

Institute of Public Management
Administrator of the Year
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ETHICAL PERFORMANCE
IN THE
PUBLIC SECTOR

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Thank you. It is a high honor to be in the prestigious company of the previous recipients. I congratulate all of you at the Romney Institute of Public Management and at Brigham Young University for your dedication to professional excellence grounded in ethical behavior.

I salute you, as well, for your commitment to service. A motto that I saw as I entered the campus today: "Enter to learn; go forth to serve." really says it all. It communicates a fundamental message about the connectedness of learning and serving. The public sector will be well served by graduates such as you who have been educated in this tradition.

A special thank you goes to Dr. Robert Parsons. Bob, I am very grateful to you for your expression of confidence in me. I appreciate your support and your friendship. Thank you for the warm hospitality that you, Connie and everyone here has extended. I have enjoyed meeting and talking with President Batemen, Dean Hill, faculty members and the students - especially the students. You have all made me feel very much at home.

As some of you may know, Bob and I serve together on the American Hospital Association's Committee on Governance, a component of the Association comprised, primarily, of hospital trustees from around the country with an interest in furthering the AHA's vision of a society of healthy communities where all individuals reach their highest potential for health. Bob brings expert leadership to that body's education initiative, which he chairs.

The "Administrator of the Year Award" recognizes qualities, personal and professional, which I believe form the cornerstone of public service:

ethical performance of professional duties...

exemplary moral conduct...

a generous spirit and

personal traits which connect us, one to another, with kindness, integrity and trust. These are qualities which I learned, subliminally, as a child, from parents who taught by precept and example. Along the way, I've seen the value of being grounded in ethical principles, personally and professionally.

At the core of all that we are and all that we do is an ethical code - an internal compass - that registers our sense of right and wrong. It doesn't take much of a leap to get from the point of ethical behavior in one's personal life to a commitment to ethical performance in the public sector. They are rooted in the same principles; the same rules apply.

Beyond having the technical competence to perform, it's essential, I believe, for the individual working in the public sector to have:

- (1) a set of personal values;
- (2) a moral underpinning;
- (3) surefootedness about ethical responsibility;
- (4) a commitment to integrity and respect in relation to others; and
- (5) knowledge of the relevant legal and regulatory environment.

Likewise, at the institutional level, experience has taught me the importance of building an ethical framework which includes:

- (1) a statement of organizational values

What values will guide the conduct of the business or service delivery of the organization? What standards will apply? What can the public, the consumer, employees expect? Courtesy, respect, excellence, accountability? Whatever the values are, the rule here is "make no assumptions". If we don't actively articulate and engage a set of organizational values, we start out with a deficit.

Engaging the values, of course, requires being clear and explicit about how they apply to the daily activity in every phase of organizational life. The payoff: the building of trust and the creation of a yardstick by which all organizational behavior can be measured. The fact is, the presence of trust with those we serve can be as important to success over time as the service we provide.

To put it differently, it's important to be intentional about the values we hold and to translate the values into the way we do business. Value based decision making is a particularly critical survival tool for organizations in times of crises. In good and bad times, decision making that has a point of reference in well articulated values builds morale and minimizes the background noise that gets in the way of excellence.

(2) a relevant, enforceable code of conduct - to draw the boundaries for acceptable behavior and, within the boundaries:

- to guide business practices and individual conduct;
- to help prevent conflicts of interest; and
- to foster a professional work environment.

To be useful, the code of conduct, or guidelines, must have relevance to the prevailing business environment. Perfunctory, boiler-plate, "one-size fits all" language misses the point entirely.

At the Securities and Exchange Commission, where I spent years as a federal official in the area of mutual fund regulation, a code of conduct for investment companies is required by statute. Boards of directors and investment advisors who are in the business of managing assets held in trust for others are in a fiduciary relationship with the investors. In general, such individuals are expected to act, at all times, in the best interest of the company and its shareholders and, at no time, in a manner that uses inside information or the power of their position to inure to their personal benefit. Translation: act ethically. Violations can result in a range of

sanctions, both civil and criminal.

In any area of public service, the cost of ethical transgressions, in dollars, reputation and professional standing, can be considerable. Common sense is not viewed as enough of an antidote. As the American Hospital Association has stressed in its Organizational Ethics Initiative, "It is clear today that 'the ethical thing to do' cannot be taken for granted." It's also clear that the middle of a crisis is not the best time to start learning about ethical conduct and organizational integrity.

(3) resources to support implementation

Having a code of ethics without resources to implement it can sometimes be more deleterious than the absence of a policy. It's what I call the "fig leaf" trap. You think you're covered but not really.

In the implementation phase, it's important to engage the board, management and staff at all levels in the process of determining the organizational ethics needs. Here, the leaders must set the tone.

When the board of trustees at Greater Southeast Healthcare System in Washington, DC, where I have served as a board member for a number of years, took up the issue of organizational ethics, we emphasized the need for discrete staff resources, training (including training for the board) and mechanisms for integrating ethical values into the normal channels of decision making and other organizational activity. We also stressed the importance of having a mechanism for reporting,

investigating and correcting problems.

