the

past: regulatory compliance and pressure on corporate profits. Laws such as Basel II, the

EU 8th Company Law Directive…and Sarbanes-Oaxley mandate organizations to put

effective risk management processes and internal controls in place. (para. 2)

One organization that was crippled by unethical decision-making was Washington Mutual,

which became the largest American bank to ever fail, in 2008.

Washington Mutual

According to a case study published by Wong & Rae (2012), Washington Mutual was

found guilty of mortgage fraud after an investigation was carried out by the U.S. Senate. The

U.S. Department of Treasury's Office of Thrift Supervision (OTS) had repeatedly identified

problems in Washington Mutual's lending operations, but Washington Mutual failed to

acknowledge OTS sanctions and input organizational changes (McKinnon & Fitzpatrick, 2010).

The main problem that plagued Washington Mutual was the lack of integrity from employees in

leadership roles. Any reports by employees of falsified loans weren't looked into, and account

executives were encouraged to bribe loan reviewers with money and gifts in order for the

deficient paperwork to be approved (Heath, 2020). Management was not interested in being

honest with their employees, customers, investors, or even themselves. The unethical decisions

eventually came back to haunt Washington Mutual as borrowers eventually began defaulting on

their loans in record numbers. The bank became insolvent and the U.S. Senate investigation

years later uncovered the unfair treatment of employees, fraudulent business practices, and

greedy organizational culture. Project managers can learn from this case that unethical decisions

have trickle-down effects on many people, and as organizational leaders, project managers must

not set or encourage the precedent of unfairness. All of the work conducted on any project must

be treated as reviewable and subject to audit, as unethical practices rarely go unnoticed in the

long run.

Conflicts of Interest

Subsections 4.3.1 and 4.3.2 of the PMI Code of Ethics define the ethical situations that

project managers should consider in order to avoid conflicts of interest during projects. The PMI

Code of Ethics states "A conflict of interest occurs when we are in a position to influence

decisions or other outcomes on behalf of one party when such decisions or outcomes could affect

one or more other parties with which we have competing loyalties" (Project Management

Institute, 2006, p. 5). One conflict of interest situation described by Egeland (2010) is when the

project manager has a personal relationship with individuals who work at a potential vendor or

partnering organization. Due to the financial impact that a personal relationship could have on a

project, the project manager should inform the project stakeholders of the conflict. While

conflicts of interest won't excuse project managers from the entirety of a project, any decisions

made involving the conflict will most likely need to be made without the project manager's input.

The second situation according to Egeland (2010) that involves a conflict of interest as a project

manager is the influence of project stakeholders. Due to stakeholders' organizational position

and influence over a project, a project manager must be careful not to accept false promises from

them, i.e., future promotions, bonuses for a successful project, personal gifts, etc. The project and

its completion must not be impacted by a project manager's personal goals, as the appropriate

judgment will not be possible. This point is reiterated by O'Brochta (2017) as professional

judgement or actions can become a risk when a secondary interest has unduly influence over a

primary interest. The most important aspect of handling conflicts of interest ethically is

recognition, followed by the willingness to speak to organizational leaders about appropriate measures to complete the project while remaining neutral as the project manager.

Discrimination

Subsections 4.3.4 of the PMI Code of Ethics states "We do not discriminate against others based on, but not limited to, gender, race, age, religion, disability, nationality, or sexual orientation" (Project Management Institute, 2006, p. 5). When working with other parties during a project, the project manager must treat everyone without bigotry or favoritism. A few of the most valuable traits a project manager can possess are flexibility, adaptability, and conscientiousness to treat all different types of cultures and backgrounds in the same manner. A project manager's personal beliefs must not negatively interfere with the project, as they must be accountable to their organization and professional reputation.

