GUIDELINES FOR ORGANIZATIONAL ETHICS

The Goal Should Be "Virtuous Organizations" with a "Community Covenant"

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In recent years, health care organizations have worked so hard to achieve fiscal responsibility that they have sometimes constrained services and reduced access. The result has been a backlash of public distrust. However, a more ethical approach to the delivery of care can help such organizations regain the respect of skeptical patients and disheartened communities. To further that end for Catholic health care, this article will suggest a practical approach to organizational ethics.

We realize, of course, that the principles and practices of organizational ethics already influence daily behavior in health care to some degree. Unfortunately, however, health care leaders have many fewer resources in organizational ethics than they have in, for example, biomedical ethics. In this article, we hope to focus on organizational ethics in a way that will provide guidelines for organizations committed to high standards of ethical conduct, patient care, and community service.

TOWARD A VIRTUOUS ORGANIZATION

Organizational ethics and biomedical ethics are related, though distinct, fields in health care ethics. *Biomedical ethics* deals with ethical issues concerning biomedicine, clinical services, and patient care. *Organizational ethics,* by contrast, deals with value-related issues concerning an organization in the broadest sense: mission, vision, sponsorship, governance, and leadership. (The term, as we use it, encompasses what some writers allude to as "business ethics" and "corporate ethics.") Organizational ethics is related to, but broader than, compliance programs, which typically try to ensure that organizations abide by legal and regulatory requirements. At its best, organizational ethics seeks to foster a *virtuous organization,* in which ethical principles inspire appropriate decision making and moral behavior among all its personnel.

We believe that an approach to organizational ethics aimed at fostering a virtuous organization will influence behavior among personnel more effectively through general guidelines than through explicit rules; when it comes to nurturing responsible and ethical conduct, persuasion works better than prescription.

A virtuous organization respects the resources entrusted to it by its community.[1] Sound stewardship requires a Catholic health care organization to treasure the heritage it has received from its community as the necessary context for the prudent use of its limited resources. It encourages the organization's sponsors, faithful to their Catholic identity and mission, to conduct operations in an ethical manner. Stewardship enhances the organization's commitment to the community, on one hand, and the community's trust in the organization, on the other. This reciprocity could be described as Catholic health care's *community covenant.* By nurturing this community covenant, the ministry can rebuild and strengthen the community's trust in health care in general.

Indeed, a Catholic health care system or hospital that is considering an initiative in organizational ethics should, first, aim at creating a virtuous organization, and, second, do this by fostering among personnel a sense of stewardship that respects the community covenant. Such a foundation in stewardship cannot help but positively influence decision-making processes and standards of conduct for personnel throughout the organization.

BASIC COMPETENCIES FOR ORGANIZATIONAL ETHICS

Any initiative in organizational ethics will require basic organizational competencies.

A Sense of the Reciprocity between Sound Stewardship and

the Community Covenant This competency is at the very foundation of organizational ethics. Perhaps the most basic meaning of stewardship in Catholic health care is the passing on from one grateful generation to another of Christ's healing ministry. The notion of stewardship highlights the church's *traditio,* a Latin word for "the act of handing over." Of course, this obligation also implies fiscal responsibility. Yet one of the greatest dangers the ministry faces today—especially as it struggles in the most competitive market it has ever seen—is a tendency to focus so strongly on fiscal propriety that it compromises its basic mission of healing care. One could rephrase a well-known biblical warning by asking: What purpose is accomplished if the ministry gains all the fiscal stability in the business world, but loses its soul in the process?

> Virtuous organizations develop principles and processes that inspire good behavior.

The primary meaning of stewardship requires Catholic health care to act as an *ecclesial* ministry, serving and nurturing its communities as sacramental expressions of God's biblical covenant with humankind, as revealed in Scripture and honored in church tradition.[2] The great biblical covenant fundamentally entails a relationship of *trust.* Hence the community covenant is a basic relationship of trust between Catholic health care organizations and the communities they serve. Building such trust is a serious challenge these days, as public opinion surveys increasingly show. The work must be done, nevertheless. Stewardship calls on the ministry to enhance trust in the communities it serves. Trust is the necessary condition for fostering the community covenant required by an ecclesial ministry. Resource management and fiscal responsibility are critical elements of stewardship. But trust provides the foundation for organizational ethics in health care.

A ministry that seeks to enhance the community covenant will readily try to shape its hospitals and health care systems as virtuous organizations. They will develop principles and processes that inspire good behavior. To be truly virtuous, such organizations must adopt a practical perspective that integrates what they are (their missions), how they function (especially their decision-making processes), and how they behave (their ethical conduct).

Mission office personnel typically nurture this integration in Catholic health care institutions; most do it well. However, to be fully effective such personnel must possess the appropriate authority (with support from sponsors, boards of trustees, and executive management) and the relevant skills (including training in organizational development). Above all, such personnel must be guided by a strategic plan to integrate mission, decision-making processes, and ethical conduct. Without such a plan, the virtuous organization is unlikely to come about.

