

ORGANIZATIONAL ETHICS: A GUIDE

Sustaining a Commitment To Mission and Core Values

BY ALAN SANDERS, Ph.D.

Wall Street excesses, the mortgage crisis, Penn State, Enron — one does not need to look very hard over the last decade or so to find examples of organizational ethics gone awry. Some of these cases involved clearly immoral behavior; others entailed suspect business decisions. All of them included a culture of practices and policies that reinforced questionable values and silenced persons who raised attention to them.

Over time, an organization may lose its soul. Practices and policies can evolve that are no longer committed to its core values, while many of the individuals entrenched in the organizational culture fail to recognize — or they simply ignore — such changes.

Catholic health care is not immune. In fact, similar narratives in Catholic health care exist. Market pressures, outmoded customs and practices and misguided values have led to the end of some Catholic health care institutions in the United States.¹ Perhaps one lesson from these examples is that businesses and institutions need to improve their ability to proactively recognize and address matters related to organizational ethics.

Most people in Catholic health care would likely agree that organizational ethics is important. The term, however, can be elusive in its meaning and application except when clear and egregious violations occur. The challenge comes in identifying matters related to organizational ethics the rest of the time.²

Organizational ethics reflects upon how an organization applies its core values to its practices.³ The term covers a wide range of concerns, and it touches all aspects of an organization. Issues can develop slowly and transcend staff and leadership turnover. Often they have innocuous beginnings, with an evolution that resembles the metaphor of the frog and boiling water: Throw a frog into boiling water and it will immediately jump out. Throw a frog into water that's at room

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temperature, turn the heat up slowly, and the frog will not notice the incremental changes. By the time the water boils, it's too late. Unfortunately many conversations about organizational ethics typically occur after the water boils.

In an effort to increase awareness, improve clarity and add competency in proactively recognizing and addressing organizational ethics, the mission and ethics department at Catholic Health East (CHE), in conjunction with mission leaders from across the Newtown Square, Pa.-based system, created a written guide. The guide introduces organizational ethics to leaders by focusing on three areas.

SIGNIFICANT ORGANIZATIONAL DECISIONS

CHE uses a system of values-based decision-making to address significant organizational matters. Similar to discernment processes at other Catho-

lic health systems, values-based decision-making provides guidelines to ensure that all decisions follow a consistent pattern and process, one that promotes CHE's mission and core values. Generally speaking, the process asks participants to consider the seriousness of an issue and whom it affects. Next comes discussion of options that best reflect these concerns. Once options are explored and chosen, there are specific guidelines for decision-making and follow-through.

Health care leaders typically recognize that big decisions — those involving joint operating agreements, opening or closing services, etc. — are areas of focus for organizational ethics. They seem to be less aware of how everyday decisions can reflect, or can be interpreted to reflect, an organization's priorities.

For example, a few years ago a friend of mine went through training to become a certified emergency medical technician (EMT). In the last phase of her training, she observed two EMTs respond to an emergency call for a possible cardiac arrest by slowing down. They were the closest responders to the call, but responding first would have required them to stay well past the end of their shift because of the paperwork involved. So they deliberately tried not to be first on the scene.

One might immediately blame the two EMTs. However, my friend later learned that their company's management had decided it was cheaper to pay for overtime than it was to hire more EMTs, but overtime was carefully monitored. The result: many EMTs were reluctant to work overtime because of the extra scrutiny and paperwork, and many EMTs were overworked and burned out because of inadequate staffing. From this perspective, it's difficult to place all of the blame on the EMTs my friend observed. In any event, she never became an EMT.

Such stories and pressures are ubiquitous in health care. Fee-for-service creates the potential for unnecessary treatments and tests; bundled payments and managed care create the potential to deny needed services; quality indicators can extend unwarranted treatment in some circumstances and cause short cuts in others; the examples are endless. With regard to organizational ethics, the point is that any business or clinical

decision can appear innocuous but contribute to or arise out of a larger pattern of decisions that negatively affect patient care and make the organization look duplicitous. Keeping an eye out for such hazards requires not only attention to decisions; as the EMT example illustrates, it also requires examining how decisions create policy and affect an organization's culture.

ETHICAL REVIEW OF ORGANIZATIONAL POLICY

Ethical review of organizational policy is guided by the principle that policies are an important reflection of an organization's moral character. Policies are decisions put in writing. As in the EMT example, policies are proposed by management, approved by governance, carried out by employees — and they survive individual employee and leadership turnover. The values and priorities of the decision-makers become the current and future guideposts for employee actions, and these actions become the face of the organization's mission.

Only a few policies, such as the organization's code of conduct, are commonly viewed as organizational ethics policies. However, all policies reflect the values and commitments of an institu-

When the decision is being made, the board member recuses himself or herself from the meeting — but does his or her position on the board influence the outcome anyway?

tion at some level. Staffing patterns and education hours, billing and collection practices, employee benefits and a host of other items send messages about what an organization values. Although it is important to ask whether a policy is consistent with an organization's core values, the policy itself needs to be well-written. Many ethical problems — though not all — can be prevented or recognized earlier if the purpose, goal, terms and processes in the policy are clear and well-defined.