Women in Project Management

While project managers are held to an ethical standard by the Project Management Institute, there are examples of the project management profession unfairly treating women in the industry since its inception. According to Jones (2018) the average salary gap between male and female project managers in the United States is $11,000, with women in China also experiencing a similar wealth gap. Jones (2018) also included that payment is not the only division in the project management profession between men and women, as women routinely miss out on high-profile projects or fail to be promoted to the head of an organizations project management office (PMO). One of the biggest challenges for women in the project management industry according to Binde, PMP, is that men are given opportunities based on credentials and experience alone, while women have to prove that they are capable of an opportunity by literally acting in a job (Jones, 2018). The only appropriate way to summarize the treatment of female

project managers in today's business culture is a lack of fairness and accountability by

organizational leaders. While project managers are called by the Project Management Institute to

show fairness to everyone they work with, male and female project managers should speak up

for each other within their organizations in order to stop the unfair compensatory practices within

their profession. This point is reiterated by Jones (2018), as project managers should speak up for

their industry and aim for fairness in project management opportunities and pay for the

betterment of the profession.

Why Should Project Managers Be Fair?

Project managers must realize that the decisions that they make must be justified and will

hold up to scrutiny, should they be questioned. A common tool that assesses project decisions is

a project audit, which can be conducted during a project or long after a project has been

completed. While the case of Washington Mutual was an audit of the organizational culture and

management decisions, it demonstrates how unjust actions can have a detrimental effect on a

business. Another aspect that project managers should consider is the possibility of conflicts of

interest, and the identification and recognition that certain project decisions should be made

without the project managers' input, as to not commit unfair acts for personal gain. As stated by

Egeland (2010), personal relationships with project vendors or partners are one of the most

common conflicts of interest situations that project managers find themselves in. Being fair as a

project manager also includes the avoidance of making discriminatory decisions or actions

towards others, and speaking up when discrimination is present. This is one area where project

managers can have a positive impact on their profession, as Jones (2018) detailed the common

struggles of female project managers in business today.

Honesty

Project managers must be transparent and upfront about any project concerns, problems, or delays so that the project sponsor and stakeholders can advise appropriate responses. While the project manager is in charge of facilitating project work, many parties have an interest in the project who must be informed through proper communication. It is wise of project managers to encourage honesty amongst the project team, by setting an example through leadership and demonstrating responsibility when a project strategy fails. The ethical trait of honesty is at the core of successful project leadership and communication. Chapter five of the PMI Code of Ethics defines honesty as "…our duty to understand the truth and act in a truthful manner both in our communications and in our conduct" (Project Management Institute, 2006, p. 2). The various considerations for the value area of honesty that project managers must follow include integrity, employee engagement, reporting project progress, and updating project status reports.

Integrity

Subsection 5.2.4 of the PMI Code of Ethics states "We make commitments and promises, implied or explicit, in good faith" (Project Management Institute, 2006, p. 6). Acting truthfully as a business leader includes the following traits: understanding, respecting and upholding commitments, agreements and expectations (Samuel, 2020). While a person's reputation and trustworthiness are not monetarily valuable, they both are intangibly important towards fostering beneficial relationships. Bhide & Stevenson (1990) expand on the effects of a business's reputation with the following excerpt:

> A deal maker cited the fate of an investment bank that was once the only source of financing for certain kinds of transactions. 'They always had a reputation for being people who would outline the terms of the deal and then change them when it got down

to the closing. The industry knew that this is what you had to expect; our people had no

choice. Now that the bank has run into legal problems and there are other sources of

funds, people are flocking elsewhere. At the first opportunity to desert, people did – and

with a certain amount of glee. They are getting no goodwill benefit from their client base

because when they were holding all the cards, they screwed everybody'. (p. 126)

Due to the longstanding reputation of poor negotiation practices, the client base of the firm

turned their backs on the investment bank. This was the investment bank's fault and shows that

taking advantage of customers and negotiating in bad faith will give short-term monetary

rewards, but long-term failure. Project managers must understand that there will be many

projects that will involve many of the same team members and outside vendors throughout their

time with a particular company, and if bridges are burned due to dishonesty, it will prohibit long-

term success.

