

Shedding Light on Organizational Ethics

Five Ethicists Help Define and Contextualize an Elusive Topic

What is organizational ethics? Why is it important for the Catholic health ministry? There is no single, universally accepted answer to either of these questions, but there are many ways to describe just how far reaching and pervasive organizational ethics is for Catholic health care. The following commentaries by Catholic health care ethicists are an effort to bring a little clarity to what we mean when we say “organizational ethics,” as well as a way of demonstrating the impact this field has on our ministry.

How would you define organizational ethics?



Bayley

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Organizational Ethics is the fancy name we've given to the deliberate reflection an organization undertakes when it has a decision to make that puts its values in conflict with one another. When, back during the Tylenol scare of 1982, Johnson & Johnson took every bottle off the shelves rather than risk hurting some-

one, in spite of the potential damage to the J & J reputation and the company's bottom line, that was organizational ethics.

When executive teams think carefully about the relationship between what they get in compensation and what the lowest paid workers in their companies get, or when they screen their investments for consistency with their mission, or when they purchase supplies from an environmentally responsible company, that's organizational ethics.



Boyle

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I think organizational ethics addresses the choices of all who are part of an organizational enterprise—sponsors, board members, executives, managers, employees, organizational partners, and vendors. But, more importantly, organizational ethics also looks at organizations as moral agents.

Other forms of applied ethics, such as business ethics or managerial ethics, focus largely on smaller, discrete sets of decision makers within an institution (e.g., executives), their codes of ethics, and the limited universe of their choices (e.g., conflicts of interest). But these other forms of applied ethics do not focus on the organization itself as a moral agent.

Thus the term “organizational ethics” principally encompasses a broader ethical field than that of attending to isolated sets of decision-making entities within an institution. Organizational ethics focuses upon the moral consistency that should obtain among the numerous sets of decision-making bodies both within and outside (e.g., civil law, corporate vendors, organizational partners) an organization, each of which, when joined together-

er, impinging upon and effectively defines the moral character of the organization. Organizational ethics, then, both examines the formal ways by which an institution ethically structures itself through its policies and practices and explores the informal culture that consciously—or unconsciously—either promotes or degrades its values across all aspects of its operation.

To these ends, organizational ethics must form a structural part of the choices that different moral actors make within an institution, regardless of their particular departments. This structural integration also holds true for the choices that an organization makes through the policies proposed by management, ratified by boards, and carried out by employees.



Heller

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EtHics is concerned with the moral criteria that agents bring to bear on the choices they make. Our moral choices can be categorized into three broad, overlapping domains—our conduct (what actions we ought to do or refrain from doing); our character (who we ought to be or become); and, more abstractly, the conditions that influence what we can do and who we can become.

An organization is an example of a condition that influences what we, as individual agents, can do and what we can become. Informally, organizations influence our conduct and character in many ways. They affect how we spend our time and with whom we spend it; and their cultures shape our attitudes, feelings, thoughts, and values. Formally, they influence our conduct and characters through policies and incentive structures.

Organizational ethics reflects on these influences and, being based on moral criteria, asks how they could be shaped to make it easier for individual agents to choose the right actions and be the best persons they can be.

That said, organizational ethics is concerned not only with individual agents but also with the organization itself as a collective moral agent. For organizations, as organizations, also make choices about their conduct in the world and about their character—choices, for example, about the opportunities they will pursue and the kind of culture they want to foster. And they, too, are

influenced by conditions that are larger than themselves. For example, health care organizations are influenced dramatically by the markets in which they compete and by regulatory decisions made by government officials. Organizations can, in turn, affect these markets and regulatory decisions, but they cannot entirely control them. So they must make choices about how to deal with them based on some criteria, some of which should be moral.



McCruden

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Organizational ethics is a purposeful, reflective application of our values to the decisions, policies, and procedures that affect our patients, employees, and communities. Thus organizational ethics is most concerned with those practices that impact people.

I think we typically worry about how our clinical ethics impacts our patients. But it's our organizational ethics—hiring practices, staffing levels, billing practices, legislative advocacy, and so forth—that probably more keenly impact our patients' experiences in our institutions. Our patients judge us not on our professed beliefs and values but on the quality and compassion of our care. People who work in our institutions come to their own conclusions about what it means to be employed by a Catholic facility. The communities in which we exist come to their own conclusions about what a Catholic institution stands for. None of these people—patients, employees, or community members—read our value or mission statements; they *experience* them.



