ETHICAL PROJECT MANAGEMENT: CHALLENGES AND PROSPECTS

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Abstract

The importance of studying ethical issues in project management is driven by several factors that highlight the ethical aspect as a crucial and inseparable element of contemporary business and society. Key factors include: the increasing complexity of projects and globalization, greater focus on corporate social responsibility, the influence on project efficiency and success, the rising interest in ethical leadership, and the development of a company's reputation. The aim of the study is shaped by an attempt to identify key resources, comprehend major issue and systematize the contributions of both domestic and international experts regarding the conceptualization of ethical project management. This goal involves identifying and analyzing the key ethical challenges in project management, assessing their influence on project effectiveness, and developing recommendations for integrating ethical principles into project management practices. The above-mentioned accounts for the following tasks to be addressed: analyzing ethical issues in project management (such as conflicts of interest, unfair competition, and confidentiality protection); defining the role of corporate ethics and values in project management; investigating the impact of ethical principles on project effectiveness and participant engagement; developing recommendations for fostering moral behavior among project team members; assessing the risks associated with ethical violations and their effect on project success. Analysis and synthesis as systematic approaches in the study of ethical problems in project management help to better understand the nature of ethical conflicts, identify their causes and develop effective solutions to prevent them. Key findings indicate that ethical principles enhance project management success. Ethics impact decision-making tends to make more transparent and responsible decisions, reducing risks and fostering a positive project environment. Conflict management is crucial to maintaining trust and harmony within the team. Sustainability and social responsibility tend to create more long-term value for society.

Key words: project management, code of ethics, social responsibility, ethical leadership.

Introduction. When you're managing a project, it's super important to think about ethics. It sets the tone for how everyone should act and builds trust, which is really important for getting things done right. Focusing on ethics creates an environment where everyone feels comfortable being honest and taking responsibility.

Trust makes it easier for people to communicate and work together, which is essential for meeting project goals. Everyone also needs to be accountable for their actions. When project managers and team members take responsibility for their roles, it makes it easier to fix problems and keeps things on track. Being honest means sticking to your values, even when no one's around. This builds trust in the project because everyone can see that decisions are being made fairly.

Literature review. Ethics in project management plays an important role in building trust, ensuring transparency and effective interaction between all participants (Ljungblom, 2018; Jónasson, et al. 2024; Helgadóttir, 2008; Cojoacă, 2023). Researchers view it as a set of principles that allow project managers to make informed decisions, reduce the risks of conflicts of interest and maintain the business reputation of the organization. Key issues of research are project management culture, ethical standards and codes, conflicts of interest and their resolution, the role of a leader in compliance with ethical standards, and the impact of digitalization and artificial intelligence on management ethics (Alexandrova, 2020; Bevan, 2020; Najm, et al, 2023; El Khatib, et al, 2020; Бочарова та ін., 2024).

Corporate culture really matters when it comes to making project management work better in today's companies. Researchers want to see if project-based businesses are creating a unique culture and how values and behaviors are changing to fit the new environment. A key guideline from the Project Management Institute (PMI) is the Code of Ethics and Professional Conduct, which lays out the ethical rules that all PMI members and project managers should follow (Хігні, 2020; Dong, et al, 2022).

The ISO 21502:2020 standard, put together by the International Organization for Standardization,

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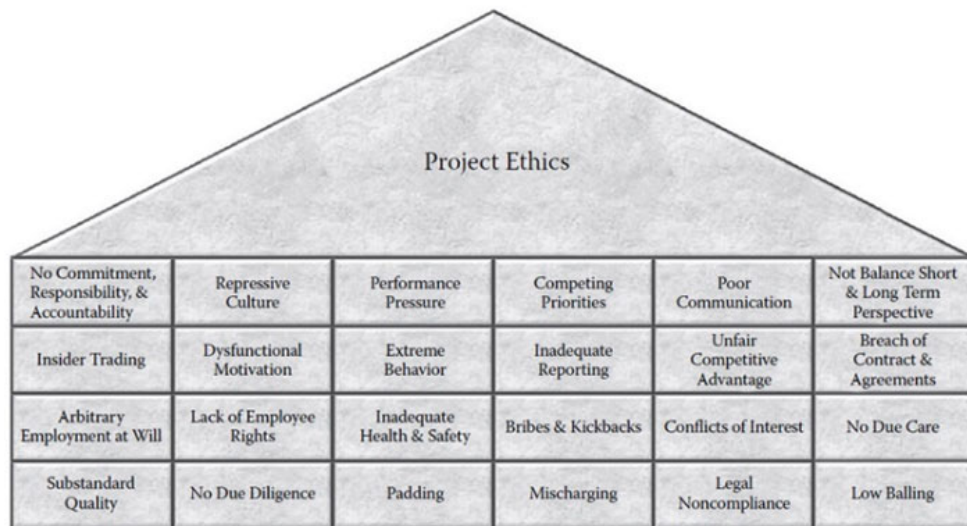E-mail: yanasd73@gmail.com

