Honesty in projects

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Purpose

The purpose of this paper is to explore how the concept of honesty can shed light on misreporting issues in projects. Research on honesty can be useful for practitioners and researchers in project management, in order to understand and counter the withholding and distortion of relevant information from projects. In moral psychology, dishonesty is often explained as a result of moral neutralization. The paper provides an account of how neutralization can lead to dishonesty in projects.

Design/methodology/approach

The current study is based on a literature review of research on misreporting and dishonesty in projects, and of relevant generic studies of honesty.

Findings

The author concludes that the phenomenon of moral neutralization can explain dishonesty and misreporting in projects. Honesty can be encouraged by identifying attempts at moral neutralization, and rendering them unacceptable. At the core of this position is the view that the level of honesty amongst project members is most adequately understood and explained from a circumstance rather than a character approach.

Research limitations/implications

The paper is based on a literature review, and needs to be supported by further empirical studies within project management.

Practical implications

The suggested primacy of a circumstance approach to honesty implies that project practitioners should be aware of the phenomenon of moral neutralization. Even people of good moral character can become involved in neutralization, in order to render misreporting acceptable. The central practical challenge can thus be to recognize tendencies of neutralization in one's own and other people's moral reasoning.

Originality/value

The main contribution of this paper is to introduce the concept of honesty in general, and the concept of moral neutralization in particular, to project management research and practice. The paper also suggests concrete ways to redirect attention from character to circumstances, based on more general research findings in social and moral psychology.

Keywords:

Project management, Character, Virtue ethics, Honesty, Moral psychology

Introduction

Project managers and other decision makers in projects all depend upon accurate information about relevant aspect of the project. Problems arise when there is a reluctance to report negative project news. It can lead to bad project performance, both with regard to the process and its ultimate outcome. If the decision makers are misinformed, the project is likely to languish and may collapse in a costly and potentially embarrassing manner (Smith et al., 2001, p. 214). The reluctance to transmit bad news has been labeled "the mum effect" (Tesser and Rosen, 1972) and constitutes a significant challenge in project management. The main contribution of this article is to show that moral psychology and honesty research offer concepts, distinctions and insights which can be crucial in understanding and countering misreporting in projects.

As noted by Smith et al. (2009, p. 577), reporting from a project may be distorted in two ways: Either the reporter unintentionally perceives the status incorrectly, or the reporter intentionally misreports the perceived status. In this paper I focus on the latter, and propose that the concept of honesty can be particularly useful for project management practice and research.

In PMI's Code of Ethics and Professional Conduct (Code of Ethics, 2013), honesty is singled out as one of the four most important values in project management, alongside responsibility, respect, and fairness. It has nevertheless only received sporadic attention in project management research, and this article suggests how that can be remedied.

The concept of honesty has been developed within the virtue ethics tradition in moral philosophy, based on the ancient writings of Plato (2000) and Aristotle (2002). Within this tradition, honesty is explained in terms of personal dispositions and character traits. Instances of moral wrongdoing are seen as indications of defects and flaws in the agent's character. A person who has acted dishonestly in previous situations, has thus been revealed to be a dishonest person, one not to be trusted if similar situations should occur again. A person who has intentionally withheld crucial information about a project has according to this tradition shown him- or herself to be a person of bad character.

Recent developments in social psychology point to a different understanding of the phenomenon of honesty, giving priority to the circumstances of decision making, rather than on character traits. In this paper I will argue that this empirically oriented circumstance approach, as outlined by Ariely (2010; 2012), Mazar et al. (2008), Heath (2008), and Doris (2002) is where project management practice and research can find the most relevant input with regard to understanding and countering dishonesty. These contributions take into account a wide range of experiments and studies demonstrating how human decisions and behavior are crucially affected by aspects of the situation, rather than on individual character traits.

