

## Association for Information Systems AIS Electronic Library (AISeL)

---

AMCIS 2004 Proceedings

Americas Conference on Information Systems  
(AMCIS)

---

December 2004

# The Effects of Scapegoating on Willingness to Report Bad News on Troubled Software Projects

Mark Keil

*Georgia State University*

Ghiyoung Im

*Georgia State University*

Magnus Maehring

*Georgia State University*

Follow this and additional works at: <http://aisel.aisnet.org/amcis2004>

---

### Recommended Citation

Keil, Mark; Im, Ghiyoung; and Maehring, Magnus, "The Effects of Scapegoating on Willingness to Report Bad News on Troubled Software Projects" (2004). *AMCIS 2004 Proceedings*. 116.

<http://aisel.aisnet.org/amcis2004/116>

This material is brought to you by the Americas Conference on Information Systems (AMCIS) at AIS Electronic Library (AISeL). It has been accepted for inclusion in AMCIS 2004 Proceedings by an authorized administrator of AIS Electronic Library (AISeL). For more information, please contact [elibrary@aisnet.org](mailto:elibrary@aisnet.org).

# The Effects of Scapegoating on Willingness to Report Bad News on Troubled Software Projects

**Mark Keil**

Department of Computer Information Systems  
J. Mack Robinson College of Business  
Georgia State University  
mkeil@gsu.edu

**Ghiyoung Im**

Department of Computer Information Systems  
J. Mack Robinson College of Business  
Georgia State University  
gimm@cis.gsu.edu

**Magnus Mähring**

Department of Information Management  
Stockholm School of Economics  
and  
Department of Computer Information Systems  
J. Mack Robinson College of Business  
Georgia State University  
magnus.mahring@hhs.se

## ABSTRACT

The reluctance to report bad news about a project and its status is a known problem in software project management that can contribute to project failure. The reluctance to report bad news is heightened when individuals perceive that they will be blamed for doing so. To date, however, there have been no empirical studies of the extent to which the ability to shift blame affects bad news reporting. In this study we conducted a role-playing experiment in the U.S. and in South Korea, to investigate the effect of scapegoating on the willingness to report bad news. We chose these two countries because they differ markedly along the dimension of individualism-collectivism that may be relevant to reporting bad news.

Results reveal that the presence of a scapegoat had a significant effect on U.S. subjects' willingness to report bad news, but the effect on Korean subjects was not found to be statistically significant. In the absence of a scapegoat, we did not observe any significant differences between U.S. and Korean subjects in willingness to report bad news. The implications of these findings are discussed.

## Keywords

Software Project Management, Whistle-blowing, Mum Effect, Scapegoat, Face saving, Cross-cultural.

## INTRODUCTION

One contributing cause of software project failure is the reluctance of people to report bad news about a project and its status (Tan et al. 2003). When software projects go awry, it often takes weeks, months, and sometimes even years, before senior management becomes fully aware of what has happened. Evidence of impending failure may be apparent to those who are closely involved in a project, yet this information may not be communicated up the hierarchy (Keil et al. 1999) or, if communicated, it may be substantially distorted in the communication process (Snow et al. 2002).

In today's software project environment, firms are increasingly turning to outside vendors to help them develop and implement software systems. When such projects go awry, the vendor often becomes a ready scapegoat. In this study we investigate the effect of scapegoating on the willingness to report bad news on troubled software projects. A role-playing experiment was conducted in the U.S. and in South Korea, to investigate the effect of scapegoating on the willingness to report bad news. We chose these two countries because they differ markedly along the dimension of individualism-collectivism that may be relevant to reporting bad news.

The remainder of the paper is organized into four sections. First, we briefly review the relevant literature, specifically focusing on the reluctance to report bad news, the concept of face-saving and the role of the scapegoat. Next, we introduce

our research approach (laboratory experiment) and hypotheses. Then, we present and discuss the results of the experiment. We conclude the paper with a brief discussion of the implications.

