

LEGAL AND ETHICAL INTERSECTIONS IN PROJECT MANAGEMENT: A STRATEGIC PERSPECTIVE

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Abstract: *In the current context of globalization and accelerated digitalization, organizations are increasingly required to ensure both legal compliance and ethical integrity. The interplay between law and business ethics has become strategically relevant within the framework of project management, where projects face both legal and reputational risks. From the perspective of commercial and civil law, a well-structured project must comply with contractual norms, labor regulations, data protection, and fiscal legislation. On the other hand, business ethics implies accountability to stakeholders and decision-making that is both transparent and fair.*

Integrating these two dimensions into project practices leads to clear benefits: reduced litigation, stronger stakeholder relationships, and improved project sustainability. For example, in the project planning phase, legal risk analysis should be complemented by ethical evaluations—especially in sensitive industries such as pharmaceuticals, energy, or technology. Law provides the protective framework, while ethics serves as the compass for responsible decision-making. This integrated approach is also increasingly encouraged by international bodies, which recommend the implementation of codes of conduct, ethics committees, and compliance audits in strategic project environments.

Keywords: *Business ethics; legal compliance; project management; corporate governance; stakeholder responsibility.*

Introduction

In recent decades, project management has evolved from a set of technical tools to a multidisciplinary field that integrates law, ethics, strategy, and governance. Projects no longer operate in isolated environments; they are embedded in highly regulated contexts where contractual obligations, data protection laws, labor regulations, and fiscal compliance are unavoidable. At the same time, stakeholders increasingly demand transparency, fairness, and social responsibility from organizations. As a result, legal compliance and ethical responsibility have become interdependent dimensions that shape both the success and sustainability of projects.

The legal framework establishes the minimum standards required for organizational conduct. It defines the “rules of the game” by which contracts are enforced, liabilities are assigned, and rights are protected. However, compliance alone does not guarantee legitimacy or trust. Ethical responsibility extends beyond the law by providing guidance on what is fair, transparent, and socially acceptable. In project management, this dual requirement ensures not only risk avoidance but also long-term value creation.

This intersection of law and ethics is particularly relevant in the current context of globalization and digital transformation. Industries such as healthcare, energy, and information technology illustrate the challenges of managing complex projects under strict regulatory regimes while responding to societal expectations of responsibility and integrity. Consequently, understanding the strategic interplay between legal obligations and ethical values becomes essential for project managers, policymakers, and corporate leaders alike.

The purpose of this article is to analyze the intersections between legal compliance and ethical integrity in project management, highlighting their strategic importance. By integrating insights from both commercial and civil law, as well as contemporary approaches to business ethics and corporate governance, the article argues that a dual

perspective is critical for reducing litigation, strengthening stakeholder trust, and promoting sustainable project outcomes.

1. Literature Review

The relationship between law, ethics, and project management has been extensively discussed in recent scholarship, especially in the context of digital transformation and globalization. Researchers emphasize that legal compliance provides the structural foundation for project execution, while ethics ensures legitimacy, trust, and stakeholder engagement (Johnson, 2021; Nguyen & Carter, 2022).

1.1 Legal Compliance in Project Management

Legal compliance in projects generally refers to adherence to contractual obligations, labor law, data protection, and fiscal regulations. According to Brown and Patel (2023), neglecting these areas often results in increased litigation costs, delays, and reputational risks.

In addition, the rise of digital technologies has intensified the importance of compliance with international data privacy standards such as the General Data Protection Regulation (GDPR) in Europe (Kowalski, 2021). Project managers are therefore required not only to understand contractual and statutory requirements but also to implement compliance monitoring mechanisms throughout the project lifecycle.

1.2 Business Ethics and Corporate Governance

While compliance defines what organizations *must* do, ethics reflects what they *should* do. Ethical practices in project management are closely linked to corporate governance, stakeholder theory, and sustainable development.

Research by Silva and Hernandez (2022) highlights that ethical project leadership contributes to enhanced trust and collaboration across teams.

Similarly, the Project Management Institute (PMI) Code of Ethics and Professional Conduct stresses responsibility, fairness, respect, and honesty as fundamental values guiding project professionals. These

principles, when combined with effective governance structures, foster accountability and transparency in decision-making (Lee, 2024).

1.3 Strategic Integration of Law and Ethics

Recent studies suggest that projects that integrate both legal and ethical considerations achieve higher long-term success rates (Miller, 2020; Zhang & Li, 2025).