The concept of moral neutralization can be applied to explain why people who are committed to being honest and truthful, may nevertheless end up telling deliberate lies about project status. This concept was originally introduced to make sense of juvenile delinquency (Sykes and Matza, 1957), but has also been applied to business ethics and management settings (Heath, 2008). Wrongdoing is here explained in terms of how business managers are able convince themselves that what they initially thought was wrong, is actually acceptable. In project settings, dishonesty may in a similar way be the result of a process where people overcome initial moral dissonance by finding excuses and convincing themselves that there is nothing wrong in misreporting.

Background

Misreporting from projects can be seen as an ethical challenge in projects. I contributed to a study (Müller *et al*, 2013) where one of the research questions was: What are the ethical dilemmas that projects are experiencing today? We conducted 28 interviews with project members in nine different organizations, and found that the reported issues which created ethical dilemmas could be categorized into three: Transparency issues, relationship issues, and optimization issues. Of these, the former is of particular significance in the present context. Informants told us about a reluctance to report project performance issues. Information was withheld:

- In hope of being able to balance costs through reduced functionality of the product.
- In hope of recovering through other means at some time in the future.
- In fear of project termination.
- In fear of face-loss by admitting planning mistakes.

- In fear of losing bonus or other incentives.
- Because of uncertainty about proper timing for escalation.

(Authors 2013, p. 35) These six reasons for misreporting came up in several interviews, but more research is needed to further map the reasons project members may have for intentionally engaging in this activity in projects.

In one of the companies (Oil and gas – Northern Europe) we interviewed 6 project members about the reporting practices of project risks. They had a system in place where project member reported periodically their qualitative risk assessment of the project in either green (project is going according to plan – no major risks), yellow (project is going more or less according to plan – some risks), or red (project is facing problems – serious risk). The unwritten rules in applying this system was (1) you should not report only in green, but always present some risks in yellow, and (2) you should avoid reporting anything in red, because then the project would be seriously disrupted by internal and external inquiries. This way, if things went badly, you would always be able to say that you had reported in yellow. We did not get any documentation that this system and the interpretation and use of it had created concrete misreporting problems, but got the impression that project members were keen to avoid infringements from outside the project.

Intentional misreporting can be identified as one of the key ethical challenges in projects, not only for reputational reasons, but also because they affect project outcomes (Thompson et al., 2007). In one study, Smith et al. considered how the perceived level of impact and the perceived level of wrongdoing can affect the willingness to report bad news from a project (2001). The same study highlighted how the tendency to misreport can be understood form a project, personal, group, and organizational level. One contribution focusing on the latter level is offered by Smith et al. (2009), in a study of the impact of different "ethical climates" on misreporting, applying the theoretical framework developed by Victor and Cullen (1987; 1988). They found that project members who perceived their members to be one in which rules are followed strictly tended to misreport less, while those who operated in organizations dominated by self-interest tended to misreport more.

Other factors impacting the level of intentional misreporting have been identified to be risk propensity and career aspirations, the relationship between the reporter and the receiver of information, and the level of trust the former has with the latter (Smith and Keil, 2003). Trust was also one of the dimensions discussed in our study of ethical issues in projects (Müller *et*

al, 2013). We found that both system trust – the extent to which there is trust from project members towards the governance structure – and people trust – the extent to which there is trust in the structure towards the project members - are needed to provide an appropriate foundation for decision making, including the reporting from the project (Müller *et al*, p. 38).

In one study, Huang and Chang (2009) found that managers with absolute moral principles showed a stronger commitment to incorporate bad news in their decision making than ethical relativists, and that the managers with high idealism would be more ready to discontinue projects based on truthful reporting than managers with low idealism.

The concept of honesty can be applied in the project management literature in order to supplement previous studies of misreporting from projects. In order to assess its merits it will be useful to contrast a character and a circumstance approach to honesty. The circumstance approach to honesty focuses less on the individual decision maker's moral beliefs and convictions, and more on the environment in which the decisions take place.