## BACKGROUND

### Reluctance to report bad news

Dating back to the early 1970s, there is a small body of literature that explores the so-called “mum effect” which is defined as the reluctance to transmit bad news (Tesser et al. 1975). Closely related to the mum effect concept is a broader body of more recent literature on whistle-blowing which seeks to explain why individuals choose to report or not to report events that are immoral, illegal, or illegitimate (Miceli et al. 1992). More recently still, researchers have studied what has been labeled “organizational silence” (Morrison et al. 2000). Clearly, these three streams of literature all deal in some way with the reluctance to transmit bad news. To date, however, there has been little to attempt to synthesize across the three streams. While there is evidence that whistleblowers themselves can become scapegoats (a phenomenon loosely referred to as “shooting the messenger”), there do not appear to be any empirical studies on whether the presence of a scapegoat affects an individual’s willingness to report bad news. The whistleblowing literature suggests that fear of being blamed can inhibit an individual’s willingness to report bad news. Therefore, it seems reasonable that the presence of a scapegoat, which would allow blame to be channeled away from the whistleblower, should remove one of the major factors that inhibit bad news reporting.

### Reluctance to report bad news on troubled software projects

There have been several publicized incidents of software project failure in which non-reporting or distorted reporting of project status appeared to contribute to the failure (Oz 1994). Keil and Robey (1999) report that even information systems auditors are frequently reluctant to report bad news about project status.

Smith and Keil (2003) review the literature on whistle-blowing and the mum effect, showing how it can be used to build theory in the area of bad news reporting on troubled software projects. Two empirical papers have been published in this area, both of which were based on role-playing experiments. Smith, Keil, and Depledge (2001) investigated the effects of perceived wrongdoing and perceived impact of failure and found that both variables affected subjects’ willingness to report bad news. Tan et al. (2003) conducted a cross-cultural study in which they examined the role of organizational climate and information asymmetry on bad news reporting. Both variables were found to have a significant effect and the authors concluded that there were differences across cultures that could best be attributed to differences in the individualism-collectivism dimension.

### Face-saving and the role of the scapegoat

The concept of face is Chinese in origin (Ervin-Tripp et al. 1995) and refers to the respectability and/or deference which a person can claim for himself from others, by virtue of the relative position he occupies in his social network and the degree to which he is judged to have functioned adequately in that position. The concept of face-saving is one that is believed to be culturally sensitive, but to our knowledge it has not been studied in the context of bad news reporting. Face is lost when an individual is not successful in meeting the requirements placed upon him or her in relation to his or her social position (Ho 1976).

In social settings, one way that individuals can save face is by channeling the blame onto a ready scapegoat. While the concept of the scapegoat dates back to biblical times, in modern day usage the term generally refers to an entity upon which certain problems can be blamed.<sup>1</sup> Bonazzi (1983) distinguishes between expressive and instrumental scapegoating. The former concerns widespread and often spontaneous aggressiveness launched upon an individual in order to release emotional tension within a group. Our focus, however, is on instrumental scapegoating. Instrumental scapegoating takes place as an effort to uphold the legitimacy and existence of certain social structures threatened by a negative event (ibid). These social structures can include societal institutions (that risk being questioned and rendered ineffective following a negative public event) as well as organizational power structures. In the latter instance, scapegoating takes place when powerful actors assign (or shift) blame to less powerful actors in order to put distance between themselves and the negative events or circumstances for which accountability is or can come to be sought by stakeholders (Boeker 1992; Bonazzi 1983).

---

<sup>1</sup> The term scapegoat originates from the rituals described in the old testament of the Bible, in which a goat was sacrificed on behalf of the sins of the people.

The literature on scapegoating sometimes takes for granted that scapegoats are “innocent” (Bonazzi 1983), i.e. without *any* responsibility for the negative events for which they are scapegoated. In reality, however, scapegoats are often to some extent involved in or tainted by negative events (Boeker 1992) and an absolute lack of responsibility can be difficult or impossible to ascertain. Furthermore, scapegoating can take place under conditions when “actual” responsibility is unclear, such as when a negative event occurs as the result of an accumulation of causes (Bonazzi 1983). Thus, what makes a scapegoat is not complete and unambiguous absence of responsibility for an event or situation. *Some* responsibility for faults can rest with potential and actual scapegoats: What is central, however, is that blame is wrongfully assigned or shifted to the scapegoat; the scapegoat is unfairly singled out as *the* accountable party and subsequently punished.