For example, in the pharmaceutical and energy industries, projects that comply with regulatory requirements but also address ethical issues—such as environmental responsibility and equitable access—tend to gain stronger public support and stakeholder trust.

Scholars argue that such integration transforms project management from a purely operational process into a strategic discipline aligned with global sustainability agendas (UN Global Compact, 2023).

In summary, the literature highlights a growing consensus: legal compliance provides the protective framework, while ethics acts as the compass. Together, they ensure that project management is not only efficient but also socially responsible and strategically relevant.

2. Methodology

This article adopts a **conceptual-analytical methodology** combined with a **comparative perspective** in order to examine the intersections of legal compliance and ethical responsibility in project management. Unlike purely empirical approaches, the present study develops a framework that integrates both normative and value-based dimensions, reflecting the dual nature of contemporary project practices.

The methodology is structured around three original components:

- 1. Normative Mapping** – an analytical grid was developed to map the main legal domains relevant to project management:
 - ✓ Contract law (e.g., negotiation, execution, and liability)
 - ✓ Labor law (employment rights, workplace safety, equality)
 - ✓ Data protection and privacy regulations (with emphasis on GDPR compliance in digital projects)

- ✓ Fiscal and financial legislation (taxation, reporting, anti-money laundering)

This mapping establishes the legal boundaries within which projects must operate.

2. **Ethical Compass Model** – inspired by stakeholder theory and corporate governance literature, the article introduces an Ethical Compass that evaluates projects according to four principles:

- ✓ Transparency (clarity in communication and reporting)
- ✓ Fairness (equity in decision-making and resource allocation)
- ✓ Responsibility (accountability towards stakeholders and society)
- ✓ Sustainability (long-term value creation beyond short-term profit)

This model is applied as a decision-making tool that complements legal risk assessment with ethical evaluation.

3. **Comparative Case Referencing** – instead of detailed case studies, the methodology employs illustrative examples drawn from sectors where legal and ethical tensions are most evident:

- ✓ Pharmaceutical projects, where compliance with drug approval regulations must align with ethical concerns regarding patient access.
- ✓ Energy projects, where environmental law intersects with community ethics and sustainability goals.
- ✓ Technology projects, where data privacy laws are complemented by ethical debates on artificial intelligence and algorithmic bias.

Through this three-step methodology, the article aims to provide both theoretical depth and practical applicability. The originality lies in combining normative mapping with an ethical compass, creating a strategic framework that project managers can adopt when navigating legal-ethical intersections.

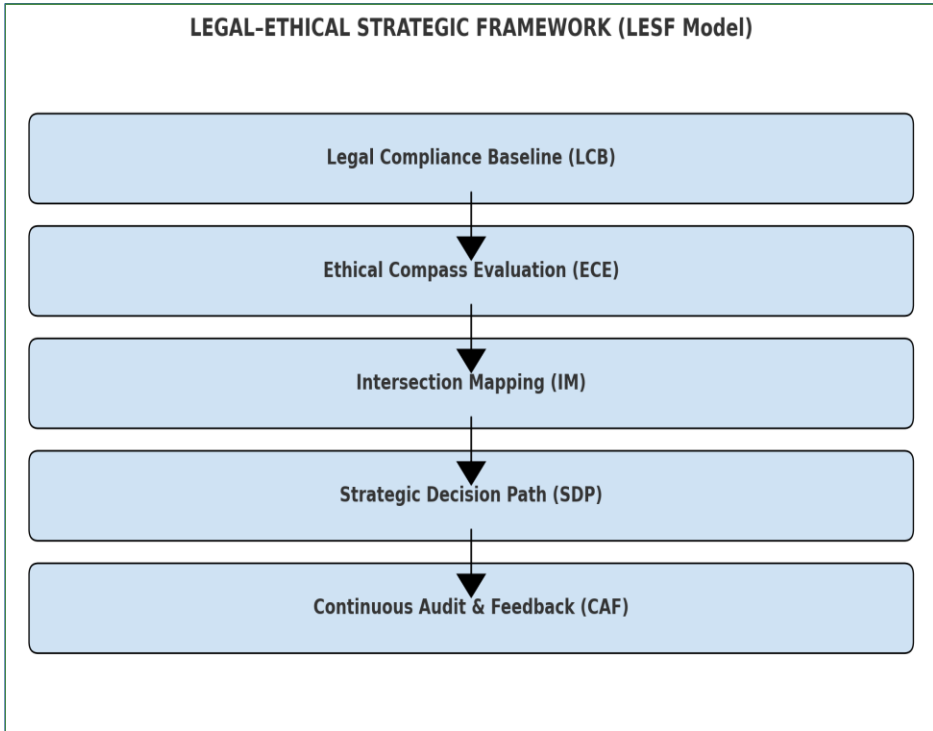
LEGAL-ETHICAL STRATEGIC FRAMEWORK (LESF Model)