An Ethical Decision-Making Process To conduct an initiative in organizational ethics, the organization in question must also possess a reliable method for making decisions involving ethics—what might be called an *ethical resolution process.* The goal here is to apply ethical principles to everyday behavior and decision making. For the process to work effectively, of course, the organization must foster an environment in which personnel are encouraged to perceive problems and analyze their components. The process works in the following manner.

Identifying the Problem. This stage of the process involves three steps:

- Recognition of the problem's relevant aspects. Those involved, including the organization's stakeholders, gather the necessary data and consider the ethical dilemma in light of the relevant organizational values.
- Designation of the root problem. Those involved clarify both their goals, on one hand, and the obstacles to those goals, on the other. Having done that, they define the basic ethical conflict, distinguishing it from lesser ones.
- Estimation of the problem's cause. Those involved explain why the problem has occurred, distinguishing the basic cause from related symptoms.

Resolving the Problem. This stage also has three steps:

- Clarification of feasible options. Those involved create an environment in which the pro-

cess can unfold, researching and refining various options and identifying the ethical implications of each option.

• Determination of the best option. Those involved evaluate the options, eliminating those that do not fit the process's goals.

• Implementation of the decision. Those involved test the option to ascertain whether it truly is the best in terms of ethics and other considerations (e.g., costs, benefits, risks, practicality). Assuming that the option passes the test, those involved communicate its adoption throughout the organization and arrange for appropriate follow-up and assessment.

Standards of Conduct Finally, the organization must have standards of conduct that encourage improvement in all its operations. These standards—which should be integrated with the organization's stewardship guidelines and decision-making processes—will enable leaders to use resources in a manner that enhances the community covenant.

Organizational Ethics in Action

Organizational ethics can provide guidance for leaders in any dimension of health care. Here are two examples.

Governance Boards of health care organizations are today undergoing significant changes, all of which have far-reaching ethical implications. Boards of all types are shifting from a largely advisory role to one in which they are strong advocates for stakeholders; in the not-for-profit sector, in particular, many boards today involve representatives of the community in their organizations' strategic oversight.[3]

In these cases, as well as many others, the proper use of organizational ethics will encourage boards to integrate stewardship guidelines, decision-making processes, and standards of conduct in their work. This integrative matrix can make three contributions:

• It helps clarify the board's role as steward of the organization's mission and values as they apply to the community covenant.

• It promotes effective communication and problem solving through participatory decision-making processes that honor the organization's strategic vision, all the while respecting appropriate confidentiality.

• It seeks to inspire strategic change while avoiding micromanagement, on one hand, and board isolation, on the other.

Partnership with Physicians So far, no reliably successful model for a partnership between health care systems and physicians has emerged. The pressures generated by cost containment, declining reimbursements, and changing consumer needs continue to frustrate such arrangements.[4]

Some partnerships have had disastrous financial performances.[5]

However, organizational ethics can help both sides to move toward effective partnerships through an integrative matrix. The matrix encourages prospective physician-system partnerships to discover and embrace a common mission that enhances the community covenant by improving the delivery of high-quality patient care. This sense of stewardship helps the partners avoid the zero-sum game of economic self-interest that so often dooms such arrangements.

Stewardship and Community

Many areas in health care cry out today for guidance from organizational ethics. And the number of specific areas needing it most—for example, capitated contracts, information management, and technical acquisitions—is rapidly growing.[6]

In this article, however, our main emphasis has been on improving relationships between Catholic health care organizations and their communities. Specifically, we have tried to offer guidelines to aid the integration of stewardship with decision-making processes and ethical behavior. By focusing on stewardship and the community covenant, Catholic health care can ensure for itself a bright future. □

NOTES

1. See S. W. Goodspeed, *Community Stewardship*, American Hospital Association Press, Chicago, 1998.
2. For a recent discussion of healing as essential for the church's evangelical mission, see Edmund D. Pellegrino and David C. Thomasma, *Helping and Healing: Religious Commitment in Health Care*, Georgetown University Press, Washington, DC, 1997, pp. 157-159.
3. Eric D. Lister, "From Advocacy to Ambassadorship: Physician Participation in Healthcare Governance," *Journal of Healthcare Management*, March-April 2000, pp. 108-118.
4. Julie T. Chyna, "Physician-Health System Partnerships: Strategies for Finding Common Ground," *Healthcare Executive*, March-April 2000, pp. 13-17.
5. Craig E. Holm, "Restructuring Employment Relationships between Healthcare Organizations and Primary Care Physicians," *Journal of Healthcare Management*, July-August 2000, pp. 218-221.
6. See Gloria J. Bazzoli and Lawrence R. Burns, "Capitated Contracting Roles and Relationships in Healthcare," *Journal of Healthcare Management*, May-June 2000, pp. 170-187.

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