For our purposes, a key aspect of scapegoating is that it is intimately connected to blame assignment and blame-shifting, as is face-saving. Face-saving and scapegoating can both be seen as behavioral strategies for avoiding blame and retaining social standing in the face of a potentially damaging event or situation. As described above, several studies have pointed out how the scapegoating of others can be a powerful strategy for saving face (Boeker 1992; Bonazzi 1983). In sum, this article is concerned with instrumental scapegoating as a strategy for face-saving in connection with reporting bad news about a software project. We hypothesize that the presence of a scapegoat will provide an opportunity for face-saving that would not otherwise exist. Therefore, we expect that the presence of a scapegoat to absorb blame will facilitate bad news reporting.

### **Individualism-Collectivism and face-saving behavior**

In this paper, we suggest that individuals in different countries will behave in ways that reflect cross-cultural differences and that such differences will impact the need to engage in face saving behavior and the willingness to report bad news. Here, we focus on one of the dimensions identified by Hofstede (1980) that appears to be particularly relevant to bad news reporting: individualism-collectivism.

Individualism-collectivism is a collection of values concerning the relation of individual to his or her collectivity in society (Hofstede 1980). Individualists are self-oriented; their involvement with organizations is primarily calculative, and their emphasis is on individual initiative and achievement. Collectivists are collectivity-oriented; their involvement with organizations is primarily moral, and their emphasis is on belonging to the organization.

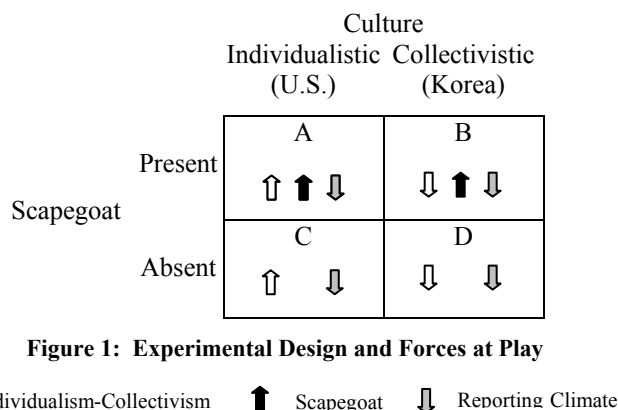
In cultures that are more individualistic, people tend to put personal interests above team interests and take their actions independently of what others think. In cultures that are more collectivistic, people tend to put team interests above personal interests. Along this dimension of national culture, South Korea, for example, is found to be much more collectivistic than the United States (Hofstede 1980). When a scapegoat is present, we hypothesize that individualistic cultures will be more conducive to bad news reporting than collectivistic cultures. We expect this to be the case because in an individualistic culture, an individual is less likely to feel a need to protect his/her team. Indeed, by reporting bad news promptly, they can further their personal interest by trying to be ‘positive’ people and thereby reaping personal rewards. This is particularly likely to be the case under conditions where blame can be channeled to a scapegoat and there is no risk of being personally blamed for reporting the bad news. However, when there is no scapegoat and the organizational climate is not conducive to reporting bad news (because those who report are known to receive punishment for their behavior), people in an individualistic culture are less likely to report bad news than people in a collectivistic culture. By hiding bad news, they can avoid being seen as ‘negative’ people and thereby avert personal punishment.

In a collectivistic culture, people tend to let their personal interest be subordinated to team interest. In such a culture, even when blame can be channeled to a scapegoat outside the project team, many people may not embrace reporting behavior. Rather than going for personal rewards, they may report the bad news only if they believe the reporting decision is good for their project team (e.g., brings about team rewards). Further, in collectivistic cultures, people may be more concerned about saving face, which may act as an additional cultural impediment to bad news reporting. When there is no scapegoat, however, and the organizational climate is not conducive to reporting bad news, many people in a collectivistic culture may not shun reporting behavior. Rather than trying to avoid personal punishment, they may embrace reporting behavior if they believe the reporting decision is good for their project team (e.g., allows the team to address its problems).