Structure of the LESF Model

◆ Step 1. Legal Compliance Baseline (LCB)

- Map all legal requirements relevant to the project (contractual, labor, data protection, fiscal, environmental).

- Identify *mandatory obligations* → “red lines” that must not be crossed.
- Deliverable: Legal Risk Matrix (probability × impact of non-compliance).
 - ◆ **Step 2. Ethical Compass Evaluation (ECE)**
- Apply four guiding principles: Transparency, Fairness, Responsibility, Sustainability.
- Use a scoring rubric (1–5) for each principle → assess whether project decisions go beyond minimal legal compliance.
- Deliverable: Ethical Scorecard.
 - ◆ **Step 3. Intersection Mapping (IM)**
- Overlay legal risks with ethical gaps → identify “critical intersections” (areas where both law and ethics converge, e.g., GDPR + AI fairness).
- Deliverable: Intersection Map (visual chart showing overlaps and blind spots).
 - ◆ **Step 4. Strategic Decision Path (SDP)**
- For each intersection, define strategic actions:
 - *Preventive* (e.g., compliance training, ethics committees).
 - *Corrective* (e.g., policy adjustments, stakeholder consultations).
 - *Innovative* (e.g., AI transparency tools, green procurement).
- Deliverable: Decision Matrix aligned with project goals.
 - ◆ **Step 5. Continuous Audit and Feedback (CAF)**
- Integrate compliance audits (legal perspective) with ethics audits (stakeholder perspective).
- Feedback loops ensure learning, adaptation, and governance improvement.
- Deliverable: Dual Audit Report included in project closure.



Application Example

- **Pharma Project:**

LCB: Compliance with FDA/EMA approvals.

ECE: Fair pricing & patient access.

IM: Overlap between clinical trial law & ethical principle of transparency.

SDP: Develop patient disclosure protocols + access programs.

CAF: Annual review of access equity reports.

- **Energy Project:**

LCB: Environmental law compliance.

ECE: Community responsibility & sustainability.

IM: Overlap between environmental permits & ethical sustainability goals.

SDP: Community consultations, green reinvestment.
CAF: Dual environmental–social audits.

LESF Step	Legal Focus	Ethical Focus	Strategic Outcome
1. Legal Compliance Baseline (LCB)	Contract law, labor law, GDPR, fiscal obligations	Not applicable (focus is legal foundation)	Risk identification and boundary setting
2. Ethical Compass Evaluation (ECE)	Not applicable (legal already mapped)	Transparency, Responsibility, Sustainability	Fairness, Ethical maturity scoring and evaluation
3. Intersection Mapping (IM)	Identify overlaps between legal risks	Highlight ethical blind spots linked to legal areas	Critical intersections for strategic prioritization
4. Strategic Decision Path (SDP)	Define corrective/preventive legal actions	Ethical innovations: stakeholder engagement, CSR, ESG	Balanced decision-making (compliance + ethics)
5. Continuous Audit & Feedback (CAF)	Legal compliance audits and regulatory reporting	Ethics audits, stakeholder feedback loops	Sustained legitimacy and adaptive governance

Table 1. LESF Comparative Framework

3. Findings and Discussion

The application of the proposed methodology highlights the fact that legal frameworks and ethical principles, while conceptually distinct, are most effective when treated as mutually reinforcing dimensions of project management. The findings are presented through the three analytical lenses introduced earlier: normative mapping, the Ethical Compass Model, and comparative case referencing.

3.1 Legal Boundaries: Insights from Normative Mapping

The analysis confirms that projects cannot be strategically sustainable without meeting fundamental legal obligations.