Fig. 1. Common ethical problem involved in any project

Source: (based on Kliem, 2012)

Fig. 2. Ethical Leadership in Project Management

Source: (based on Importance of ethics and ethical issues in Project Management, 2024)

has some fresh updates about project management practices that reflect what's going on these days. The ethical side of the PRINCE2 method has also played its part in making it a go-to standard in social projects (Islam, et al, 2020; Pawar, et al, 2017).

Studying how organizational culture and project culture interact, and how this affects project management success, involves looking at various global companies. This helps identify what makes projects succeed, how corporate culture influences them, and what's important for cultural integration, especially in the global market.

When problems come up in project management, they can damage a company's reputation, make it tough to deal with contractors and the media, and cause stress among the team. All of these can have negative effects on the business and its employees. Researchers say that changing deadlines and budgets can really hurt projects. They also point out that corruption poses a big risk to both the company and its employees (Cui, et al., 2024; Carboni, et al, 2024; Blampied, et al, 2023).

Leadership depends upon the ethical choice you make. Ethics and leadership can add moral dimensions to decision making process for success. All organizational operations are permeated with ethics. An analysis of ethical leadership and its impact on project culture helps answer a key question: can the application of a values-based approach, including the skills, principles and values of ethical leadership, improve the effectiveness of project management, especially in industries with a predominantly project-based organization of work? Michel Ombrophyte (PMP and chair of PMI Ethics Member Advisory Group) states that "Ethics lead to trust, which leads to leadership, which in turn leads to project success" (Klein, 2024; Plummer, et al, 2021).

Managing large-scale modern projects and programs is impossible without using a set of information systems that make up a corporate project management system. These days, you can use AI tools to automate a lot of tasks for managing projects,

programs, and portfolios (Мохонько та ін., 2023; Симонов, 2024).

Despite all the problems we're facing, experts seem to agree on some straightforward steps we can take. We should set up a way to keep an eye on ethical risks, provide training and certification on ethical standards, and make it easy for folks to give feedback or report problems anonymously.

Ethical aspects of digitalization and the implementation of artificial intelligence include issues such as the impact of automated systems on the process of making ethical decisions, algorithm bias, ensuring data privacy, and compliance with the principles of digital ethics.

Modern research emphasizes the need to integrate ethical standards into corporate strategies, which contributes to the long-term sustainable development of companies in the context of globalization and digitalization.

Paper objective

The purpose of the study is to identify and analyze the main problems of ethical project management, determine their impact on the effectiveness of project management and develop recommendations for the implementation of ethical principles in the practice of project management.

Methodology

Looking at ethical issues in project management through analysis and synthesis can really help us grasp what's going on with these conflicts. It allows us to spot the reasons behind them and come up with practical ways to avoid similar problems in the future.

To address the mentioned research problems the analysis involves a detailed study of ethical issues by breaking them down into components. The main areas of analysis: identifying sources of ethical problems; assessing the consequences of violations of ethical standards; identifying factors that contribute to the emergence of problems. Synthesis involves generalization and integration of analysis results to form an ethical risk management strategy. Main focus points: creating ethical standards, adding ethical principles into business practices, and building a culture of responsibility.

These methods work well together: analysis helps break down the issue into smaller parts, while synthesis brings it all together into one clear view.

