

## CRITICAL SUCCESS FACTORS IN PROJECT MANAGEMENT - AN ETHICS PERSPECTIVE

# JSPM

JOURNAL OF STRATEGY &  
PERFORMANCE MANAGEMENT

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Citation: Deeba. F and Kureshi. N, (2017). Critical success factors in Project Management - An Ethics Perceptive Journal of Strategy and Performance Management, 5(3), 104-113.

### ABSTRACT

*Similar projects undertaken by private organizations and public/ development sector organizations are similar – prima facie. However, a fundamental difference is the principal-agent issue; implying decreasing levels of commitment to deliver benefits to intended recipients with increasing number of agents in the chain. While both dispensations have some checks in place to address ethical issues, the levels of incentives (or preventive deterrents) in place to remain ethical in project transactions vary in extent and nature. Moreover, in most cases, proximity of funding agencies in development sector inhibits local knowledge of execution/ acceptance and first hand knowledge of adherence to ethics. Other relevant issues include varying perspectives on ethics and poverty in recipient societies relegating ethical considerations to lower levels, inter alia.*

*Success factors in project management have been studied and published extensively in management and administrative sciences. Similarly, ethics in management has been a topic of wide discussion and publication. However, ethics being critical factor in projects success remains under researched. This paper investigates the ethical perspectives of project managers in public/ development sector organizations and the importance of adherence to ethics and well being of intended beneficiaries for project success. Based on the same, the paper proposes a framework for integrating ethical perspective in defining project success and executing them accordingly.*

Keywords: Ethics perspective, public sector projects, developmental sector projects, project success factors.

## INTRODUCTION

Projects are the vehicles of organizational strategy. Undertaken to achieve strategic objectives they take an organization from its current state to its intended or strategized state. Thus a project is successful if it achieves defined set of goals (DeWitt, 1988). However, these goals must be achieved within specified constraints such as time, budget, quality or any other aspect specific to the project such as ethical risks. Lack of addressing all constraints can render an apparently successful project useless. For example, delivering high quality food aid to earthquake victims within budget but not within the stipulated period of time can make the whole effort useless. Thus objectives and constraints are both interlinked and indispensable variables of project success. Generally, whether a strategic goal has been achieved or not is demonstrated through improvement in well-articulated KPIs (Key Performance Indicators). Figure 1 shows a general relationship between organizational strategy (reflected through objectives, KPIs) and projects.

It can thus be said that a project can be truly successful if it contributes significantly to the achievement of one or more components of organizational strategy within defined constraints, demonstrated through desired increase in appropriate KPIs.

As per this definition of project success, project would be doing fine in a situation where (1) the principal<sup>1</sup> is well informed, (2) principal is engaged in definition of strategic objectives and KPIs, and identification of constraints and (3) the goals of agent(s)<sup>1</sup> are aligned with the goals of principal. However, in a situation where one or more of these three elements are missing, or there is a debate on what the strategic goals, KPIs or constraints are; or even worse, where the principal and agents are not clearly identified, project success becomes increasingly difficult to define. With poorly defined project success, whether it is achieved or not, will remain a function of slickly articulated reports and presentations. Several projects in the private sector organizations reflect the former case. However, the public/ developmental sector projects remain threatened by lack of common understanding of goals, constraints and KPIs along with varying level of commitment to these artifacts, even if they are well understood. The situation is further complicated by increasing number of stakeholders in the whole process (including, inter alia, donor countries, donor country NGOs (or United Nations agencies), recipient country, recipient country NGOs, executing partners, end beneficiaries and environmental sustainability). Understanding the network involved in executing developmental sector projects is important for appreciating the potential avenues of ethical lapses. Figure 2 depicts a typical network used to execute such projects. Projects may have denser or lighter networks, depending on the nature and size of funding. It can be seen that while the donor (1) intends to deliver a particular benefit to the beneficiaries (5), she must go through a series of stakeholders in the network. Each tier manifests the agency problem to a certain degree, thus contributing to an ultimate bullwhip effect for the last tier, i.e. the beneficiaries.

