

*Full Length Research Paper*

# Project managers' ethical behaviors within modern organizations

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**Ethical managers' behaviors are identified in this paper. This study is carried out to determine project managers' thinking competencies in modern organizations and estimate some factors that influence people's behaviors; whether they behave ethically or unethically within organizations. This paper proves that the role of managers is crucial and regarded as the high-level position in an organization. This work also demonstrates how managers can influence organizations' vision, mission, and stakeholders. In conclusion, some recommendations have been made to support and train ethical behavior during the implementation of projects of organizations and the influences in developing ethical behavior procedure.**

**Key words:** Ethics, project managers, role of managers, ethical behaviors in organization.

## INTRODUCTION

In many organizations, a project manager has to execute a lot of tasks being a manager and a leader. As a manager, he has to supervise the initiating, planning, executing, monitoring and controlling and closing phases of an implementation of a project. He also has a lot of roles as a leader such as identifying the purpose direction and vision of a project, and motivating the people who are involved in the project. Managing these tasks involves ethical issues which managers must learn because these issues can influence the organization directly. Helgadottir (2007) claimed that project managers' thinking competencies have three dimensions. The first dimension is creative thinking, the second is logical thinking and the last dimension is ethical thinking (Figure 1). Ethical thinking is the core issue for project managers during planning, executing and completing a project. Helgadottir suggested that leaders have to master ethical issue and learn how to manage ethical dilemmas during the projects.

## PEOPLE' DECISIONS TO BEHAVE ETHICALLY OR UNETHICALLY AT WORK

There have been studies done on factors which affect people whether to treat their work ethically or otherwise. Researchers claim that the people's behaviors are related to several factors. In this paper, these factors are grouped to three main factors (Hegarty and Sims, 1978; Miesing and Preble, 1985; Cavanagh, 1981).

The most important factors that influence people's behaviors are personality and background. These two determine the kind of behavior pattern in people's personal life (Hegarty and Sims, 1978). Personality and background have immense influence on people's attitudes. Attitudes affect whether one can be ethical or unethical in one's job. Besides that, attitudes also affect one's behavior pattern.

Another factor that influences people's behavior is socialization. Researchers identify that some individual factors such as sex roles, religious belief, age, work experience and nationality are the factors that influence the ethical decision that is made by employees in

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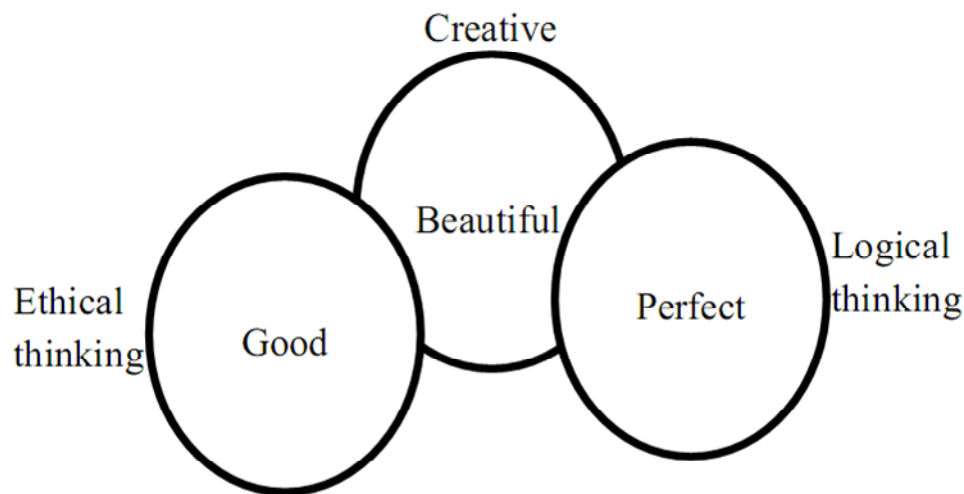


Figure 1. The project managers' thinking.

organization (Miesing and Preble, 1985). According to several literature reviews, it is found that socialization influences people's ethical system.

The last factor that we identify in this article is ethical philosophy. Cavanagh (1981) claimed that ethical philosophy influences individuals in organization in different scenario such as in the individual rights, the right to be informed, the right to decide, the right to be treated equally, etc. Cavanagh (1981) noticed that there are three basic ethical philosophies, and each of them shows a unique part of whole ethical situation faced by each member within the organization. The first basic ethical philosophy is utilitarianism. The vital concept of utilitarianism is an idea that ethics is finest applied by considering the greatest good for the greatest number. The second philosophy is individual rights. This philosophy concentrates on supporting individual rights such as the right to be informed, the right to free consent, the right to due process, etc. The third ethical philosophy is justice. An example of justice is the ethical system which stresses on social justice and the chance for all to pursue meaning and happiness in life.