Analysis and discussion

According to the PMI "Ethics is about making the best possible decisions concerning people, resources and the environment. Ethical choices diminish risk, advance positive results, increase trust, determine long term success, and build reputations. Leadership is dependent on ethical choices" (Project Management Institute, 2021).

When you're running a project, you often have to make tough decisions that impact the project and the people involved. Project managers regularly run into tough situations due to mixed interests, vague directions, or the push to finish on time, which can sometimes make them choose the wrong path. It's crucial to recognize these challenges to maintain your integrity and support your team well.

Conflict of interest.

A conflict of interest in project management occurs while in a clash of personal or professional interests. This can hurt how well the project is managed, create distrust, and put the project's success at risk. There are a few reasons why these conflicts come up. Often, it's because someone wants to boost their own gains at the expense of the project's budget, like making choices that benefit their own companies for personal profit.

The difference in goals gets really obvious in cases where one person has multiple roles. For instance, if a project manager is also providing a service, it can lead to biased decisions. Conflicts can arise between customers, contractors, investors, and others involved. For example, the management of a company may focus on long-term prospects, while the project manager strives to achieve short-term results.

The Product Owner might push for a quick product launch, while the development team is more focused on making sure it's high quality. This mismatch can lead to some people taking too many risks and others being too cautious. For instance, shareholders want to see returns fast, while the team is all about long-term growth. Different approaches, like Agile versus Waterfall, or formal versus informal management styles, can cause some tension too.

To top it all off, politics as an external pressure factor, for example, can force teams to make decisions that are not actually in line with the project's goals. To avoid these kinds of conflicts, it's key to make sure everyone knows their roles, keep processes clear, and have good ways to handle any disputes that come up.

The consequences of such conflicts are multifaceted. On the one hand, a decrease in the effectiveness of project management can lead to financial losses and legal problems. On the other hand, the loss of trust among project participants creates reputational risks for the company.

Given the complex nature of the problem, approaches to managing conflicts of interest also vary. An important step is identifying and recognizing the conflict, which allows early detection of potential risks. Separation of powers helps to avoid combining incompatible functions. Implementation of ethical standards and development of a code of conduct contributes to the formation of strict rules aimed at preventing conflicts of interest. Getting an independent audit is super important. It gives a fresh perspective on major decisions and keeps things fair. When we handle conflicts of interest properly, we can reduce risks and boost the chances of the project doing well.

Transparency and Honesty in Project Management

Lack of information or deliberate concealment of data can lead to serious consequences, including budget overruns, missed deadlines, and infringement of the rights of project participants. Ethical and legal risks manifest themselves in the form of hidden agreements, corruption, nepotism, and inconsistencies between the values of the organization and the personal beliefs of employees.

Transparency and honesty in project management are important conditions for the successful achievement of goals. Transparency is all about keeping everyone in the loop with project updates. This means giving clear, timely info on progress, the budget, deadlines, and the resources being used, as well as any risks that come up. It also means being open about how decisions are made and what gets prioritized. Honesty is about following ethical standards and not allowing distortion of information.

Clear and honest communication among everyone involved in a project is key. It's important to avoid making empty promises and setting unrealistic expectations. Being able to own up to mistakes and fix them quickly also matters.

These are the factors that create trust within the team and contribute to effective project management, providing the company with significant competitive advantages. Confidence of employees and customers in the transparency of processes strengthens their trust. Access to information allows you to make informed decisions and act more effectively. Addressing potential problems and avoiding conflicts helps reduce risks. When employees feel included and appreciated by the company, it raises their motivation.

To ensure transparency and honesty in work, it is important to implement measures such as documenting key decisions, openly discussing the criteria for selecting contractors, and other similar

initiatives. Among the most effective methods, the following can be highlighted. Holding regular working meetings, preparing reports on the current status of the project, and using management systems such as JIRA, Trello, Asana help ensure transparency, receive feedback, and involve the team in the process of open communication.

Defining areas of responsibility, developing and implementing a code of ethics, as well as monitoring its compliance, help establish clear rules and standards of work. The use of digital tools allows for the automation of management processes and provides access to relevant data in real time. Regular audits, monitoring of activities and implementation of anti-corruption measures are important for maintaining accountability and independent control.