O'Brien

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Organizational ethics concerns organizational integrity, whereby personal and organizational relationships, structures, behaviors, processes, policies, and procedures reflect and promote human dignity and the common good. It's about fostering a work-life culture that is charac-

terized by integrity, participation, a positive spirituality, and healthy relationships and interactions. An organization with integrity is one in which decision-making processes are consistent with the moral identity and values of the organization, so that the organization, its associates and the communities it serves may be freed to flourish in genuinely human ways. It sounds rather lofty and formal and ideal, but is actually very hard work in the concrete—entailing a willingness to expose our individual biases, preferences, and vulnerabilities. Organizational ethics requires candor and openness to each other, so that we can be truly responsive to human needs, and not just be manipulated by our own fears and hidden agendas.

What do you perceive are the major organizational ethics issues facing Catholic health care?

Carol Bayley I see one major one, eclipsing all the others. We are in the health care business. In our tradition, health care is so fundamental to human flourishing that all people deserve it, regardless of who they are or whether they work.

But in the United States, health insurance—in effect, access to health care—is seen as a benefit either of employment or of destitution. Two of our deeply held values are in conflict. One is the need to stay afloat as a business in a capitalist system; the other is a need to stay connected to the tradition that informs our identity. How, and whether, our health systems can carry the tension of those two poles requires organizational ethical reflection.

Philip Boyle Catholic health care faces challenges that are unique within health care because the ministry is informed by the Catholic moral tradition, particularly by Catholicism's long tradition of social teaching. While the Catholic tradition has clear moral prohibitions (e.g., not taking the life of the innocent), it also promotes strong moral obligations concerning, first, care of those who are poor, and, second, the common good, which includes values such as subsidiarity, participation, and association.

As a consequence, the Catholic tradition creates challenges for every level of Catholic health care. The challenges include providing appropriate levels of charity care and community benefit, setting responsible executive compensation and living wages, establishing fair labor practices, setting responsible investment policies, partnering

with group purchasing organizations, and marketing itself truthfully. In addition to these issues, which are department specific, Catholic organizations must, as moral agents, be diligent and conscientious about those with whom they partner; and vigilant that, as organizational ministries of the church, they do not give scandal.

Jan C. Heller The organizations that make up Catholic health care have a long and noble tradition of reflecting on their mission, identity, and purpose as Catholic-sponsored organizations, and on their impact on individuals and on communities—those they serve and those they employ or partner with. They also have a long tradition of advocacy that seeks to affect the conditions that influence their missions.

This is the work of organizational ethics, although it has only recently been called by that name. What needs to be done, going forward, is to help sponsors, leaders, employees, and our partners become more self-conscious about how their work in and for Catholic health care can be understood through the lens of organizational ethics, and about how our organizations themselves can be understood and held accountable as moral agents.

This can be done through education, through ministry leadership formation programs, and by linking formal decision processes to organizational ethics resources.

In addition, however, Catholic health care organizations (along with other organizations that are concerned with ethics) must become more self-conscious about organizational ethics as such, and about its implications for our organizational life in general. We must decide, going forward, which ethics standards we will use to evaluate our leaders, our ethics programs, and their resources and staffs; and how we will integrate ethics processes into other important decisions of the organization. Catholic health care faces many concrete challenges—involving choices about labor relations, staffing ratios, manager salaries, and ethics training for board members, to name just a few—but all these issues will be addressed only in an ad hoc way if we fail to institutionalize organizational ethics. Institutionalizing organizational ethics is our biggest challenge in the long run.

Patrick J. McCrudden I think *the* major organizational ethics issue facing Catholic health care is its role (or lack thereof) in transforming the American health care system. I think we are all aware of the physical and financial hardships borne by people

without health insurance. More than 20 years ago, the U.S. bishops called for the creation of a national health insurance plan, and Catholic health care has affirmed on several occasions our belief in a right to health care. I think we need to grapple with our vision of how the American health care system should be transformed and with our commitment to that vision at the system and local level.

In that regard, at the individual hospital level, a major organizational ethics issue is how we care for the uninsured, and, more generally, how we care for the poor and vulnerable—care for, that is, not only those who end up in our emergency rooms but also poor people in the larger community. How are we working to help expand services to the poor in our communities and act as advocates for them with our legislators?