One significant aspect of decision environment will be the extent to which certain excuses and justifications for misreporting are used, tolerated and encouraged. A recent development in business ethics has been to consider wrongdoing in the light of how the decision makers neutralize initial moral dissonance and come up with excuses which make them able to act against their own moral convictions (Heath, 2008; Donaldson, 2012). This article suggests that a similar analysis can be applied to dishonesty and misreporting in projects. These practices can be understood as results of neutralization conducted by project members whose initial moral belief may have been that they should be truthful in their reporting. It can thus be performed by people who normally are committed to being honest, but who manage to convince themselves that it is acceptable to withhold or distort information in their current situation. Neutralization of this kind can be studied in all of the four levels suggested by Smith et al. (2001, pp. 210-212), that is, on project, individual, group, and organizational level.

The next section of the article presents the character and circumstance approaches to honesty in more detail. It is followed by a section on moral neutralization, and the article ends with a discussion of the implications for project management practice and research.

Character and circumstances

Honesty can be understood as the practice of telling what one takes to be the truth about some state of affairs. Research on misreporting suggests that dishonesty can take two main forms: withholding and misrepresentation (Keil and Robey, 2001; Smith and Keil, 2003; Snow and Keil, 2002). The former consists of the deliberate omission of relevant facts, while the latter refers to a misstating of the condition of the project activities and status (Smith et al., 2009). When a project member engages in either of these two forms of dishonesty, it can be studied and explained in terms of the decision maker's character, or the circumstances in which the decision takes place.

The virtue ethics tradition, based on the ancient works of Plato (2000) and Aristotle (2002), focuses on character, and suggests that the reasons a person has for telling the truth also matters in order to determine whether it is really an example of honesty. A person can consistently tell the truth to other people, without being an honest person, since his or her reasons can be to gain advantages or avoid punishment. A habitual truth teller may not deserve to be called honest, since his primary motivation may be to make a good impression on others. The person who is forced at gunpoint to reveal a secret code may end up telling the truth, but that act would not be an example of honesty, since it is not motivated by wish to be truthful. In the duty ethics of Immanuel Kant there is a similar emphasis on motivation (Kant 1785/2006). An action will only have moral worth if it is motivated by good will and no thought of benefits to the agent. A good will is a will whose decisions are wholly determined by moral demands. An honest person is someone who regularly tells the truth because he or she believes that "this is the truth" is a strong, if not always overriding, reason to do so. Honesty is here a person's well entrenched disposition to tell the truth, rather than to give in to other people's expectations or other kinds of external pressure.

Project managers and other decision makers in projects need to be correctly informed about the status of the project, and potential problems in it. The motivation people have for being truthful may not matter, as long as the relevant information reaches them. Virtue ethics hails the person with a stable disposition to tell things straight, while the project manager may be more concerned about whether people share or hide crucial information, no matter what their reasons may be for doing so. In response, a representative of virtue ethics may say that the project manager should also care about the motivation. If a person is honest in this situation only because he or she wants to make a good impression on you, there is no telling what will

happen in later situations. Once you have accepted this person as someone to trust and give responsibility to, he or she may cease to be honest, since the benefit has already been reaped. In the behavioural ethics tradition a similar point is made by identifying the challenge posed by so-called *bad apples* (individual with bad morals) as contrasted with *bad cases* (moral issues and situation), and *bad barrels* (organizational climate), as defined by Kish-Gephart et al. (2010).

A character approach to honesty in projects assumes that the more we know about a person's dispositions to regard truth telling to be of value and importance in itself, the better we can predict the person's behavior in a situation where honesty is called for. An alternative circumstance approach claims that whether you will get an honest response from a person in a given situation, depends more on features of the situation than on the person's dispositions to act in this or that manner. According to this approach, emphasis should not be on bad apples, but rather on bad cases and bad barrels. The more we know about the situation, in terms of incentives, environment, organizational decision climate and other aspects, the better we can predict whether the person will give an honest response or not.