Thus, transparency and honesty contribute to the formation of a healthy working atmosphere, increase the effectiveness of the project and reduce the likelihood of conflicts. These principles should become an integral part of the corporate culture and be organically integrated into management processes.

Corruption in project management

Public administration and construction projects often deal with corruption, which can create a lot of issues and damage trust. When bribery enters the picture, it can mess up how well projects are run, leading to unfair practices and financial problems. This might result in wasted money, poor quality work, and potential legal troubles down the line.

Corruption happens when folks abuse their jobs for personal gain or to help a company. Bribery is when someone gives or takes money or gifts to influence decisions or get an unfair edge. In project management, corruption can occur in various forms.

Favoritism happens when friends, relatives, or business partners get promoted to important jobs without really having the right skills. Kickbacks are when someone gets paid illegally for signing contracts or picking specific suppliers. Tender manipulation involves raising costs, cooperating with other participants, or changing the rules of competition in a company's favor. Hiding information is equal to concealing facts as far as deadlines, money, or the quality of work are concerned. Misuse of resources results in tackling project funds as personal belongings as well as purchasing unnecessary or expensive equipment and materials.

Corruption in project management negatively affects the effectiveness and sustainability, as well as the reputation of the organizations involved in

their implementation. The anti-corruption policy of an organization is a set of interrelated principles, procedures and specific actions aimed at preventing and minimizing corruption risks that may negatively affect the company. Having clear divisions of responsibilities, using online procurement systems, regular audits, and independent checks, along with building a strong company culture and set procedures, can help stop corruption and make anti-corruption efforts work better.

This includes, first and foremost, open tendering, access to cost information, and regular reporting. Implementing a code of ethics, anti-corruption contract reviews, multi-party control over decisions, and using digital platforms to monitor and prevent fraud all help prevent corruption risks. Employee training and anonymous reporting mechanisms increase staff awareness and create channels for reporting violations (e.g. anti-corruption hotlines). The fight against corruption and bribery is the foundation of successful and stable project management. Openness, accountability and independent oversight help reduce risks and build confidence in the project.

Environmental Responsibility in Project Management

Environmental responsibility is an integral part of the effective management of industrial and infrastructure projects, given their potential impact on the environment.

Industrial and infrastructure projects can greatly affect the environment. Failing to comply with environmental regulations and standards can lead to serious consequences, particularly amid global climate change and increasing environmental awareness. Environmental responsibility encompasses various aspects of operations. Looking at possible environmental risks like carbon emissions, water and air pollution, and damage to ecosystems helps figure out how a project might affect the environment.

Reducing environmental impact requires creating strategies and implementing actions to mitigate harm, such as using environmentally friendly technologies and encouraging waste recycling. Following environmental rules and standards is really important for companies to act responsibly.

Corporate accountability also involves keeping local communities and stakeholders informed about potential environmental risks and the measures taken to address them. Sustainability and environmental considerations should be embedded in every phase of project management, from planning through to completion.

Environmentally responsible project management can be demonstrated through initiatives like installing solar panels and wind turbines, which contribute to lowering carbon emissions. Getting green certifications like LEED or BREEAM pushes for energy-saving technology and eco-friendly materials. Using green practices in project management has some real benefits: it can lower operating costs, improve your company's reputation, reduce legal risks, and support sustainable development while helping fight climate change.

Managing environmental impact is not only an ethical obligation but also a strategic business priority. Sustainable practices promote long-term success, minimize risks, and enhance the company's public image.