Conflicts of interest policies represent a very common risk in organizational ethics, and they illustrate the benefits of writing a policy well. Typically, a conflicts of interest policy sets limits

(primarily monetary) on gifts and requires disclosure and recusal for leaders based upon a specified amount of money.

However, if the wording of the policy does nothing but set limits and require disclosure and recusal, leaders and employees can miss the overall goal: to preserve the organization's integrity by encouraging appropriate decision-making. A well-written policy must make it clear that persons with a responsibility to make choices based upon the interests of the organization should not base a decision on personal gain; the amount of

money involved isn't really the point.

From the perspective of this goal and definition, one may see that a conflict of interest can occur at any level of the organization and may apply in situations beyond those involving gifts worth more than a specified sum. For instance, lunches and small items, if given frequently enough, could create subtle expectations that the recipient will, for example, write certain prescriptions, or refer patients to a particular service.⁴ A staff member may be invited to attend, at the host organization's expense, an educational event at an

CHE'S ORGANIZATIONAL ETHICS GUIDE

Ethics applies values to action. Organizational ethics addresses decisions, behaviors and policies over the entire organization that affect its mission and core values. Generally speaking, organizational ethics may be divided into three areas of concern:

1. Significant Organization Decisions

Organizational ethics involve a values-based decision-making process that can be used for significant organizational decisions. These are choices an organization faces that may have an impact on its identity and structure, as well as on employee morale. Such decisions may include:

- A joint operating agreement
- Opening or closing services
- Changes to the workforce

2. How does ethical review of policy work?

Although they often are written to reflect clinical, financial or regulatory requirements, organizational policies also — explicitly or implicitly — reflect the organization's values. Examples may include staffing patterns, hiring practices and purchasing routines. In addition to ensuring that such policies align with the organization's values, ethical review addresses the following questions:

- Are the goal and purpose of the policy clearly spelled out?
- Are the definitions and criteria clear?
- Are lines of authority established and well-defined?
- Is the policy consistently applied? How are exceptions handled?

- How does the policy respond to changes and new information?
- Is there an appeals process for complex decisions, or a system of checks and balances?

Answers to these questions affect whether a policy is viewed as fair and is followed within the organization.

3. Considering organizational culture and behavior

All organizations have a personality — “the way we do things around here” — both across the entire organization and within individual departments. These behaviors and practices may strengthen or weaken its mission. Often questions arise about culture when practices are not consistent with policy or do not align with the organization's values.

Below are some *preparatory* questions when addressing organizational culture:

- How does the practice relate to the organization's values?
- What are possible explanations for the practice?
- Is the practice an isolated occurrence, attributable to an individual person, or is it part of a larger, organizational or departmental pattern?
- Is there a policy? If so, do people know about the policy, and/or is it ignored?
- Does a policy need to be created?

Values-based decision-making may be used, depending on answers to the preparatory questions.

extravagant resort... and the quality of the education is questionable. A not uncommon situation is that of a board member who (properly) discloses a financial relationship with a company that submits a bid for a contract. When the decision is being made, the board member recuses himself or herself from the meeting — but does his or her position on the board influence the outcome anyway?

A conflicts of interest policy could not possibly address all potential conflicts, nor should a conflicts of interest policy eliminate all gifts, contacts and relationships. However, a well-written policy can help employees and leaders identify and manage the conflicts more broadly. For example,

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they might give consideration to the frequency of gifts, not just set financial limits; pay attention to the appearances of decisions, not just to fair processes; and outline ways to manage possible undue influence, not just require disclosure and recusal.

Besides helping to create a well-written policy, an ethical review asks whom the policy affects, who should have input into its creation and what messages the policy sends to employees and the public about the organization's priorities. Asking these questions up front can help prevent or mitigate a policy's unintended or unforeseen consequences. If the EMT company had addressed these questions, for instance, it might have escaped creating a culture of slowing down for emergency calls — and the impression it forever left upon my friend.

ORGANIZATIONAL CULTURE AND BEHAVIOR

Organizational culture is very complex. People typically talk about it in terms such as “the way we do things around here.”⁵ There are many types of organizational culture, and they manifest themselves in various ways. Just to name a few, an organization may have a culture of following policies to the letter (“we make no exceptions”), ignoring policies (turning a blind eye to smoking on a

smoke-free campus), autocratic rule (“don't question my authority”) or using a values-base discernment process (collaborative decision-making).

The CHE guide does not intend to educate persons about the intricacies of organizational culture. Rather, it offers questions intended to help health care organizations determine whether a specific matter is due to culture or is more reflective of one person or a smaller group. There are also questions that ask about existing policy and whether colleagues know about it or ignore it, as well as questions that will indicate whether a policy needs to be created.

CHE's ministry formation programs address culture, and leaders who participate commonly say that while everyone in an organization contributes to culture, some individuals and groups have significant influence. Significant contributors include physicians, the local community and the local history of the organization (e.g. charisms of the nuns), they say. They also mention informal leaders — those who have influence regardless of official title or level in the organization. Interestingly, leaders mention themselves most often as significant contributors. They say that leadership sets the tone for an organization by “walking the talk,” embracing the mission and vision of an organization and engaging employees or, conversely, being disengaged and appearing hypocritical.