Employee Engagement

Subsection 5.2.5 of the PMI Code of Ethics states "We strive to create an environment in

which others feel safe to tell the truth" (Project Management Institute, 2006, p. 6). Having the

ability to communicate with a diverse group of individuals, while also motivating them to work

together is an often-overlooked quality of a successful project manager. According to Brownlee

(2019), the benefits of having highly engaged employees include lower company turnover,

higher employee morale, increased productivity and an improvement in business results. A

project manager who can build relationships and collaboration amongst the project team will see

an improvement in project work and will have the added benefit of creating organizational

employees who are more engaged at work. One of the companies highlighted by Brownlee

(2019) is Cisco, who developed the *People Deal*, which evaluates the relationship between the

company and its employees with a focus on connecting everything, innovating everywhere, and

benefiting everyone. Cisco's director of Team Success, Scott Herpolsheimer stated that the

People Deal has helped employees embrace a *Conscious Culture,* or:

> The idea that it's about understanding the impact every employee has on one another and
>
> on the teams, they are a part of. This takes into account the environment employees work
>
> in, the unique characteristics that make Cisco what it is, and the experiences employees
>
> create in the work they do every day. (Brownlee, 2019, para. 15)

The people deal allows Cisco employees to check-in with their team leaders by submitting a

reflection form, and after the team leader reviews it, they both have a live conversation

discussing the specific tasks at hand. Brownlee (2019) added that by introducing this program

and sparking critical conversations, employees are more able to identify their strengths and

weaknesses and are also more alert to contacting their team leaders if a problem arises in their

work. Project managers must foster this same type of engagement amongst their project teams,

allowing team members to feel comfortable sharing their professional opinions and suggestions

throughout the project's life cycle. As shown by Cisco, improving employee engagement leads

to higher morale, increased productivity, and better business results (Brownlee, 2019).

Project Reporting

Subsection 5.3.1 of the PMI Code of Ethics states "We do not engage in or condone

behavior that is designed to deceive others, including but not limited to, making misleading or

false statements, stating half-truths, providing information out of context or withholding

information that, if know, would render our statements as misleading or incomplete" (Project

Management Institute, 2006, p. 6). One area of project management which is often affected by

dishonesty is project cost estimating. Pells (2012) stated that there were many instances in his

career where cost estimates were presented to stakeholders at artificially low levels in order to

maintain financial and political support, but the project team members knew that the cost

estimates being presented were inaccurate. Pells (2012) also included that the project manager

and sponsor have a financial responsibility to stakeholders to give an accurate cost estimate

during the project because dishonesty can have detrimental effects on the project and the future

of the organization. If project managers seek honesty from their project team members, they

should demonstrate honesty when reporting and managing project activities. It is worth noting

that cost estimating will never be entirely accurate even with the best intentions, but including

contingencies and cost reserves within the cost estimate process will help alleviate any

uncertainties relating to the project's cost.

Project Status Reports

Another project area where dishonesty is prevalent is project status reports (Pells, 2012).

Successful project management practices include planning out a schedule of major deliverables

and milestones that must be completed by a certain time and for a certain cost. While project

managers are supposed to update stakeholders about project progress, the information they report

must be reliable and accurate. Pells (2012) stated that earned value reporting systems being used

during large government projects have continually shown that monthly progress reports prepared

by contractors are misleading, with changes being made to the dates of milestones and project

end dates. Reporting inaccurate information, whether on purpose or not, is wrong on both counts.

Project managers should never deceive their sponsors and stakeholders on purpose, and if project

managers aren't meticulous enough to review the project status report before reporting inaccurate

information, there is a problem. Project managers must strive to be honest in every part of their

job, as so many people are dependent on them for success.

Why Should Project Managers Be Honest?