As mentioned earlier, people's behaviors vary from a person to another and it is related to when and how an individual applies his or her ethical philosophy in life (Stead et al., 1990). Stead (1990) in his article claimed that individuals were different in terms of the proper decisions they made, and the actions they took resulting from these proper decisions. This was related to the ideology of people. An ideology can be said to have two dimensions. The first dimension is the idealism, whereby one's behavior is determined by the trusts that one has in terms of ethical practices that one believes in. The second one is the relativism which means that individuals believe that ethical rules are situational. Researchers have found that people with diverse moral decision

ideologies vary in terms of how they mix ethical information, how they evaluate their own ethical dilemmas, and how they evaluate the ethical decisions of others. They also are different in terms of their sense of moral obligations, actions and attitudes towards other people (Stead et al., 1990).

#### THE ROLE OF MANAGER'S INFLUENCES WITHIN ORGANIZATION

In her book, Schwalbe (2010) identified managers as the ones who work with project sponsors, lead the project team and other people who are involved in the project to meet organization goals and objectives. She claims that managers play the key role in organization and managers must have the basic skills and competencies. The most important skill is that a manager must have the soft skill which is the ability to relate with other employees in the organization. A manager has many responsibilities in an organization who is given a different formal title such as the CEO, the CIO, etc. As can be seen clearly, a manager's multiple roles influence the assets of an organization.

Managers have several roles within an organization. The main role is the informational role that is related to collecting, processing, storing and using information that can affect the objectives of an organization. Another role is the interpersonal role which is interacting with internal and external stakeholders who influence on the goals of organization. Finally, another role is the decisional role that is managing conflicts among employees or departments in an organization by deciding the best approach. Thus, it can be said that a manager can directly influence the organization in terms of strategic planning, vision, stakeholders, and delivery of service and products, etc

(Trevino, 1998; Victor and Cullen, 1988).

A manager's behaviors may have great influence on employees and the decisions made regarding them. If employees see their manager behave ethically or unethically, this can be a symbol of treatment for them, so managers' behaviors influence the entire members of the organization directly (Trevino, 1998; Victor and Cullen, 1988). According to Nielsen (1988), managers cannot expect their subordinates to behave ethically when they themselves do not behave ethically. He claimed that the unethical behaviors, which are contradicting to moral behaviors, will reflect a grim limitation to the ethical reasoning in the organization.

### **FUNDAMENTAL MANAGER'S ETHICAL BEHAVIORS WITHIN THE ORGANIZATION**

Many business scholars consider managers' ethical behaviors are based on strong characteristics and the right values. Freeman (2006) in his article claimed that managers' ethical behaviors are a complex issue in modern business. Freeman divides ethical behaviors into ten.

The first ethical behavior is to articulate and embody the purpose and values of the organization. Here it means that managers must behave according to the values of organization that have been developed. The second behavior is to focus on organizational success rather than on personal ego. Managers as the most important stakeholders within an organization must not behave as an individual and they have to think of the success of people in the organization. The next ethical behavior is to find the best people and develop their potentials. Managers should identify their subordinates' expertise and nurture their talents so that they can contribute to the well-being of the organization and the society in general. A point that managers have to remember in hiring the best people is that it depends very much on the managers' behaviors and ideology. Thus, in order for them to find the best people, they themselves must have the best behaviors and beliefs. The next behavior is to have dialogues about ethics. Many executives in organizations believe that by having regular dialogues on values and ethics, they can influence stakeholders indirectly and inevitably. The most responsible stakeholder for this to take place in organizations is the manager.

Besides these, another behavior is to create mechanism of disagreement. The process of creating the mechanism of disagreement varies from one organization to the other and it depends on the culture of the organization, the philosophy the manager embraces and the values of the organization. Another characteristic is that ethical managers have to understand and respect others' values but not to sacrifice their belief and their actions. The next characteristic of ethical managers is to make tough calls while being imaginative. Ethical

managers have to make diverse and difficult decisions in the organizations and ethical managers must make decisions according to the objectives of their organization. The next is to know the limits of the values and ethical principles that they believe in. This is to ensure that managers know the limitation of each value within the organization in solving ethical problems. The next characteristic of ethical managers is to frame actions in ethical terms. All the managers must be responsible for their acts and they are accountable for their actions, according to ethical terms. Last but not least, is to connect the basic value proposition to gain the stakeholders' support and societal legitimacy. Many organizations have leadership development programs. These programs are a good catalyst in promoting ethical leadership among the employees (Freeman and Stewart, 2006).