Generally, the intended beneficiaries of developmental sector projects are not aware of the intended goals of the donor. They are mainly exposed to and communicate with the project

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<sup>1</sup> Agency Problem: A conflict of interest inherent in any relationship where one party is expected to act in another's best interests.

team and to very limited extent, the quality control teams appointed by either the intermediary or the implementing partners. The success of any project thus depends heavily on the

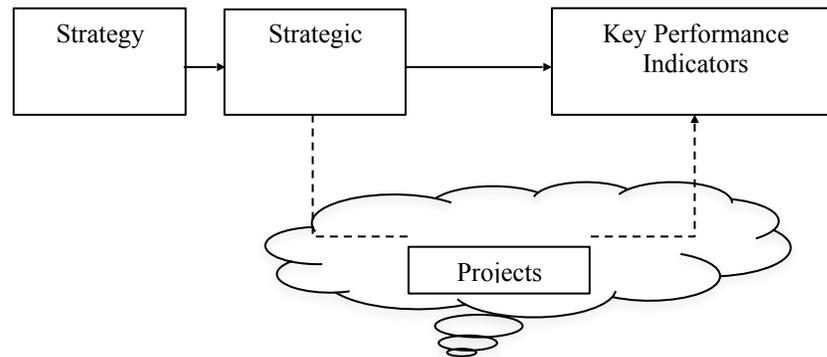


Figure 1. Organizational Strategy and Projects

performance of project team, which in turn depends on project manager's decisions. Furthermore, it is not uncommon for implementing partners to outsource a project. With such a complex network and increasing probability of departure from the originally intended objectives of the donor, ethics of all the stakeholders, particularly the implementing partners (and the project manager & teams) assume a central role.

Critical success factors are the elements for the success of any project, program or organization like necessary activities or tasks to achieve set objectives, missions or vision that are determine on the basis of scope and objective of each project (Belassi & Tukel, 1996). Usually, they are very specific to the project and can pertain to project manager, project team, project organization or any other managerial or logistic aspect of the project (Kerzner, 2006; Pinto & Prescott, 1988; Lim & Mohamed, 1999). Kerzner has proposed a set of critical success factors, divided in 4 project related phases including Acceptance phase by executive management, Acceptance Phase by area managers, Growth Phase and maturity phase. While there are some tangential mentions of ethics, there is no focused approach of ethics related success factors in project management and project success.

Ethics are principles, values and behaviors that differentiate between the good and the bad. They represent a systematic guide for humans on how to use their moral norms and values in different environments (Kliem, 2011). They can be on national, organizational, even on family levels. There is also some literature available on the concept of global ethics (Buller et al, 1991) through it is not pervasive and their seems to be no agreed principals that can make a sound basis for developing such a set. Business ethics are generally the policies and procedures, a designed ethical framework to handle different controversial matters in professional dealings (Goodpaster, 1993).

In project management Ethics are about making the best choices, guided by a shared set of principles, regarding human and other resources, and the nature. Ethical

decisions reduce risk, enhance results, surge belief, regulate prolong success and build worth of an organization. For project success, project leaders and their teams have to appreciate the global, national and organizational concepts about ethics (Lampel, 2001). One particular dilemma can be the variance between ones own set of ethics and those of the project environment. Notwithstanding, ethical behavior, conflict resolution, integrity are the core competencies of any project manager to handle any project (Nicolò, 1996).

Critical success factors are a means of identifying progress towards a successful outcome, generally divided into process and project factors. The components, both from failure and success perspectives, were first presented by (Rubin & Seelig, 1967), referred to in (Belassi & Tukel, 1996). Rubin & Seelig (1967) presented the idea of aggregate ethical hazard examination (TERAmethod), a technique that guides directors in basic leadership by considering wellsprings of different ethical dangers to the end – clients of the project. Locke and Latham (1990) described a model suggesting that what constitutes a morally solid activity is in light of feeling of prosperity by the people. “Our rights are resolved which are given by nature (or God) to us, and understood by us”.