Honesty is a valuable currency in business today, as it can make or break a person's reputation. If an individual or business is known for taking advantage of customers or negotiating in bad faith, it will be difficult to sustain and grow business relationships. Bhide & Stevenson (1990) explained that while dishonesty may make a businessman more money in the short-term, eventually their actions will catch up to them and ruin the negative foundation that they had built. Project managers must have a goal to be intentional and honest with each person they interact with during a project because believe it or not, there will come a time where the project manager will need that person's help. Actively building positive relationships just as Cisco actively engages their employees shows us that the long-term effects of intentionality cultivate better financial results and better productivity. When specifically managing project work, honesty must be considered a top priority during project estimating and reporting. Projects have high importance to the sponsor, stakeholders, and organization. Presenting dishonest financial figures or an inaccurate picture of the current earned value of a project can create a false representation of the project and its impact. Project managers must avoid dishonesty in this project area, as expectations of an ongoing project are some of the most delicate things to manage.

<div align="center">

Conclusion

</div>

In order to ensure that the project management profession remains credible and maintains a positive reputation, the Project Management Institute holds practitioners to a high ethical standard. The vision and purpose for creating the PMI Code of Ethics and Professional Conduct is "[so] that we can advance our profession, both individually and collectively, by embracing this Code of Ethics and Professional Conduct. We also believed that this Code will assist us in

making wise decisions, particularly when faced with difficult situations where we may be asked to compromise our integrity or values" (Project Management Institute, 2006, p. 1). The Code of Ethics applies to all PMI members, as well as individuals who hold a PMI certification or individuals who are actively applying for certification, as well as PMI volunteers. While PMI does offer varying levels of project management certifications, the PMP® is regarded as the top project management certification. It is imperative that PMPs all over the globe are aware of and follow the PMI Code of Ethics to ensure its vision and application. As shown through the research and analysis throughout this thesis, there are many ethical dilemmas that factor into a project manager's daily responsibilities. Recognizing ethical situations and applying the PMI Code of Ethics to them will allow practitioners to uphold the Project Management Institute's standards and ensure each value area is applied to project work. Failure to follow the ethical framework defined by the PMI Code of Ethics could result in a formal ethical review by the PMI Ethics Review Committee (ERC), possible membership or certification suspension, or possible membership and certification removal (Project Management Institute, 2021a). The consequences associated with making unethical decisions as a project manager could also negatively impact business results, the organization, and incur legal liabilities for all involved with the project. Project managers should always keep the four value areas of respect, responsibility, fairness, and honesty in mind, in order to always ensure acceptable project management ethics.

References

Aibinu, A. A., Ofori, G., & Ling, F. Y. Y. (2008). Explaining cooperative behavior in building

and civil engineering projects' claims process: Interactive effects of outcome favorability

and procedural fairness. *Journal Of Construction Engineering And Management*, 681–

691. https://web.b.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=9&sid=3a8632f9-c92f-

41e0-b8e6-25e99334906d%40pdc-v-sessmgr02

Alexander, M. (2020, December 30). PMP certification: How to ace the project management

professional exam. Retrieved February 14, 2021, from

https://www.cio.com/article/3245785/pmp-project-management-certification-guide.html

Araujo Galvão, G. D., Abadia, L. G., Parizzotto, L., de Castro Souza Pião, R., & de Carvalho, M.

M. (2017). Compliance and ethics for project management governance. *Proceedings of

the International Conference on Intellectual Capital, Knowledge Management &

Organizational Learning*, 115–123.

https://web.b.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=11&sid=3a8632f9-c92f-

41e0-b8e6-25e99334906d%40pdc-v-sessmgr02

Baker, B. (2006, June). When in China. Project Management Institute.

https://www.pmi.org/learning/library/expanding-business-china-culture-working-

relationships-4157.

Barret, V. (2010, June 10). Silicon valley's prison call center. Forbes.

https://www.forbes.com/forbes/2010/0628/companies-televerde-hitachi-netapp-cisco-

salvation-at-center.html?sh=2233fe472184.