A character approach would suggestion that honesty cam be established in projects primarily by monitoring and identifying people with strong dispositions towards honesty. This can be done by testing people and asking for evidence from previous practices. Character witnesses can be asked to give an account of the person's ability to respond adequately in previous situations where honesty has been called for.

The main weakness of a character approach is that it does not take into account the fragility of the virtues. There is considerable empirical evidence to the effect that people's moral responses in concrete situations depend on aspects of the circumstances they find themselves in. Experiments in social psychology strongly indicate that features of the situation crucially affect people's moral behavior, for instance the extent to which they are honest (Ariely, 2012; Mazar et al., 2008; Heath, 2008; Doris, 2002).

In one experiment designed to explore the balance between character and circumstance with regard to helpfulness, theology students at Princeton University were individually told to walk to another part of campus to do a presentation on The Good Samaritan story from the Bible. One third of the students were told that they needed to hurry up to get to the building in time, another third that they were just on time, and the final third that they were early and had plenty of time. On the way to the other building, the students encountered a person lying on

the pavement in pain, needing assistance. The researches wanted to test whether the differences in the students' hurry to reach the other building would make a difference in their helping behavior. If character is the most influential factor, then only minor differences should be observed. In the experiment, only 10% of the students in a hurry offered to help. 45% of students who were on time and 63% of those who were early made helping initiatives to the person in pain (Darley and Batson, 1973, p. 105). The results indicate that circumstances have a stronger influence on conduct than character. Related studies on helpfulness similarly conclude that helping behavior is affected by circumstances (Alderman, 1972, pp. 98-99; Isen, 1987, pp. 206-207; Baron, 1997).

Mazar et al. (2008) set up an experiment to test the honesty of students. They wanted to explore whether cheating among respondents could be affected by moral reminders. A total of 229 students participated. They were asked to perform math tasks and were given opportunities to cheat when reporting on the results of their individual performances. Before the test, the respondents were asked to write down either the names of ten books they had read in high school (no moral reminder) or the Ten Commandments (moral reminder). Again, if character is the most influential factor on moral behavior, only insignificant differences should be observed between the two groups. The outcome, however, was that the respondents in the first group of students showed normal cheating behavior, while all the respondents in the second group refrained from cheating all together. Evoking the Ten Commandments served as a moral reminder, and cheating was eliminated. Ariely (2010, p. 288) has conducted a similar experiment where respondents were asked to sign a statement to the effect that they understood that what they were about to do fell under a university honor system. The result was the same as with the Ten Commandment. The act of signing served as a moral reminder, and made them refrain from cheating.

A circumstance approach to honesty in projects can build on the findings from the honesty research conducted by Ariely and others. Rather than monitoring people to identify those with firm and stable character, it can focus on the situational aspects of decision-making in the project. It is not necessary for an approach of this kind to outright reject character considerations. There can be relevant differences between individuals in how they are disposed towards honesty and truthfulness. On balance, however, it seems that careful attention to the circumstances of decision-making has a better chance of stimulating honest conduct, in general and therefore also in a project setting. In the next section I will discuss how theories about moral neutralization can be used to make a circumstance approach even

more concrete, and suggest that honesty in projects can be encouraged by identifying and addressing the ways in which project members engage in attempts to neutralize initial moral dissonance.

Moral neutralization

The concept of moral neutralization has emerged from criminology. Sykes and Matza (1957) made a theoretical effort to understand juvenile delinquency, and started off from the observation that many delinquents had a middle-class background and moral convictions and beliefs no different from non-delinquents. Traditionally, character deficiencies had been assumed to be the prime causes of criminal activity, but Sykes and Matza challenged this assumption. Through interviews they set out to map the cognitive processes necessary to overcome incongruence between moral convictions and criminal behavior. In a review article on this research tradition, Ribeaud and Eisner (2010, p. 300) identify its key theoretical question to be: "Through which cognitive processes can an individual who is generally rule-abiding and compliant with moral standards minimize cognitive dissonance, threats to self-concept, and experiences of moral self-sanction when he or she transgresses those standards?"