Conclusion. Ethics matter a lot in project management. They help you hit your goals and do things the right way. Following ethical principles keeps things running smoothly, builds trust among the team, and helps avoid issues down the line. Addressing current challenges and advancing ethical standards can be achieved through the adoption of international standards, the promotion of corporate culture, and the integration of modern technologies. The advancement of ethical standards in project management remains a vital and evolving area, driven by emerging challenges, technological advancements, and growing public awareness of social responsibility. Key directions for further development include the following. Greater emphasis on sustainable development. In the future, environmental and social responsibility will play an increasingly significant role in project management. Sustainability and eco-friendly principles will not only shape corporate strategies but also become integral to professional standards in the field. Integration of digital technologies with ethical standards. Advancements in artificial intelligence, big data, and process automation will create new opportunities for improving efficiency and transparency in project management. We might face some ethical issues like data privacy, responsible use of technology, and protecting human rights. This means we'll need to come up with new standards and guidelines. Enhancing anti-corruption measures. Combating corruption will remain a critical focus, particularly in public sector and large infrastructure projects. The adoption of advanced transparency tools, such as blockchain technology and real-time monitoring systems, will help reduce corruption risks and promote greater accountability. Flexibility and adaptability of ethical standards. In a rapidly changing global, economic, and political landscape,

ethical standards will need to become more adaptable. This will require continuous updates and adjustments to ensure they align with emerging challenges and evolving industry demands. Embedding ethical principles into corporate culture. Organizations will increasingly prioritize the integration of ethical standards into all levels of their operations. To promote good ethics in how projects are carried out, those values should be at the heart of the company's culture. Ethical values will be key in company culture, pushing for strong moral standards in every step of getting projects done.

Education and professional development. Educating project managers and their teams on ethical standards is a key aspect of training specialists. Ethical standards are the essence of the preparation and training of project managers and their teams. It is the ethical principles in project management programs that serve as a guarantee of the development of specialists capable of applying these standards in their practical activities. Transparency and stakeholder engagement. In the future, it's going to be really important to keep things clear at every stage of a project. Getting local communities and other people involved in decision-making will matter a lot, especially for big public works. Overall outlook for ethical standards in project management. The future development of ethical standards will focus on promoting a responsible, sustainable, and socially oriented approach to project management. This shift will contribute to creating more effective, transparent, and ethical processes on a global scale.

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ЕТИЧНЕ УПРАВЛІННЯ ПРОЄКТАМИ: ВИКЛИКИ І ПЕРСПЕКТИВИ

Анотація
Актуальність вивчення етичних проблем проєктного менеджменту зумовлена не лише внутрішніми потребами організацій, а й зовнішніми вимогами суспільства, нормативного середовища та очікуваннями стейкхолдерів, що зростають. Спроба виявлення ключових ресурсів, усвідомлення основних проблем та систематизації внеску як вітчизняних, так і міжнародних експертів у концептуалізацію етичного управління проєктами зумовила мету дослідження: виявлення та аналіз основних проблем етичного проєктного менеджменту, визначення їх впливу на ефективність процесу та розробка рекомендацій щодо впровадження етичних принципів у практику проєктного менеджменту. Для досягнення цієї мети необхідно вирішити низку завдань: аналіз етичних проблем в управлінні проєктами (конфлікти інтересів, недобросовісна конкуренція, захист конфіденційності); визначення ролі корпоративної етики та цінностей в управлінні проєктами; вивчення впливу етичних принципів на ефективність проєкту та залучення учасників; розробка рекомендацій щодо формування етичної поведінки членів команди проєкту; оцінка ризиків, пов'язаних з порушенням етичних норм, та їхнього впливу на успішність проєкту. Ґналіз та синтез як системні підходи в дослідженні етичних проблем у менеджменті проєктів сприяють кращому розумінню природи етичних конфліктів, виявленню їхніх причин та ухваленню ефективних рішень щодо їхнього запобігання. Основні висновки показують, що етичні засади підвищують успішність управління проєктами. Етика впливає на ухвалення більш прозорих та відповідальних рішень, що призводить до зниження ризиків та створення позитивного проєктного середовища. Управління конфліктами є ключовим чинником підтримки довіри та гармонії в команді. Сталість і соціальна відповідальність створюють довгострокову цінність суспільству. У майбутньому буде дуже важливо зберігати прозорість на кожному етапі проєкту. Залучення місцевих громад та інших людей до процесу прийняття рішень матиме велике значення, особливо для великих громадських робіт.

Ethical project management: challenges and prospects

Майбутній розвиток етичних стандартів буде зосереджений на просуванні відповідального, сталого та соціально орієнтованого підходу до управління проектами. Цей зсув сприятиме створенню більш ефективних, прозорих та етичних процесів у глобальному масштабі.