Together, these arguments suggest that people in an individualistic culture may be more willing to report bad news than people in a collectivistic culture if there is a scapegoat and they can avoid being blamed for the problem by an organizational climate that is normally hostile to bad news reporting. However, people in an individualistic culture may be less willing to report bad news than people in a collectivistic culture (the opposite result) when there is no scapegoat and the organizational climate is not conducive to bad news reporting.

## RESEARCH APPROACH AND HYPOTHESES

The objective of this study was to test whether the presence of a scapegoat would affect bad news reporting across both individualistic and collectivistic cultures. In order to manipulate the presence of a scapegoat while controlling extraneous sources of variance, a laboratory experiment was deemed to be the most appropriate research approach. Matching laboratory experiments were conducted in two distinct national cultures—U.S. and South Korea. Results were pooled to obtain a 2 x 2 factorial design with two independent variables: scapegoat (present or absent) and national culture (individualistic culture, collectivistic culture). The dependent variable was willingness to report bad news. Figure 1 depicts the 2 x 2 experimental design and forces at play in each of the treatment conditions. In all treatment conditions, a negative reporting climate was established in order both to control for this variable and to provide some level of reluctance for reporting bad news.



**Figure 1: Experimental Design and Forces at Play**

## Hypotheses

As shown in Figure 1, each of the four quadrants in our 2 x 2 design has a different combination of forces at play. A negative reporting climate was established in each treatment condition. As indicated by the downward gray arrow, we would expect this force to suppress bad news reporting. In quadrant A, there are two additional forces—individualism and the presence of a scapegoat. We hypothesize that the presence of a scapegoat more than offsets the negative reporting climate. The individualistic culture should further promote bad news reporting under these circumstances. In sum, the balance of forces in quadrant A favors bad news reporting. In quadrant B, the balance of forces is similar to that of quadrant A except that the collectivistic culture should impede bad news reporting. Thus, we state the following hypothesis:

H1: In the presence of a scapegoat, the willingness to report bad news will be greater in an individualistic culture than in a collectivistic culture. In other words, we expect greater willingness to report bad news in treatment condition A than in treatment condition B.

In quadrants C and D, there is no scapegoat to pin the blame on. In this situation, we would expect that members of an individualistic culture would be less willing to report bad news than members of a collectivistic culture. Thus, we state the following hypothesis:

H2: In the absence of a scapegoat, the willingness to report bad news will be greater in a collectivistic culture than in an individualistic culture. In other words, we expect greater willingness to report bad news in treatment condition D than in treatment condition C.

Finally, what distinguishes quadrants A and B from quadrants C and D is the presence of a scapegoat. We expect that the presence of a scapegoat more than offsets the negative reporting climate and thus we state the following hypotheses:

H3a: In an individualistic culture, the presence of a scapegoat will result in a significantly greater willingness to report bad news as compared to a situation without a scapegoat. In other words, we expect greater willingness to report bad news in treatment condition A than in treatment condition C.

H3b: In a collectivistic culture, the presence of a scapegoat will result in a significantly greater willingness to report bad news as compared to a situation without a scapegoat. In other words, we expect greater willingness to report bad news in treatment condition B than in treatment condition D.

## Scenario and procedure

In the scenario given to the subjects (see Appendix), each subject was asked to play the role of a software project leader in Software Solutions Corporation (SSC), a company that develops systems designed to meet specific customer needs. As project leader for the CAPS project which consists of 2 software modules, the subject is told that a serious problem has been noted in one of the modules. In the treatment condition, there is an external vendor who has been contracted to supply the problematic module. In the control condition, there is no external vendor and both modules are being developed by SSC. If the problem is not resolved soon, it will delay the ability of SSC to deliver the CAPS system to the customer. In each case, the subject is told that s/he must decide whether or not to report the bad news to a senior manager. The scenario used was developed specifically for this experiment and was subjected to an iterative series of pilot tests and refinements.

In this study, the cultural dimensions of interest—individualism/collectivism and power distance—were operationalized by conducting matching experiments in the United States and South Korea. To ensure that the meaning of the scenario and the questions would be the same for subjects in the two countries, we followed an iterative approach where the materials were translated into Korean and back-translated into English. One of the authors performed the Korean translation and an independent translator back-translated the Korean version into English. Original and back-translated items were then compared and another round of translation and back-translation was conducted whereupon both translators agreed that the meaning had been conserved in the two versions.