Other major organizational issues include staffing practices during times of increased budgetary pressure; billing practices towards the uninsured and underinsured; and compensation and benefit practices, especially those for our highest- and lowest-paid employees. Catholic health care is a ministry of the church and must be transformational, transforming individuals and communities. Our practices need to be evaluated in light of our call to transform the world.

Dan O'Brien In my opinion, the major ethical issues facing Catholic health care are:

- The selection, development, and formation of leaders—they are our future who will shape how we respond to basic human needs.
- Ensuring that the vision and legacy of our sponsors are carried into the future
- Promoting an organizational culture that is transparent, embraces people's spirituality and interacts with the Catholic social tradition and teaching
- Integrating the organizational and physician cultures
- Effectively engaging those internal and external forces that attempt to control our organizations through political, social, and legal mechanisms or hidden agendas, rather than through healthy dialogue and rational discourse

What do you see as some of the challenges in implementing organizational ethics?

Carol Bayley One challenge is that executives associate "ethics" with the various scandals we

read about in the newspaper. Granted, Enron and WorldCom were ethical failures, but most ethical implications of an organization's decisions are not so clear. A bigger challenge in a busy world is cultivating the habit of ethical reflection, of considering the practical implications of honoring one value at the expense of another. Part of the challenge is that we tend to compartmentalize too much. "Care for the poor" is considered a "mission value," whereas the kind of rating we earn on Wall Street is seen as just the business of business. In fact, every business decision is a revelation of our values, either positively or negatively. We just need more practice in using the values language.

Philip Boyle Two broad problems exist for implementing organizational ethics.

The first relates to developing processes that address it. Many clinical ethics committees realize that they do not have the committee membership, case referral system, or skill set to facilitate organizational ethics problems. To address this void, health care systems have developed a discernment process for all organizational ethics problems. This values-based decision-making process (VBDM), sometimes called "mission discernment," serves as a means of making plain whether the discussion at hand is aligned with an organization's mission and values. Misused, however, the process can act as an after-the-fact justification for predetermined conclusions. Pragmatically, getting all who work for the organization to understand it, adopt it, and become skilled and comfortable implementers of it will be the work of the next 10 years.

The second challenge relates to this last point—making practitioners competent and confident with respect to organizational ethics. In clinical ethics, by contrast, many feel confident about their knowledge of what the issues are and about the adequacy of their analysis in such areas as informed consent, advance directives, and termination of life-sustaining treatment. They do not feel equally confident in organizational ethics. But they might strengthen their sense of self-reliance by examining issues that have been carefully analyzed in business ethics literature. These other areas of applied ethics provide both clues for analysis and the language and concepts needed to tease apart the moral problems of organizational ethics.

Patrick J. McCruden One challenge is to bring the voice of ethics to the table where decisions are made. We tend to work in "silos"—the finance

department develops the billing practices, human resources (HR) develops compensation and benefit plans, nursing works on staffing levels and patient care, and so forth. Since these are not typically seen as areas in which ethics should be consulted or involved, decisions may be made in them without reference to our values. This is not to imply that decisions in these “silos” are made in an unethical fashion; but we have to be more intentional about applying our values and ethical principles in a systematic way throughout our organizations.

Another challenge is a tendency to overlook structures in our systems that may motivate people *away* from ethical behavior. For example, expansion of services to the poor will almost certainly affect operating margins. If compensation, promotion, advancement, and similar matters are tied too closely to financial success, then there will be little incentive for a leader to expand services to the poor, even if this is a clearly articulated value of the leader’s organization.

Dan O’Brien In a time of intensely limited and competing resources and other pressing organizational priorities, one of our greatest challenges is persuading leaders to devote the time and resources needed to promote and implement organizational ethics and learning among leaders and associates.

What advice or successful practice in this area would you like to share?

Carol Bayley We learn by doing. Some of the first ethics committees learned how to talk about clinical ethical ethics by reviewing cases that were no longer active, to see how the ethical concepts of autonomy or justice applied. Executive teams that are serious about learning the language of organizational ethics could start by looking backwards, at decisions they’ve already made, to see what values were at stake and what choices were made, and at what cost.