The challenge for organizational ethics is that culture is difficult to measure. It goes unnoticed by many (like the frog in the water), and there are others who do not want to talk about it openly. One way to assess an organization's culture is through existing human resource mechanisms. Employee relations, satisfaction surveys, staff turnover and exit interviews are natural places to look for a sense of an organization's culture. Even a compliance hotline can provide clues, especially if there are patterns and similarities in the reports. Regular reviews of adverse events can reveal elements of culture.

There also are informal ways to get a sense of an organization's culture. They include rounding or checking in with employees on a regular basis and listening with a discerning ear to gossip. Some committees and groups take time at regular meetings to chat about how everything is going around the office or company or organization — which admittedly requires the group to already possess a somewhat open and trusting culture.

The principles of Catholic social teaching — justice, human dignity, the common good — are natural guides for Catholic health care organizations in creating and fostering a healthy

culture.⁶ They are the foundation of the core values listed in all Catholic health care mission statements across the United States. Indeed, some consider the principles to be the best-kept secret of Catholic health care.⁷

For example, the principle of subsidiarity holds that organizational matters should be handled at the smallest, lowest or least-centralized level of the organization capable to address them (or at

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minimum, involve these persons or their perspectives appropriately in the decision-making process). This principle challenges the hierarchy traditional in medicine. However, many stories about organizational failure involve leaders who make decisions in isolation, overlook the long-term impact of their decisions and have a narrow view of who is affected. Integrating the principle of subsidiarity can mitigate this risk.⁸

Attention to Catholic social teaching and related principles — existing mission statements and the *Ethical and Religious Directives for Catholic Health Care Services* (ERDs) — can help Catholic health care organizations look beyond existing legal and regulatory requirements to create and sustain a culture that is in the spirit of the founding sponsors. Examples include ensuring that Catholic values and principles are included in employee satisfaction surveys and exit interviews; using them in the process of hiring for “fit” and in drawing up job descriptions that outline expected behaviors and practices.⁹ Recognition, awards, storytelling, core-value education and integrating reflective time at regular meetings also can encourage and sustain a culture that is consistent with Catholic social principles.

MOVING FORWARD

Compared to clinical bioethics, in which there are well-established mechanisms such as the clinical ethics committee and rules such as informed consent, organizational ethics is very young. Examining organizational ethics through the lens of decisions, policies and culture may help in identifying and addressing issues. CHE encourages its local organizations to, at minimum, form ad-hoc

committees as needed to address organizational ethics issues. Currently these groups tend to be assembled when a significant organizational decision or policy is at hand, such as closing a service line or considering a policy about hiring smokers.

Some local organizations have standing committees. Saint Joseph’s Hospital in Atlanta has a mission effectiveness committee comprising senior management and representatives from the board. Similarly, St. Mary Medical Center in Langhorne, Pa., has a ministry committee of the board. Both committees commonly address matters related to significant organizational decisions and making ethical reviews of organizational policy.

BayCare Health System in Tampa, Fla., has a corporate responsibility council, an interdisciplinary management and senior management committee that attends to compliance matters as well as those that fall under the heading of organizational culture and behavior. Additionally, all CHE local organizations have an interdisciplinary management-level compliance committee with the capability of handling reported or identified risks.

As the EMT example illustrates, clinical ethics and organizational ethics are not mutually exclusive.¹⁰ However, it is unlikely that the clinical ethics committee, as traditionally structured in most situations, can adequately address many matters related to organizational ethics. First, many organizational ethics decisions need to be addressed at a more senior level than typically represented on traditional clinical ethics committees. Second, the common bioethical principles and approaches often applied to cases in clinical ethics — patient autonomy, the family meeting — are not sufficient for addressing matters related to organizational ethics.

It is clear that organizational ethics is everyone’s responsibility. CHE currently addresses many aspects of organizational ethics via relations between mission and ethics, compliance and human resources, but in the long term, more work needs to be done. There are still questions about how and when to incorporate other areas such as quality, finance and information technology, just to name a few.

Also, because organizational ethics is young, we don’t know what we don’t know. With this in mind, CHE has formed an interdisciplinary organizational ethics forum involving leadership from across the system and led by the system office mission and ethics department. The forum’s overall

goal is exploratory and educational. It will help local entities identify and discern about matters related to organizational ethics, in the hope of adding clarity and capacity across the system. The forum will address issues shared by more than one ministry within CHE, starting with conflicts of interests and policies about hiring (or not hiring) smokers.

In summary, organizational ethics in Catholic health care and its commitment to mission and core values do not include matters only related to prohibited procedures, joint ventures and appropriate relationships with other organizations. These matters are important, but, in many ways, they might represent only a small portion of organizational risks. Others pertain to how decisions are made, policies are created and culture is lived out — items that relate to any business whose identity and core values are a key driver to success and sustainability.

ALAN SANDERS is director, ethics, Catholic Health East, Newtown Square, Pa.

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