Subjects in each treatment condition were told that this was an experiment on business decision-making and that their answers would remain anonymous. The subjects participated in the study voluntarily and did not receive any credit for their participation. Subjects in each country were randomly assigned to one of the two treatment conditions (obtained by varying the presence or absence of a scapegoat). During the experiment, subjects received a copy of the scenario corresponding to their respective treatment condition. They were asked to read the scenario and complete a questionnaire that measured their likelihood of reporting the bad news about their project. Willingness to report bad news (the dependent variable) was measured using a single-item measure that was anchored on a seven-point scale ranging from “very unlikely” (1) to “very likely” (7).

## Subjects

The subjects were business students who were taking an introductory business course at a large university in the United States and South Korea. Table 1 provides descriptive statistics for the subjects who participated in the experiment.

	US	Korea
	Mean (S.D.)	Mean (S.D.)
Age	24.85 (6.66)	22.23 (1.83)
Gender		
Male	31 (46%)	47 (60%)
Female	37 (54%)	31 (40%)
Work Experience	4.82 (6.06)	.06 (.38)
N	68	78

**Table 1: Descriptive Statistics**

## RESULTS AND DISCUSSION

### Manipulation checks for Face Saving

Three questions were included as manipulation checks to determine if subjects responded to the presence or absence of a scapegoat. These items were combined to produce a reliable measure (Cronbach's  $\alpha = 0.75$ ) of whether or not subjects perceived that they could escape being personally blamed for the project's problems. In a one-way ANOVA significant differences were observed between the treatment and control groups on the manipulation check measure ( $F=44$ ,  $p < 0.001$ ). The treatment group (scapegoat present) exhibited a mean of 5.28, while the control group (no scapegoat) exhibited a mean of 3.93. In other words, subjects in the treatment group tended to believe that they could avoid personal blame for the project's problems, while subjects in the control group did not share this belief. This difference shows that the scapegoat manipulation was effective.

### Test of Hypotheses

A two-way factorial design ANOVA with interaction was performed to determine if there was any significant interaction effect prior to an analysis of main effects. No significant interaction effect was found. Thus, the remainder of our analysis focused on a series of one-way ANOVAs aimed at testing our hypotheses concerning main effects.

Figure 2 shows the dependent variable means that were obtained for each of the four groups in our 2 x 2 factorial design. Higher means reflect a greater willingness to report bad news (with 1 being most reluctant and 7 being most willing to report bad news).

		Culture	
		Individualistic (U.S.)	Collectivistic (Korea)
Scapegoat	Present	A Mean 5.88 (s.d. = 1.56) N=33	B Mean 5.03 (s.d. = 1.56) N=40
	Absent	C Mean 4.74 (s.d. = 1.82) N=35	D Mean 4.79 (s.d. = 1.21) N=38

**Figure 2: Willingness to Report Bad News by Treatment Condition**

Analysis of variance (ANOVA) was used to test the 4 hypotheses stated earlier. Table 2 summarizes the results of the hypothesis testing.

Hypothesis	Supported?	F statistic	Significance level	Eta-squared
H1: A > B	Yes	5.43	0.023	0.071
H2: D > C	No	0.017	0.897	NA
H3a: A > C	Yes	7.61	0.008	0.103
H3b: B > D	No	0.550	0.460	NA

**Table 2: Hypothesis Testing**

As shown in Table 2, H1 was supported. In the presence of a scapegoat, subjects in an individualistic culture were more willing to report bad news than subjects in a collectivistic culture. H2, however, was not supported. In other words, we were unable to find support for the notion that in the absence of a scapegoat, members of a collectivistic culture would be more willing to report bad news than members of an individualistic culture. H3 received mixed support. H3a was supported, indicating that the presence of a scapegoat is associated with a greater willingness to report bad news in an individualistic culture. In a collectivistic culture, we did observe that the mean willingness to report bad news was greater in the presence of a scapegoat, however, this difference was not found to be statistically significant—hence H3b was not supported.