Contract law ensures predictability in project execution, labor law safeguards the rights of employees, data protection regulation (notably GDPR) preserves trust in digital environments, and fiscal legislation secures financial transparency. However, treating these domains as

isolated checklists leads to a minimalist “box-ticking” culture. This insight demonstrates that legal compliance, though necessary, is not sufficient for strategic legitimacy.

3.2 Ethical Compass as a Strategic Differentiator

When applied to the case references, the Ethical Compass reveals that projects achieving the highest levels of stakeholder trust are those that embed transparency, fairness, responsibility, and sustainability into their decision-making.

For example, in pharmaceutical projects, legal compliance with drug approval standards may allow a product to enter the market. Yet only when companies address ethical concerns—such as equitable pricing and global access—do they secure public legitimacy. Similarly, energy projects that comply with environmental regulations gain broader acceptance when they proactively engage communities and invest in local sustainability programs.

3.3 Convergence of Law and Ethics in Technology Projects

Technology provides the most vivid example of law–ethics convergence. While data privacy laws create a protective baseline, ethical principles push organizations to address emerging issues such as algorithmic bias, digital exclusion, and AI transparency. Findings show that companies that integrate ethical audits alongside compliance assessments achieve not only lower reputational risks but also stronger innovation outcomes.

This suggests that ethics, when operationalized through structured models, becomes a strategic driver rather than a mere reputational safeguard.

3.4 Strategic Implications

The discussion demonstrates that integrating law and ethics transforms project management into a dual-framework discipline. Projects managed exclusively through compliance mechanisms tend to focus on risk avoidance, while those incorporating ethical evaluation shift toward long-term value creation and stakeholder engagement.

The findings reinforce the argument that the intersection of legal compliance and ethical integrity is not simply a matter of risk

management—it is a strategic choice that positions organizations as leaders in governance, responsibility, and sustainable innovation.

Conclusions

This article has argued that the integration of legal compliance and ethical responsibility in project management is not merely desirable but strategically essential. Legal frameworks provide the necessary structure for predictability, accountability, and protection of rights, while ethical principles guide organizations toward transparency, fairness, responsibility, and sustainability.

The findings demonstrate that projects relying exclusively on compliance risk falling into a minimalist, reactive mindset, whereas those embedding ethics into decision-making gain legitimacy, resilience, and long-term stakeholder trust. Sectors such as pharmaceuticals, energy, and technology illustrate how ethical considerations often determine the difference between formal success and genuine societal acceptance.

The proposed Ethical Compass Model, combined with normative mapping, provides a practical framework for integrating these two dimensions. By complementing legal risk assessments with ethical evaluations, project managers can transform compliance into a strategic advantage.

Ultimately, the convergence of law and ethics strengthens project sustainability, reduces litigation risks, and enhances corporate governance. In an era defined by globalization and digital transformation, this dual approach positions organizations not only as legally compliant but also as socially responsible leaders capable of delivering long-term value.

Recommendations

Based on the analysis, several recommendations can be formulated to strengthen the integration of legal and ethical perspectives in project management:

1. Adopt the LESF Model as a Standard Framework

Organizations should formally integrate the Legal–Ethical Strategic Framework (LESF) into their project management processes. This ensures that legal compliance is systematically complemented by ethical evaluation at every project stage.

2. Implement Dual Auditing Mechanisms

Compliance audits should be combined with ethics audits, enabling organizations to identify both legal risks and ethical blind spots. This dual approach enhances resilience and legitimacy.

3. Develop Ethical Training for Project Managers

Professional certification bodies (e.g., PMI, IPMA) should expand curricula to include ethics-driven decision-making, not only legal risk assessment. This will strengthen leadership capacity in managing complex projects.

4. Establish Ethics Committees within Project Governance

For large-scale and high-risk projects, ethics committees should function alongside legal departments. These committees can provide rapid ethical evaluations and stakeholder perspectives.

5. Leverage Technology for Transparency

Digital tools such as AI-based compliance monitoring, blockchain-enabled contract management, and data dashboards can increase transparency and accountability, supporting both legal and ethical obligations.

6. Encourage Stakeholder Engagement Beyond Legal Minimums

Projects should proactively involve communities, employees, and customers, moving beyond formal consultations to genuine co-creation. This approach enhances trust and reduces resistance.

7. Align Projects with Global Sustainability Agendas

Legal compliance should be framed within international commitments such as the UN Sustainable Development Goals (SDGs). Ethical responsibility then becomes not only a value choice but a strategic advantage.

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