My suggestion is that a similar and more concrete question can be posed with regard to dishonesty in projects. We can assume that project members who misreport from the project generally are rule-abiding and compliant with moral standards. Somehow they manage to overcome dissonance and engage in dishonest conduct, in the form of withholding or distorting relevant information. Both from a research perspective and a practical project management perspective, it is important to understand such processes.

In his research on honesty Ariely (2012) uses the concept of rationalization to describe how an individual can lower the threshold for doing something which conflicts with his or her moral convictions. In criminology and social psychology it is more common to distinguish between *ex ante* neutralization and *ex post* rationalization. The first denotes a process where an individual faces an option to do something which goes against what she considers to be morally acceptable and right, and finds ways to make that option seem acceptable after all. The second is the justification an individual can engage in after having done something which appears to conflict with her moral convictions. A basic assumption in studies of neutralization

is that: "people do not ordinarily engage in reprehensible conduct until they have justified to themselves the rightness of their actions" (Bandura et al., 1996; p. 365).

Sykes and Matza (1957) identified five techniques of moral neutralization: Denial of responsibility, denial of victim, denial of injury, condemnation of condemners, and appeal to higher loyalty. Processes of neutralization have also been discussed under headings like moral disengagement (Bandura, 1986; Bandura et al., 1996) and self-serving cognitive distortion (Barriga and Gibbs, 1996; Gibbs et al., 1995). In their review article Ribeaud and Eisner (2010) discuss the extent to which these can be interpreted into one unified approach. In the following I will present the five original techniques, and leave the comparison of related conceptualizations to a later study.

The five original neutralization techniques are described in the following, with an indication of how they may appear in the moral reasoning of individuals working in projects.

Denial of responsibility

The agent claims that one or more of the conditions for responsible agency are not met. The process is affected by forces beyond his or her control. In a project setting, this technique can take the expression of the person presenting him- or herself as a pawn on a checkers board, moved around by project management or the dynamics of the competitive environment. The person claims to act out of necessity rather than on the basis of free will and personal control. It is a matter of survival. There is no real choice.

In a project setting, an individual may reason along the lines of this neutralization technique in telling him- or herself that there simply is no room for honest responses in this particular environment. The reasoning may be that there are forces at play in the process which could not be challenged by individual initiatives. There appears to be an internal logic in place, stronger than anything individuals could muster of motivations to be honest and straightforward.

Denial of injury

With this technique, the agent aims to minimize or deny that any harm is done. This can happen through an appeal to the larger picture, where the act in question and its consequences are minor occurrences, soon forgotten. It may also be that the consequences of the action are

spread so thinly onto a large number of people, so that no individual can reasonably claim that it would have made a notable difference if the agent had refrained from acting.

The larger and more complex the project, the more likely it appears that this technique is applied. An individual working on such a project may be convinced that his or her act of dishonesty will not hurt its overall progress, due to the magnitude or complexity of the whole process. The withholding or misrepresentations of facts are considered to be harmless.

Denial of victim

The agent may acknowledge that his actions will have some negative impact, but claim that the injured part does not deserve moral protection. Those who will be affected have only themselves to blame. Either it was they who started it, or they engage in similar conduct themselves or would have done the same if they had been in a position to do so. Employees who experience poor treatment from their employers often employ this technique when they convince themselves that they are not really doing anything wrong when they act against the employer's interest, but rather are restoring justice (Hollinger and Clark, 1983, p. 142).

Project management is particularly vulnerable to this technique in settings where the people involved have experienced that they are not taken seriously, in particular if previous attempts at honesty have been perceived to have been fruitless.

Condemnation of condemners

The agent accuses his critics of not understanding the dynamics of the particular social practice he is engaged in. He can raise doubts about their motives for expressing moral criticism in the first place. Moral concerns are deflected back on the critics. They are the ones with a dubious ideological or moral agenda. People who are critical of a decision to be less than truthful in a project may be silenced by claims to the effect that they have no idea of what it is like to work in the heated atmosphere of this project.