### IMPLICATIONS AND CONCLUSIONS

Before turning to implications, it is important to point out some of the limitations of this research. First, our results are based on a laboratory experiment with human subjects. While internal control is high, our ability to generalize is limited. Second, the Korean subjects had considerably less work experience than the U.S. subjects, and it is possible that this difference may have affected the results of the experiment. Still, in spite of these limitations, the study holds implications.

This study clearly shows that in an individualistic culture such as the U.S., the presence of a scapegoat has a significant influence on subjects' willingness to report bad news. It is notable that the presence of a scapegoat had a significant effect even though the reporting climate was portrayed as being non-conducive. The presence of a scapegoat, however, did not seem to have as strong an effect in a collectivistic culture such as South Korea. Although the means were in the expected direction, they were not found to be significantly different. This suggests that scapegoating behavior is culturally sensitive.

That the availability of a scapegoat does not significantly affect reporting behavior in a culture known for assigning importance to face-saving is a paradox that our data do not explain. One explanation may be that the loyalty towards the group or community characterizing collectivist cultures extends to the software vendor with which the company cooperates. Additional research is needed to understand this particular result more fully.

Our findings suggest that scapegoating as part of reporting of bad news is a culturally adequate strategy for blame-shifting in the US, but not in South Korea. In individualistic cultures, it can be argued, the dilemma of reporting bad news consists of protecting yourself in the process. Since this would be a culturally shared understanding of the individual's dilemma, it would follow that the subject's environment will expect and accept a certain amount of blame-shifting through scapegoating (because, after all, she/he is trying to save her-/himself). In collectivistic cultures, on the other hand, reporting bad news encompasses the dilemma of safeguarding other members of a socially (and thus often ambiguously) defined group or community. This would indicate that blaming others is much less acceptable in collectivistic cultures, because an individual prone to scapegoating will be conceived of as engaging in activities that are generally seen as not socially acceptable (because, after all, next time she/he might scapegoat us in order to save her-/himself). If future studies confirm this explanation, it will have consequences both for how face-saving is conceived in future studies and for how face-saving is operationalized.

## ACKNOWLEDGEMENTS

The authors gratefully acknowledge the assistance of Dr. Sang Yong Park who administered the experiment in South Korea and Ms. Ginna Han who helped with the English-Korean translation.

## REFERENCES

1. Boeker, W. (1992) "Power and Managerial Dismissal: Scapegoating at the Top," *Administrative Science Quarterly* (37:3), pp 400-421.
2. Bonazzi, G. (1983) "Scapegoating in Complex Organizations: The Results of a Comparative Study of Symbolic Blame-Giving in Italian and French Public Administration," *Organization Studies* (4:1), pp 1-18.
3. Ervin-Tripp, S., Nakamura, K., and Jiansheng, G. (1995) "Shifting face from Asia to Europe," in: *Essays in Semantics and Pragmatics (Essays in honour of Charles J. Fillmore)*, M. Shibatani and S. Thompson (eds.), John Benjamins, Amsterdam, pp. 43-71.
4. Ho, D.Y. (1976) "On the Concept of Face," *American Journal of Psychology* (81:4), pp 867-884.
5. Hofstede, G. (1980) *Culture's Consequences: International Differences in Work-Related Values* Sage, Beverly Hills, CA.
6. Keil, M., and Robey, D. (1999) "Turning Around Troubled Software Projects: An Exploratory Study of the Deescalation of Commitment to Failing Courses of Action," *Journal of Management Information Systems* (15:4), pp 63-87.
7. Miceli, M.P., and J.P.Near (1992) *Blowing the Whistle: The Organizational & Legal Implications for Companies and Employees* Lexington Books, New York.
8. Morrison, E.W., and Milliken, F.J. (2000) "Organizational Silence: A Barrier to Change and Development in a Pluralistic World," *Academy of Management Review* (25:4), pp 706-725.
9. Oz, E. (1994) "When Professional Standards are Lax: The CONFIRM Failure and Its Lessons," *Communications of the ACM* (37:10), pp 29-36.
10. Smith, H.J., and Keil, M. (2003) "The Reluctance to Report Bad News on Troubled Software Projects: A Theoretical Model," *Information Systems Journal* (13:1), pp 69-95.
11. Smith, H.J., Keil, M., and Depledge, G. (2001) "Keeping Mum as the Project Goes Under: Toward an Explanatory Model," *Journal of Management Information Systems* (18:2), pp 189-227.
12. Snow, A.P., and Keil, M. (2002) "The Challenge of Accurate Software Project Status Reporting: A Two-Stage Model Incorporating Status Errors and Reporting Bias," *IEEE Transactions on Engineering Management* (49:4), pp 491-504.
13. Tan, B.C.Y., Smith, H.J., Keil, M., and Montealegre, R. (2003) "Reporting bad news about software projects: Impact of organizational climate and information asymmetry in an individualistic and a collectivistic culture," *IEEE Transactions on Engineering Management* (50:1), pp 64-77.
14. Tesser, A., and Rosen, S. (1975) "The Reluctance to Transmit Bad News," in: *Advances in Experimental Social Psychology*, pp. 193-232.



