“There are no easy answers in leadership,” Howard T. Prince II, PhD, director of the Center for Ethical Leadership in the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin, told the audience at the ACHE program “Ethical Challenges and Responsibilities of Leaders,” held in New York in August.

The issue of ethical misconduct is included among the myriad tough challenges facing healthcare leaders in today’s dynamic business environment. And, like many issues keeping leaders up at night, there is no magical, one-step solution to ensuring staff behave ethically. Like all vital leadership skills, understanding how to lead your organization’s culture so that ethical decision making and behavior are the norm is a competency that must be constantly practiced and honed. That is because a strong ethical culture is an invaluable component of an organization’s success.

The Rise of Ethical Problems
Prince began the program, held in conjunction with ACHE’s New York Cluster and funded in part by the Fund for Innovation in Healthcare Leadership, with an
overview of the growing problem of ethical misconduct in healthcare and other sectors. “[Ethical misconduct] is not unique to healthcare,” Prince said. “It is a human phenomenon that cuts across sectors. Scarce resources and excessive competition are two examples of things that can lead men and women who know better to misbehave.”

Prince noted there have been several high-profile instances of “egregious” ethical failures in healthcare management in recent years and outlined several for the audience. In addition, he cited a July 2010 article in The Washington Times when pointing out that an estimated $60 billion to $90 billion in Medicare fraud is absorbed by taxpayers each year.

No one can forget the Enron scandal that rocked the business community in the early part of this century. Yet, it turns out ethical misconduct has not abated since that grand-scale lesson in the devastating effects of unethical behavior. Prince cited a 2007 study by the Washington, D.C.—based Ethics Resource Center that revealed unethical business practices were as bad at that point as they were before the Enron collapse in 2002. What’s more, the number of companies having successfully incorporated a strong ethical culture has declined since 1995, with only 9 percent demonstrating this critical organization quality.

Ethical misconduct also is seen widely across all levels of government, with nearly six in 10 government employees having witnessed at least one form of ethical misconduct in the past 12 months, according to a 2008 report by the Ethics Resource Center. This misconduct is higher at the state and local level; however, 50 percent of federal employees reportedly have observed ethics violations.

Instances of ethical misconduct are also seen in academia. According to the Center for Academic Integrity, on most college campuses 70 percent of students admit to some form of cheating. Cheating has also become a significant problem in high school, with 60 to 70 percent of students admitting to cheating, according to the center.

The news doesn’t get much better for the nonprofit sector: Research by the Ethics Resource Center has found that while most nonprofit organizations have stronger ethical
cultures in place than those in other sectors, conduct that violates the law or an organization’s own standards is on the rise. In addition, financial fraud is higher in the nonprofit sector than in government or general business.

All this bad news begs the question—why do individuals behave unethically?

Prince said many people often believe ethical misbehavior occurs due to “a few rotten apples” in an organization. There is a further misperception that if these bad apples are just thrown out, the problem will be fixed. But while there are some inherently “bad” people committing ethical violations, research shows individuals’ ethical behavior is greatly influenced by the environment and culture in which they work. If an ethical culture is not in place at an organization, even “good” people are not immune to ethical misconduct.

A number of factors could be at play in an organization that may lead good people to behave badly. According to Prince, some of these factors are:

- Excessive competition in today’s business world
- Unrealistic pressure from leaders or others to perform well
- Threats and intimidation from leadership
- An overemphasis on measuring performance quantitatively

How are you doing as a leader in the quest for building and maintaining an ethical culture in your organization? Howard T. Prince II, PhD, director of the Center for Ethical Leadership in the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin, suggests leaders assess themselves regularly to determine that. The following ethics assessment tools and other resources can help you and your organization ensure you are on the right path to good ethical health.

**Assessment Tools**

*The ACHE Ethics Self-Assessment*
www.ache.org/newclub/career/ethself.cfm

*The U.S. Department of Veterans Affairs National Center for Ethics in Health Care’s Ethical Leadership Self-Assessment Tool*
www.ethics.va.gov/docs/integratedethics/Ethical_Leadership_Self-Assessment_Tool--20070222.pdf

**Other Ethics Resources**

*ACHE’s Code of Ethics*
www.ache.org/ABT_ACHE/code.cfm

*ACHE’s Ethics Toolkit*
www.ache.org/ABT_ACHE/EthicsToolkit/ethicsTOC.cfm

*Institute for Global Ethics*
www.globalethics.org

*Ethics Resource Center*
www.ethics.org

*U.S. Department of Veterans Affairs IntegratedEthics*
www.ethics.va.gov/IntegratedEthics

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Ethical Challenges and Responsibilities of Leaders

During the program “Ethical Challenges and Responsibilities of Leaders,” a panel of healthcare leaders shared their experiences with ethics incidents and their organizations’ journeys to maintaining an ethical culture.

John J. Donnellan Jr., FACHE, adjunct professor of Health Policy and Management at the NYU/Robert F. Wagner Graduate School of Public Service in New York, described the “personal evolution” he experienced as a leader when he helped develop the U.S. Department of Veterans Affairs’ Integrated Ethics program. One of the most important lessons Donnellan learned was that codes of conduct and rules alone do not create an ethical culture within an organization.