In organizations that make implementation a vital, visible process - that set a high water mark for organizational integrity - there is a much better likelihood that the entire organization will behave ethically. As Somerset Maugham wrote: "It's a funny thing about life. Those who refuse to accept less than the best, very often get it."

(4) mechanisms for accountability - I've covered values, which I consider the soul of an organization; a code of conduct, which I would call the teeth; and resources for implementation - the arms and legs. Now, for the heart of the matter: accountability.

It's important to have ongoing, systemic tools for accountability. The AHA's Organizational Ethics Initiative notes that: "A commitment to a sustained ethical environment can be a direct force in heightening the excellence, efficiency, productivity and morale of any health care organization. A strong organizational ethics foundation will help resolve conflicts within and between professional groups..."

The same holds true for the public sector. As my minister, The Reverend Canon Dalton Downs, often reminds us, "In the final analysis, religion is not about what you believe. It's about what you do." So it is with ethical performance.

A strong component of accountability is embodied in maintaining openness in the performance of public service. A credible process for accountability - one that has integrity - is an important tool. Remember, the management of public resources is

everybody's business. As Justice Brandies is quoted as saying, "Sunshine is the best disinfectant."

Two other key components of accountability are:

providing a process where everyone in the organization can speak out without fear of reprisal (The airline industry calls this a "blame free" environment); and demonstrating commitment to ethical behavior from all components of the organization, especially top management. Reducing ethics in an organization to a committee function undermines accountability. Ethical transgressions are rooted in individual behavior and flourish in an environment of organizational inattention. Committees can certainly help, but not if they are seen as the locus of organizational ethics, or the "ethics cop".

(5) clarity about roles and relationships

Creating an ethical environment requires clarity about roles, relationships and lines of responsibility. Leadership style, organizational culture, the day to day demands of the workplace - all can foster informal lines of reporting and create gaps in accountability. A clearly articulated organizational framework can be a helpful mechanism for maintaining accountability and trust.

Five personal traits and five organizational imperatives: closely linked and interdependent. The coming together of the two, ethical personal behavior and organizational integrity, creates an environment where challenges to ethical performance in the work place can be dealt with rationally, fairly and effectively.

The challenges can be highly visible, such as those dealing with conflicts of interest in procurement and the awarding of contracts; or generous bonuses and severance packages for senior management (the latter often seen as rewards for lack luster performance.) Or, they can be less transparent, for example, taking shortcuts in a process to keep productivity up; or providing public information that falls short of full disclosure.

In this high tech, information rich age, new ethical challenges will overwhelm us. We face issues such as balancing a respect for privacy with the public's right to know; designing performance measurements that respect and reflect the growing cultural and ethnic diversity in the work place; and treating employees fairly and the public/community interest equitably in mergers and consolidations.

To cloud the picture even more, ethical decisions are often about organizational conflicts between competing, legitimate initiatives. In health care, these conflicts raise ethical considerations of the most complex nature, for example:

What kind of care should be provided at the end of life?

Should the hospital merge and risk losing its community identity; stand alone and risk going under; close?

This takes us back to values. A system of ethics provides values and principles by which we make decisions and creates a climate where ethical decisions are natural and expected.

To state the obvious: We are in a period of tentative, hence, declining commitment to ethical behavior. It's what I call the "on the other hand" behavior. It's about knowing what's called for, knowing the right thing to do or, at the very least, seeing the caution light that says "go slow; danger ahead", but saying to yourself:

*circumstances being what they are, or
the demands of the moment are so pressing; I have a deadline to meet; or
competition is too fierce - we'll lose market share, or
the ends justify the means, or , that slippery slope ,
just this one time...*

You get the picture. *"I know I'm on soft ground, but on the other hand ..."*

The fact is, we do have to make choices ... everyone of us, everyday. Your experience here in the Romney Institute of Public Management is preparing you professionally and teaching you to make ethical choices. In my view, professional acumen plus ethical leadership is the most effective agent for noble public service.

In an article entitled "Ethically Speaking" by Haddock and Manning, ethical behavior is defined as "... acting with integrity, honesty, competence, respect, fairness, trust, courage and responsibility." A tall order. If it's true that the devil is in the details, I would suggest that the angles are on the side of working through the complexities with a very simple determination to do the right thing and to design systems and workplaces that support those efforts.

Ethical performance is, at once, a compact with oneself and a commitment to others to always do the right thing. As Mark Twain said, "Always do right. This will surprise some people and astonish the rest."

On a more serious note, ethical performance challenges us to set our moral compass and stay the course, missteps and mistakes notwithstanding. In the words of a Hindu Proverb, "There is nothing noble in being superior to some other man. The true nobility is being superior to your previous self."

Again, thank you for recognizing the work that I have done in such a distinguished way.