Bhide, A., & Stevenson, H. H. (1990). Why be honest if honesty doesn't pay. *Harvard Business

Review*, 121–129.

https://web.b.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=18&sid=3a8632f9-c92f-

41e0-b8e6-25e99334906d%40pdc-v-sessmgr02

Bronte-Stewart, M. (2015). Beyond the iron triangle: Evaluating aspects of success and failure

using a project status model. *Computing & Information Systems*, *19*(2), 21–27.

https://search.ebscohost.com/login.aspx?direct=true&db=iih&AN=112268251&site=ehos

t-live&scope=site.

Brownlee, D. (2019, September 4). How the 'best companies to work for' engage employees and

retain top talent. https://www.forbes.com/sites/danabrownlee/2019/09/04/how-the-best-

companies-to-work-for-engage-employees-and-retain-top-talent/?sh=78b5d3981eca.

Bruton, S. V. (2015). Looks-based hiring and wrongful discrimination. *Business and Society

Review: Journal of the Center for Business Ethics*, 607–635.

https://web.b.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=20&sid=3a8632f9-c92f-

41e0-b8e6-25e99334906d%40pdc-v-sessmgr02

Caprino, K. (2019, November 9). 3 ways your leadership will improve when you demonstrate

more respect. Forbes. https://www.forbes.com/sites/kathycaprino/2019/11/09/3-ways-

your-leadership-will-improve-when-you-demonstrate-more-respect/?sh=4fe4ce051179.

Couanau, T. H. (2019). The importance of stakeholders and how to manage them during the

negotiations in project management. *PM World Journal*, *VIII*(IX), 1–22.

https://pmworldlibrary.net/wp-content/uploads/2019/10/pmwj86-Oct2019-Couanau-the-

importance-of-stakeholders.pdf

EBSCO Corporate Solutions. (n.d.). Business ethics: The case for operating with integrity.

Retrieved January 27, 2021, from

https://www.ebsco.com/sites/g/files/nabnos191/files/acquiadam-assets/66750772.pdf

Egeland, B. (2010, December 10). Dealing with conflict of interest on the project. Retrieved

     February 02, 2021, from https://pmtips.net/article/dealing-conflict-interest-project

Gale, S. F. (2018). Under lock and key. *PM Network*, 55–61.

     https://web.a.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=4&sid=053d2984-6b8c-

     4233-a7c1-0a4b920012ab%40sessionmgr4007

Gallagher, Ph.D., E. C., Mazur, Ph.D., A. K., & Ashkanasy, Ph.D., N. M. (2015). Rallying the

     troops or beating the horses? How project-related demands can lead to either

     high-performance or abusive supervision. *Project Management Journal, 46*(3).

     https://doi-org.ezproxy.liberty.edu/10.1002/pmj.21500

Gumz, J. (2006). Help! Your project has been selected for an audit--what now? *PMI Global

     Congress Proceedings*. https://www.pmi.org/learning/library/project-selected-audit-

     internal-controls-8169

Harvard Business Review Staff. (2016). Your project needs a charter. Here's what that means.

     Harvard Business School Publishing Corporation, 2–4.

     https://web.b.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=10&sid=e9664945-b587-

     4f34-9ab2-c799451f950c%40pdc-v-sessmgr02

Heath, D. (2020, January 15). At long beach mortgage, a top subprime lender, policies were an

     invitation to fraud. Retrieved February 03, 2021, from

     https://www.huffpost.com/entry/at-long-beach-mortgage-a_n_399295

Hellman, K., & Craven, M. (2019). Our business model. Retrieved January 27, 2021, from

     https://televerde.com/who-we-are/model/

Hoke, T. (2014). Zero tolerance for bribery, fraud, and corruption. *Civil Engineering*, *84*(7), 40–

     41. https://ascelibrary.org/doi/pdf/10.1061/ciegag.0000757

Huemann, M., Keegan, A., & Turner, J. R., (2007). Human resource management in the project-

    oriented company: A review. *International Journal of Project Management*, *25*(3), 315-

    323. https://www.sciencedirect.com/science/article/pii/S0263786306001487

Jones, T. (2018). Women's work. *PM Network, 32*(5), 28-37.