“Rules only stop bad behavior,” Donnellan said. “They don’t create or encourage good behavior.” His advice to healthcare leaders? “[Ask yourself], how can I help staff and support staff at all levels?” According to Donnellan, that may mean spending some money on this issue—giving ethics adequate attention will help show staff how important it is to the organization.

As a CMO, William E. Huffner, MD, FACHE, FACEP, of Arnot Health in Elmira, N.Y., has experience dealing with ethics issues on the clinical side. When a clinician engages in ethical misconduct, Huffner has witnessed how that bad behavior has a negative impact on the entire organization, including leadership, and creates conflict among the entire medical, nursing and ancillary staff.

“Patterns of bad behavior are what CMOs need to address urgently,” said Huffner. “It is leadership’s role to provide corrective action for unethical conduct and, often more importantly, to encourage and empower all medical, nursing and ancillary staff members to report occurrences of unethical behavior.”

Nancy G. Levitt-Rosenthal, FACHE, senior vice president of health systems development at Greenwich (Conn.) Hospital, described the importance of the CEO’s role in creating an ethical culture in her organization.

“Our CEO practices good behavior every day and is a good role model for influencing behavior,” she said. Included in that good behavior is the CEO’s and other senior leaders’ commitment to open communication and transparency with staff, even during tough times such as in the current challenging economy. Levitt-Rosenthal emphasized the importance of ensuring that all staff members are in tune with the organization’s values, including its commitment to ethics. “It’s always important to make sure your mission, vision and values are alive in the organization and that they drive your culture,” she said.
High levels of unmanaged stress among employees (due to factors such as uncertainty, poor information and rapid change)

- Economic dependence/hardship
- The individual’s belief that he or she can get away with the unethical behavior
- A poor system in place to detect ethical violations or compliance
- Individuals not knowing ethical standards or expectations
- A perception that the organization’s leaders are not ethical
- Individuals’ values not being aligned with organization or community values
- Individuals feeling as though they are being mistreated, not valued or not respected by the organization’s leadership
- Something about the organizational setting that unleashes otherwise controllable impulses or negative traits

So what can leaders do to foster an ethical culture in their organizations? First, they have to be on the lookout for and attuned to any signs and signals that ethical misconduct is happening in their organizations. “We have to be good diagnosticians about what’s going on in our organizations that could be corrosive,” said Prince. Then, leaders must establish a culture of ethics and bring out the best in their people.

**Leading Ethics**

The U.S. Department of Veterans Affairs, which is widely recognized as being exemplary in the area of ethical leadership, defines ethical leadership as “activities on the part of leaders to foster an ethical environment and culture.”

How can healthcare executives successfully incorporate these critical activities? Creating an ethical workplace starts with the ethical quality of the organization’s purpose and goals. Reflecting on the mission of the field of healthcare management—to serve others—is a good place to start, according to Prince. “Inherently what you do is noble,” Prince told the audience. “That first purpose drives your behavior from then on.”

Leaders’ most important responsibility is to influence others to make ethically sound decisions, and that starts with leaders personally behaving ethically, according to Prince. “People are looking to other people to show them what to do,” said Prince. And, he adds, “Every interaction matters. The leader's personal example is always the most powerful part of any leader’s influence, especially when it comes to demonstrating the right thing to do and the ethical way to do it.”

In addition to modeling good ethical behavior, leaders should gain support of and a commitment from their team members to living by the organization’s shared values. Healthcare leaders and staff should have frequent conversations about ethics and not simply address these issues annually as part of compliance training, Prince said. “Involve others in ethical decision making routinely,” he advised.

Leaders also should set expectations, clear guidelines and norms for ethical behavior in their organizations. Prince notes that formal ethics training in an organization helps here, but ultimately a commitment to moral conduct should extend beyond ethics training and, instead, be an ongoing mission.

Prince stressed the importance of rewarding ethical behavior. “When someone does the right thing under stressful, difficult circumstances, reward them,” he said. “And not just with a bonus—invite them to your office to recognize them in person.”

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Equally important is punishing unethical behavior, a task Prince admitted can be difficult to do. But if leaders don’t punish unethical behavior, “people don’t learn what’s unacceptable,” he said.

Overall, when rewarding ethical behavior, leaders must be sure to properly align incentives—that is, to ensure they are rewarding behavior that is consistent with an ethical culture and not something else.

How will you know if your organization is operating ethically? Prince put it simply: An ethical culture is everyone doing things around the organization ethically all the time.

“A sign of good leadership is when employees do what you want them to do even when you’re not there,” Prince said.

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The Fund for Innovation in Healthcare Leadership

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An article on the second of two Fund programs for 2011, “Accountable Care and Medical Homes: Steps to Creating Value-Based Healthcare,” which was held in October at the San Francisco Cluster, will appear in the May/June issue of Healthcare Executive.

The Fund was established in 2006 to bring innovation to the forefront of healthcare leadership by developing and enhancing its focus on future healthcare leaders, ethics in healthcare management and healthcare management innovations. In its commitment to developing future leaders, the Fund also has provided scholarships for the Foundation of ACHE’s Senior Executive and Executive Programs. Since the Fund’s inception, more than 1,200 generous donors have made contributions. This support has enabled the Fund to strengthen the field of healthcare leadership by providing educational opportunities on important trends and issues.

For more information on the Fund, including ways to contribute, please visit ache.org/Innovation or contact R. Barkley Payne, vice president, Development, at (312) 424-9306 or bpayne@ache.org.