## **RESEARCH FRAMEWORK**

This research is focused on developmental sector projects. It argues that as such, the original goals set by the donor country can sway significantly as they get translated into the goals of subsequent stakeholders. Taking an ethical perspective can provide a robust basis for aligning all stakeholders towards commitment to the originally envisaged goals and thus increase the chances of their achievement and provide commonly understood criteria for project success.

Project managers of United Nations working on different type of projects in Pakistan are the main respondents in this work. Qualitative approach has been adopted for investigating the following questions:

1. Do project managers generally measure the returns for intended beneficiaries as a success factor besides commonly used criteria such as time, cost and quality?
2. How do project managers see their own performance?
3. Do project managers the importance of Ethical factors in their projects and do they conduct ethical risk assessment?
4. What are the fundamental elements for devising a framework that guides project managers in evaluating ethical aspects of their projects and account for possible ethical risk?

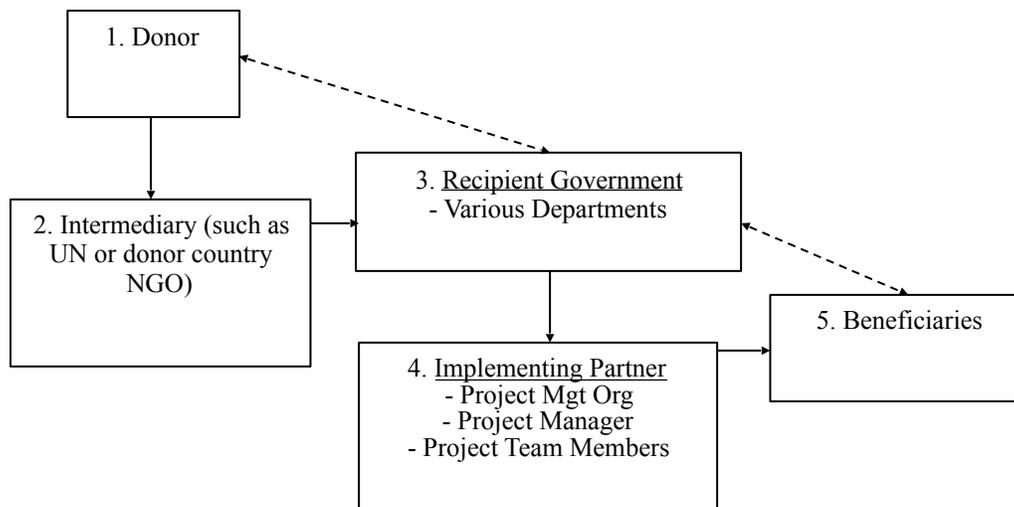


Figure 2. A typical network used to execute developmental sector projects.

The research builds on the work by Sigurðarson (2009), which proposes a framework called the Ethical Questions List, to be used to evaluate the ethical aspects of projects as a self assessment and improvement tool. While the Sigurðarson study investigated for-profit projects with the ethical perspective focused on customers rights, the concept has been enhanced to developmental sector projects. As such, this work, though building on Sigurðarson (2009), is significantly different in several terms including nature of projects, nature of stakeholders and the overall perspective on ethics.

The research followed 4 broad phases. Phase 1 included an extensive literature review of relevant literature on project management, success factors of projects, differences between private and public/ developmental sector projects, theory of agency, various reports of developmental sector projects. In Phase 2, a draft set of research questions and thus a draft questionnaire were prepared based on the literature review. In Phase 3, four experienced project managers of various United Nations agencies were engaged to refine the research process, research questions and the questionnaire. One of the authors of this work is also an experienced project manager in developmental projects. In Phase 4, 55 project managers working on different developmental sector projects were requested to respond to the designed questionnaire. 32 out of them agreed to engage. Finally, 30 useful responses were attained. The questionnaire comprising 27 questions was developed, pilot tested and administered. Major constructs of the investigation included statements of project success, project handling and statement of ethical considerations, along with demographic information.