    https://web.b.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=5&sid=af0d49cf-f971-44f3-

    b789-e91398f80ac9%40pdc-v-sessmgr0

Lukas, J. A. (2010). *Top 10 mistakes made in project negotiations* [PowerPoint Slides]. AACE®

    International's 54th Annual Meeting.

    http://www.aaceimontreal.org/media/pdf/PM.04%2010%20Top%20Mistakes%20in%20

    Negotiations.pdf

McKinnon, J. D., & Fitzpatrick, D. (2010). Regulatory rift weighed on wamu. Wall Street

    Journal (Eastern Edition), C1–C3. Retrieved from https://search-proquest-

    com.ezproxy.liberty.edu/docview/399155258?accountid=12085

O'Brochta, M. (2017). Why bad projects are so hard to kill. *PM World Journal, VI*(III), 1-14.

    https://pmworldlibrary.net/wp-content/uploads/2017/03/pmwj56-Mar2017-OBrochta-

    why-bad-projects-are-hard-to-kill-featured-paper.pdf

Patagonia, Inc. (2021a). Organic cotton. Patagonia. https://www.patagonia.com/our-

    footprint/organic-cotton.html.

Patagonia, Inc. (2021b). Our core values. Patagonia. https://www.patagonia.com/core-values/.

Pells, D. L. (2012). Seek the truth! How a passion for honesty can lead to more mature project

    management and better project results. *PM World Today*, *XIV*(II), 1–10.

    https://web.b.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=24&sid=3a8632f9-c92f-

    41e0-b8e6-25e99334906d%40pdc-v-sessmgr02

PM Network. (2007). A bigger role. *Project Management Network*, *21*(5), 6–8.

      https://web.b.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=4&sid=c0aa650d-0203-

      4c90-933d-f8fcfdec77df%40sessionmgr101

Porath, C. (2014, November 19). Half of employees don't feel respected by their bosses. Harvard

      Business Review. https://hbr.org/2014/11/half-of-employees-dont-feel-respected-by-

      their-bosses.

Project Management Institute. (2017). A guide to the project management body of knowledge:

      (PMBOK® guide). Newtown Square, PA, USA: Project Management Institute.

Project Management Institute. (2006). Code of ethics & professional conduct. Retrieved March

      25, 2020, from https://www.pmi.org/about/ethics/code

Project Management Institute. (2021a). Ethics complaints. Retrieved February 15, 2021, from

      https://www.pmi.org/about/ethics/complaints

Project Management Institute. (2021b). Project management professional (PMP)®. Retrieved

      February 15, 2021, from https://www.pmi.org/certifications/project-management-pmp

Remer, D. S., P.E., & Ross, E. M. (2014). Review of project and engineering management

      certifications offered by professional organizations: EMJ. *Engineering Management*

      Journal, 26(4), 3-12.

      http://ezproxy.liberty.edu/login?qurl=https%3A%2F%2Fwww.proquest.com%2Fscholarl

      y-journals%2Freview-project-engineering-

      management%2Fdocview%2F1630248649%2Fse-2%3Faccountid%3D12085

Rogers, K. (2018). Do your employees feel respected? Harvard Business Review.

      https://hbr.org/2018/07/do-your-employees-feel-respected.

University of Colorado Colorado Springs. (2013). Patagonia clothing.

https://www.uccs.edu/Documents/Business Ethics/Patagonia Case Study.pdf

White, C., & Dickson, M. (2016). Bedrock values for decision making and risk avoidance. *PM Network*, 3–5.

https://web.a.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=3&sid=75929285-de06-44f1-a05b-deb2a6e30ee8%40sessionmgr4006

Wong, K. L., & Rae, S. B. (2012). Beyond integrity: A Judeo-Christian approach to business ethics. In *Beyond integrity: A Judeo-Christian approach to business ethics* (pp. 483-484). Grand Rapids, MI: Zondervan.