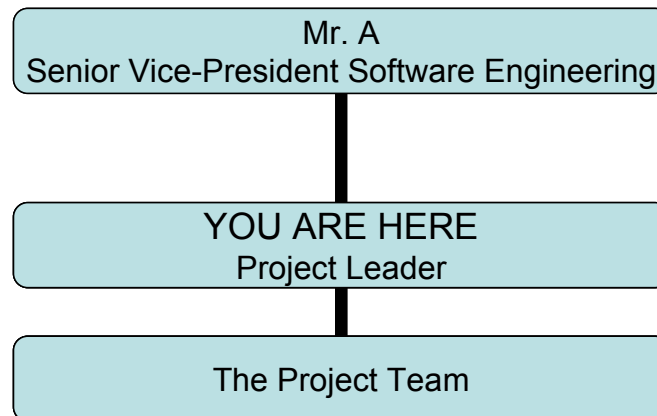


## APPENDIX: SCENARIOS

### Software Solutions Corporation

You work for Software Solutions Corporation (SSC), a [U.S. / Korean] computer software company that specializes in integrated systems designed to meet specific customer needs. At any point in time, SSC has several major development projects in progress.

You are project team leader for a 10-person team working on an important project called CAPS—a project that has been underway for 8 months and which consists of 2 core modules. SSC has promised a key customer that the CAPS system will be delivered and fully operational 2 months from today. Your team was chosen specifically for this project because of its history of having worked together successfully on several previous projects. A partial organization chart below shows the reporting relationships and where you fit within the hierarchy.



[Before you joined the project, SSC had already contracted with an external software company called IN-TECH to develop and supply one of the core modules. This is the first time that SSC has ever used IN-TECH as a supplier and **the contract clearly specifies that IN-TECH is responsible for any code defects or project delays associated with their module.**] Last week, your team—which does not include IN-TECH—began working to integrate the two core modules. However, **major bugs were discovered in [IN-TECH’s module / one of the modules] that will delay systems integration and almost certainly cause SSC to miss its deadline commitment to a key customer.**

At a meeting with the entire project team, you brought up the problem for discussion, but the project team members did not wish to report the problem to senior management. On multiple occasions you have observed situations in your company where people suffered negative consequences for reporting bad news. In one case of which you are aware, a project team leader who disclosed negative project information was held responsible and denied an expected promotion.

At this point, there is only a small chance (10%) that the problem can be resolved in time to meet the promised delivery date and you are now wondering whether or not you should report the bad news to Mr. A, Senior Vice-President of Software Engineering. Based on your analysis of the situation, you have determined that there are two reporting options:

1. Report the bad news concerning the project’s status to Mr. A, Senior Vice-President Software Engineering, so that there won’t be any surprises if the project misses its promised delivery date. **[If you follow this option, you can show very clearly that IN-TECH is responsible for the problem./ If you follow this option, you cannot point to the team as the source of the problem, since SSC’s management will consider your team’s actions your responsibility.]**
2. Hold off reporting the bad news concerning the project’s status and let the team work [with the vendor] to try to resolve the problem before the promised delivery date.