## RESULTS

23% of our respondents were female, while more than 85% were between the ages of 31 and 50. They came from various educational backgrounds ranging from nursing to engineering. Educational background seems to have had no influence on their approach to

the problem and responses. All respondents had relevant project management qualification with a majority having PMI and PRINCE2 (59% and 31% respectively) certifications while some had additional certifications such as SCRUM and Agile etc. All respondents had a fair academic and practical knowledge of quality and customer related concepts such as ISO, Balanced Scorecard, CRM etc. Their average experience with projects was 15.5 years. As mentioned earlier, all respondents worked for the developmental sector while their organizations served govt (57%), industrial (34%) and other (9%) sub-sectors. 71% of the respondents believed that the nature of their projects was medium or high technical. Most (89%) projects that the respondents worked on were 3 years or longer durations. L respondents thought that they make some use of their project management knowledge t of whom 69% thought they make significant use.

#### A. Project success

Respondents were given various statements related to success of the projects and the results indicated that the majority of the respondents agree (81%) and some strongly agree (20%) that risk factors have their connection with success criteria. All respondents agree that there is a great impact of ethical sense on project success. This has supported our given theory that ethical factors have a major role in success of the projects. Respondents have unanimous opinion that evaluation of project plan's integrity is not an easy task, despite the fact that all respondents had significant qualification and working experience for the kind of projects they were working upon. Only 20% of the respondents through that their projects complete in time. However, whether the definition of project success by the donor, executor and the project team is common was not clear.

#### B. Project Execution

Respondents were given various statements regarding the utilization of different project management standards in the projects they worked upon and all respondents agreed to high level of utilization. Similarly, tangibility of goals (CSFs) were also unanimously agreed. However, 13% of the respondents believed that well being of beneficiaries is not measured as a success criteria.

#### C. Impact on Beneficiaries

90 % respondents agree that wellbeing of their beneficiaries has always increased by their projects' deliverables, while 93% indicated that their beneficiaries were satisfied by the projects. 77% of beneficiaries indicated that they ultimately make good use of the deliverables of the project. However, it was a subjective opinion and no tangible tools or results were available to suggest that beneficiaries understood the initial goals of the donors and whether they had the knowledge of the extent of deliverables expected to be delivered. All respondents agreed that the beneficiaries do not have any knowledge of the social impacts expected by the donors.

#### D. Impact on Project Team

76% of the respondents believed that their teams were happy and active, while 80% believed that their teams felt significant loyalty and attachment to the project. 86% teams were considered energetic and responsive while all team members were believed to enjoy their work. 85% of the team members were likely to keep working with the same organization. Majority (87%) of the responses believe that projects cause growth in individual growth by working in the projects. This has overtime effects on future projects. This means an individual work will shows better results in the new project after gaining growth on the experience in the previous projects. There are some obvious inconsistencies in the responses in this construct (impact on project team) which can be attributed to withholding of information by respondents due to some sense of job insecurity.

#### E. Business Prosperity

All respondents indicated a strong positive relationship between their execution of projects and the economic success, well being, portfolio expansion, net worth of the executing organization and shareholders value. Only in the question about net worth of the organization, 23% respondents chose not to answer.

#### F. Future Impact

In response to the statements about future impact of projects, all managers have agreed that outcomes of their projects make contribution for projects in future; their projects always lead towards further projects; and their projects always provide help in designing new projects. Moreover, almost 47 % have agreed that they also get assistance from projects for creating technologies which can be utilized in future. However, respondents believe that they get little or no help from their projects in designing novel projects and creating new concepts.

#### G. Overall Success

83 % managers agree that there is always successful management of projects in their projects and almost 87 % managers believe that they have always observed the success of their deliverables of their projects.