Appeal to higher loyalty

The agent denies the act will be motivated by self-interest, claiming instead that it will be done to honor some important moral obligation. It can typically be loyalties to one's family, or one's company, colleagues, employer or employees, or to the shareholders. These loyalties are depicted as being more important in the current context than honesty, fairness or other moral values.

A decision to withhold crucial information from a project manager may be neutralized into an acceptable thing to do by appeal to how one must make sure not to do something unpopular, which may lead to losing one's job. The responsibility towards one's own family can be used as an excuse to be dishonest.

Applications of all five neutralization techniques can build on considerations that, under some circumstances, may provide the basis for legitimate justifications (Heath, 2008, p. 602). It may indeed be the case that an intervention based on honesty may put one's own employment and goodwill with the project management team at risk. What is typical of neutralization is that the considerations are stretched to the level of incredulity. Bringing bad news about the project to the project manager may be a painful thing to do, and the initiative may take a lot of courage. Neutralization can be a way out, a measure to relieve oneself of the duty to take that initiative.

A circumstance approach to honesty in projects can have as a central tenet that attempts at neutralization should be identified and challenged. Awareness of the five neutralization techniques can be useful in recognizing attempts to convince oneself and other people that an option which from the outset is seen as the morally right one – being honest about the current state of affairs in the project – can be discarded.

Conclusion

The planning and execution of projects depend upon the availability of accurate and truthful information, enabling project managers to make adequate assessments and decisions. Honesty in projects can significantly improve the quality of processes and outcomes. The aim of this paper has been to introduce theoretical approaches to honesty, and indicate how they can enhance the understanding of why project members withhold and distort relevant information in project.

A character approach indicates that the most promising way to establish honesty in a project is to recruit people with robust and stable dispositions in favor of telling the truth. We have seen that this approach is undermined by experiments in social psychology, where the legitimacy of the distinction between good and bad people is put in doubt. People can differ with regard to firmness of character, but these differences appear to be less prominent and decisive for conduct than traditional virtue ethics have made them out to be.

I have argued that a circumstance approach to honesty is favorable to a character approach. Within the circumstance framework, the concept of moral neutralization offers a way to analyze and understand the ways in which the project members talk and reason about their choices. The communication climate in an organization or a project will affect the extent to which moral neutralization occurs. Heath (2008) has argued that practical work in business ethics in general can benefit from efforts to identify and counter attempts to talk down initial moral dissonance. He claims that organizations need to develop "an environment in which the standard techniques of neutralization used to excuse criminal and unethical behavior are not accepted" (p. 611). In a similar vein, Bird (1996) and Bird and Waters (1989) have identified moral muteness as a pervasive phenomenon in business, one which needs to be taken seriously if companies are to identify and reduce instances of moral wrongdoing. If business leaders and employees keep silent about morally challenging aspects of their own work, key issues will not be identified and addressed.

In the practical setting of a particular project, the people involved can be conscious of attempts to respond to moral demands for honesty and truthfulness with neutralization techniques. The project managers can try to establish a communication climate where the application of such techniques is not tolerated. It can be a demanding task to recognize neutralization as an element in one's own or in colleague's moral reasoning, but the reward can be that serious blind spot issues are eradicated. The project manager gets better access to relevant information, because the attempts to downplay the responsibility to share are met with opposition. Eliminating neutralization may be too ambitious a task, but active steps to reduce and minimize it can stimulate honesty in projects.

Research on honesty in projects in general and in more specifically in project management can build on the studies already undertaken on honesty in other settings. It is a topic that deserves attention from scholars and practitioners alike, since the success or failure of projects depends on the ways in which information is shared at different stages of the project cycle. Telling or not telling about a problem that has occurred in the process can make all the difference. The damaging effects of misreporting in projects mean that there is a need to understand how to encourage and create honesty among project members. I hope that this paper can provide a starting point for both researchers and managers who want to explore the topic further.

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