### **IMPACT OF PROJECT MANAGER'S ETHICAL AND UNETHICAL BEHAVIORS ON ORGANIZATION**

Managers play essential roles in modern organization. They can influence many things in organization by their ethical or unethical actions. Among the things that can be influenced by either ethical or unethical actions of managers is decision making. The ethical decision has several potential outcomes that are discussed in the study.

Managers can influence the vision and the mission of an organization through their behaviors. If managers act ethically, they can build strong ethical values for the organization (Akaah, 1992; Ford and Richardson, 1994). If the vision and the mission of an organization are based on the ethical values, all conducts within the organization are done according to code of ethic (Ford and Richardson, 1994).

Another impact of managers' behavior is to build strong ethical environment that supports greater levels of ethical decision making by involving all members in the organization (Ford and Richardson, 1994). If managers act negatively, this will trigger members of the department to act against the interest of the organization (Rutledge and Karim, 1999).

Strong ethical environment tends to trigger the members of an organization to adjust their behaviors with the norms of the organization, and decline the tendency for members to act unethically in different conditions. The last influence of managers' behavior is on the stakeholders. Project managers must understand and work with various stakeholders so that they can influence the stakeholders with their behaviors.

Ethical behaviors of managers lead to job satisfaction of stakeholders and many researchers claim that there is a close relationship between job satisfaction and work performance. With this kind of relationship, the objectives of organization are brought about easily. If managers ethically treat all the stakeholders, they are motivated to behave according to the rules of the organization (Booth and Schulzb, 2004).

If managers behave ethically, the subordinates are influenced by that moral behavior. Norms that are not sustained by proper behaviors are not likely to be accepted as legitimate by employees. One of the essential issues is to know the impact of managerial philosophy on the moral behavior of the entire members within the organization; how the behaviors of managers can be modeled by employees. Researches in ethical behavior strongly support that managers should supervise the performance measurement, appraisal and reward systems. Managers must set some rules and policies that provide clear understanding on how ethical behaviors are defined within an organization and how the system measurement is developed. Employees should be rewarded if they behave ethically, and they should be punished if they are not. The development of the ethically system is not easy. It needs several expert teams to design, develop, route, tests and control the ethical system. Developing this kind of system with certain characteristics needs a quality leadership and support from the organizational philosophy and culture. Thus, the manager must often be willing to take the risk to ensure the success of the development (Stead et al., 1990).

### **Suggestion for some training for employees from top manager**

High-level managers provide resources, give direction, issue policies, procedures and processes, dictate the goals and expected outcomes of the project, and determine who is accountable for each of the required actions (Whitman and Mattord, 2008). Loo (2002) believed that managers in organization must promote ethical awareness and ethical decision making skills. One of the most important responsibilities of managers is to implement awareness program. They can remind members of the organization to behave ethically by being a good role model, practicing ethical management. All employees should have awareness on the type of ethical dilemmas that they may face and they have to learn the kind of action that needs to be taken (Nielsen, 1988).

In an organization, managers have vital roles and they have the ability and power to influence other people. If a manager embraces ethical codes and he or she has plans for training on ethical behavior and developing a system to measure and report ethical behavior in organization, he or she makes a safe workplace for others and thus, the objectives of the organization can be easily achieved. Achieving these is possible, but it is not an easy task. It is usual in companies in which managers should develop procedures and policies to support ethical behaviors in organization (Booth and Schulzb, 2004). Managers must set the rules that dictate acceptable behaviors within organization. In other words, managers must establish policies and also specify the penalties for unacceptable behaviors and define an appeal process within organization (Whitman and Mattord, 2008).

## **CONCLUSION**

Project managers' thinking competencies in this paper were divided into three dimensions that were creative thinking, logical thinking and ethical thinking. These types of thinking influence people's behaviors, either ethically or unethically. Among the factors that affect these types of thinking are personality and background, socialization, and ethical philosophy. Nowadays, it is crucial for managers to practice ethical behaviors because these behaviors have great influence on the management of the employees and the company's products and services. The findings presented in this paper explained that managers had vital roles in an organization and they could influence the vision, mission, stakeholders and work environment. In addition, this paper also presented the most important characteristics of ethical managers. The managers should promote ethical awareness and ethical decision making skills and develop a system to measure and report ethical behaviors.

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