#### H. Ethical Aspects

Responses to the ethical statements indicate that 100% managers agree that ethical issues are discussed in the projects. 73% managers agree that their projects are not free of ethical issues as ethical issues arise in the projects. All the respondents have shown their desire that the skills of the project managers should include the knowledge on ethical theory which is a critical need for projects conducted in today's world. All managers had done some study on ethical theory. Ethical risk can deteriorate the outcomes of the project. In this regard, majority of the respondents agree that the responsibility of the assessment of the ethical risk lies on the project managers and project owners. All managers agree that there should assessment of risk in the projects all of them claim that there is such assessment conducted on ethical risk in their projects. Further, all of the respondents claim that it is also the responsibility of the manager to look after the financial aspects as these

are crucial for the project success and also put the responsibility of the welfare of the project teams on project manager.

- Need for Ethics Education: The majority of respondents demand that the managers must have good know how of ethical concepts or theory and his/her decisions must also base on such theory. Most of the managers are of the view that deliverables of the projects must be accepted by the society. Most of them also agree that projects affect the rights of the people in a forceful way. However, only 60 % managers have the required tools for the evaluation of ethical risk. 77 % managers agree that if an ethical issue arises in their projects they would prefer to make a contract with specialist or expert in ethical theory to get that issue resolved.
- Personal Satisfaction: Majority of the managers agree that they achieve satisfaction for successful projects when they are finished. Further, majority is of the view that only those projects are successful that creat welfare or prosperity for many individuals not for only few. Moreover, most of the managers feel proud to tell their friends and relatives all about their projects, aboout execution of their projects, and about outcomes of projects. This shows that most of them are confident of their performance. Almost 47 % agree that only that managers can be said to be virtuous who performs as per the directions on ethical issues. However, almost 63 % respondents lebieved that the aim of all projects is to give a boost to pleasure and satisfaction of the beneficiaries.
- Ethics and Utility: A quality project is one that has the potential to increase happiness of all groups involved in that project. Almost 77 % have agreed that the justification of starting a project exists only if it can cause an increase in happiness of all involved groups. The same propotion agree that their projects enhance happiness of the team working in the project and that their projects have enhanced the happiness of their agencies as well as the happiness of the beneficiaries. In the last statement almost 70 % agree that they execute their projects in such a way that they create happiness, and this remains their focal point.
- Ethics and Duty: 52% believe that they attach importance to the 'type of project' they work on and prefer high utility projects. A large majority believes that duties to their agencies or organizations are primary and then come the duties to beneficiaries and society. Almost 67 % say that their actions as project managers have implications for the managers of other projects as well.
- Ethics and Rights: All managers believe that the project team, organization, beneficiaries and society have right over managers to protect their rights. In the last two statements, 70% and 60 % managers agree that the rights of organization arise before the rights of the beneficiaries and society. This perhaps indicates a concern for sustainability of the organization so that it can continuously create value for its stakeholders including the beneficiaries.

## CONCLUSION

The project managers focus on completion of project with in defined time, budget, and quality and beneficiaries wellbeing. These four indicators are important for them to consider at the time of planning and execution of the projects. All factors are considered variably significant in terms of project success, with beneficiaries' well-being and quality of

deliverables as preferred indicators. Where projects seem to have performed lower on the preferred criteria, they were up scaled, implying increase in resources to achieve the desired outcomes. There are few other indicators which are important for the project managers for the assessment of project success like achievement of defined goals, fulfillment of desired outcomes, integration of programing principles, completion of field activities and integration with United Nations SDG strategic millennium goals. Project success seems to be an outcome of these 4 sets of criteria. While project managers relate project success to well being of beneficiaries, it is obvious that no tangible criteria exists for ascertaining whether the deliverables conformed to the initial set of strategic objectives of the donor. Similarly, whether the beneficiaries posses knowledge of the initial set of strategic objectives of the donor is also not clear, though there are mandatory ethical certification for all staff members who join United Nations. This is manifested through the UN Ethical framework enforced in all projects that are funded through UN. Similarly, a large number of managers attach high value to adherence to ethics in all projects.

This study did not get access to incidents of ethical lapses in projects, formally documented by the project teams, the implementing partners of the UN. Such an access could help in correlating beliefs of project managers about ethics in projects and the actual outcome. This will also help in ascertaining the objectivity of ethical audits performed by UN, which are generally outsourced to third parties.

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