Positive Psychology in Information Technology Project Management: The Case of Bad News Reporting

Joseph Natovich, School of Business Administration, College of Management-Academic Studies, Rishon Letzion, Israel
Zeev Derzy, School of Business Administration, College of Management-Academic Studies, Rishon Letzion, Israel
Rachel Natovich, Kreitman School for Advanced Graduate Studies, Ben Gurion University, Israel

ABSTRACT

This paper is an initial study on the impact of positive psychology on IT project management. Prior studies have found that High Psychological Positive Capital (PsyCap) of individuals is positively correlated with their work satisfaction and higher performance. PsyCap comprises individual’s positive capacities of optimism, hope, resilience and efficacy. Drawing from Beck’s cognitive theory, the authors hypothesized that High PsyCap PMs, when required to report bad news to a client, are inclined to consider the project-oriented reasons rather than the personal-oriented ones. As a result, they are more willing to report bad news compared to Low PsyCap PMs. A questionnaire consisting of four cases of bad news in IT projects, together with PsyCap tests, was distributed to professional communities on the internet. Data was collected from 42 respondents. The results of the statistical analysis have shown some support for our hypotheses. The research encourages more research on PsyCap contribution on various aspects of project performance and success. Such research may also have practical implications for PM recruiting and training.

Keywords: Information Technology, Mum Effect, Positive Psychology, Project Management, Psychological Positive Capital (PsyCap)

INTRODUCTION

Communicating accurate and fair status assessments to the customer is crucial to IT project success (Tan, Smith, Keil & Montealegre, 2003). However the “Mum Effect”, that is, the reluctance to report bad news about a troubled project, may disrupt this communication (Smith, Keil, & DePledge, 2001). Without this crucial information the customer may make the wrong decision about continuing or abandoning a project. The reasons for optimistic and biased reporting by Project Managers (hereafter “PM”), and the “mum effect”, have been explored by
Snow Keil, and Wallace (2007). In addition, it has been suggested that various factors affect the willingness to report bad news (e.g. Keil, Smith, Pawlowski, & Jin, 2004; Park, Im, & Keil, 2008). However, these were factors related to the project and the nature of the report, while the role of the PM’s personality has hardly been studied.

In the last decade the positive psychology movement has emerged. This term refers to studying the positive psychological traits of human beings and nurturing them in order to make life more fulfilling (Seligman, 2002). Positive psychology has been found to correlate with success in various aspects of personal life, including educational and athletic achievements, as well as improvement in health (Snyder, 2000; Snyder 2002). Luthans, (2002) has suggested that the level of confidence, optimism, hope, and resilience of employees, be viewed as organizational Psychological Positive Capital (PsyCap), that can be measured and developed to achieve a competitive advantage. Organizational research has accumulated evidence of PsyCap correlation with better leadership and productivity in the workplace (e.g. Luthans, Avolio, Avey & Norman, 2007; Avey, Nimnicht & Pigeon, 2010).

Motivated by PsyCap’s research results, the purpose of this research was to extend the study of positive psychology to the context of project management. More specifically, this article intends to empirically examine whether a PM’s PsyCap level affects his or her’s willingness to report bad news and the PM’s motivation for withholding bad news.

LITERATURE REVIEW

Reporting Bad News

The code of ethics of the Project Management Institute (PMI), forbids the project manager from misleading, erroneous, or partial reporting (PMI, 2005). However, empirical studies provide ample evidence that PMs tend to “gloss over” the reality in their reports. This may include exaggerated estimation of completion rates – the “ninety percent” syndrome (Abdel-Hamid, 1988), the reluctance to report bad news about a troubled project - the “Mum Effect” (Smith et al., 2001), and biased, generally optimistic, status reporting in more than 60% of the reports examined (Snow et al., 2007). The traditional view sees such behavior as a moral hazard (Tuttle, Harrell & Harrison, 1997). Furthermore, it has been recognized as a key contributor to software project failure (Tan et al., 2003).

To date, bad news reporting has received only limited attention from IS researchers (Park et al., 2008). One of the questions that are raised in the studies is what are the factors that may affect the PM’s decision to report or withhold bad news? So far a relatively small number of factors have been investigated. Empirical studies have focused on the impact of organizational factors such as organizational climate and information asymmetry (Keil et al., 2004), or project aspects such as level of risk (Snow et al., 2007), time urgency, fault responsibility (Park et al., 2008), the level of impact associated with the outcome of no reporting, and the level of observed behavioral wrongdoing associated with the project (Smith et al., 2001). Recently, Keil, Tiwana, Sainsbury and Sneha (2010) have found relationships between PMs’ reporting intentions and various social and organizational factors. They have also suggested that the PMs’ perceived “benefit-to-cost differential” mediates this relationship. Nevertheless, little attention has been given in these studies to the question of PMs personality factors.

The Project Manager’s Personality

The traditional view that PM success depends solely on the correct use of tools and techniques, disregarding personality, was common until the last decade. However drawing from organizational leadership theory, it has been found that the success of a project is significantly correlated with specific leadership styles (e.g. Prabhakar, 2005; Thamhain, 2004), and leadership competences (Dainty, Cheng, & Moore, 2004). Furthermore, recent studies of Malach-Pines,
Credit Risk Assessment and Data Mining
www.igi-global.com/chapter/credit-risk-assessment-data-mining/13668?camid=4v1a