Or they could dedicate a certain amount of time to reviewing the ethical implications of decisions they are currently making. Sometimes “ethical implications” look forward: If we are going to close this or that program, we had better take this or that step to mitigate harm. At other times, the implications look backward. If we need people whose natural styles of action and leadership

are consistent with our organization’s values—or, by failing to do so, risk decisions that don’t “look like us”—we must hire, orient, and reward people for the right reasons.

Whatever strategy an organization uses—whether a retrospective or a concurrent review of real cases—and whether the implications are for future action or reveal past assumptions, the best way to get better at organizational ethics is the best way to get better at anything: practice.

Philip Boyle First, my experience in Catholic health care has led me to conclude that VBDM gains a foothold once an executive experiences the value in doing it. Different executives value it for different reasons. Some see that VBDM offers a systematic way of discerning whether choices are consistent with mission and values. Others value it because it provides transparent evidence to a board or sponsors, for example, that the outcomes of VBDM further the organization’s mission. Still others use it as a clarifying device to get everyone on the same page. Whatever the reason, once the merit of VBDM is made clear by its successes, executives begin to implement it among groups that report to them.

Second, it is critical for an organization to be very clear how, when, and by whom VBDM is to be implemented. In some organizations, management is required by policy to use it on all major decisions and then to supply evidence to the board that they have done so. In other organizations, either the mission leader or a mission-effectiveness committee has the authority to invoke the process. Nevertheless, however an organization’s leaders decide the circumstances under which a VBDM should be used, they need to be clear about when it should be conducted as a formal process and to reinforce the process once it begins.

Third, the implementation of VBDM can begin with less complex issues that can show the organization the immediate benefit gained from using it—in conceptually simple cases such as those involving conflict-of-interest or vendor-relation issues. Finally, the very process of developing a VBDM can galvanize support for its later use. For a model developed for a health system, see the free downloadable example at www.che.org/publications.

Jan C. Heller There is an ongoing debate in health care ethics about how best to structure organizational ethics vis-à-vis our long-standing clinical ethics programs. In larger organizations, it makes

sense to set up separate but related structures to address clinical and organizational concerns. The clinical ethics committee will usually have enough work to do without trying to take on the demanding tasks of organizational ethics as well.

Furthermore, the choices that must be made under the heading of organizational ethics generally require different talents—and, generally, access to different kinds of information—than do those involving clinical ethics. Of course, many clinical issues will have organizational implications, and the two ethics groups can share members or pass requests to each other doing so as appropriate. Nevertheless, we recommend that our organizational leadership teams, supported by professionally trained ethicists and others who gather relevant information on a given issue, constitute themselves as organizational ethics committees when they face a choice that has significant moral implications.

Thinking about organizational issues from an ethics perspective requires preparation and practice on the part of our leaders, and they often find this difficult to fit into their busy schedules. But, as Jack Friedman, CEO of Providence Health Plans, Beaverton, OR, recently said: “If we are too busy to deal with an ethical issue as a leadership team, then we’re not doing our jobs as leaders.” It is always possible that the pressures that our leaders deal with everyday will cause them to miss significant ethical issues or to “sweep them under the rug” in their rush to deal with many, seemingly more pressing concerns. Still, organizational leaders, including board members, are our organizations’ most influential decision makers. They should learn to recognize and respond appropriately to issues with organizational ethics

dimensions. If they do not, the long and noble tradition of ethical reflection in Catholic health care may not continue into the next generation.

Patrick J. McCruden Organizational ethics needs to be fluent in the language of business and management, but it should not allow the precepts of our free-market system to trump the principles of Catholic health care. The “just wage” is, for example, a foreign concept in an economy in which workers’ wages are set by the market.

In our health system, Sisters of Mercy Health System, St. Louis, we have worked at the corporate level to work across the “silos” and engage our colleagues in discussions that utilize the expertise of everyone “at the table.” For example, to develop a position on just-wage and compensation practices, we brought ethicists together with HR and finance department people to analyze and discuss the ethical principles involved in light of the reality of the employment market and the impact of wage decisions on the system’s finances. We ethicists, being educated in such issues, educated the other professionals regarding how justice would apply in these discussions.

Dan O’Brien My advice is to seek out opportunities that will give leaders the personal, concrete experience of a positive discernment or decision-making process. That experience will reinforce the perception that good ethics and spiritual practices are genuinely worth all the extra effort. The more we can connect ethics to spirituality—as the “horizontal dimension” of spirituality—the more relevance people will find in ethics. They will see that it is much more than a series of abstractions or rules. ■