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Ethics Management in Public Sector – Background and Tools

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Abstract

The article presents the conceptual background debated in the professional literature related to ethics management in general and also in particular, in the public sector. Works in this area present the concepts, the general theories, the problems and instruments we can use in a managerial activity. This paper tries to extrapolate these general data to the public sector in a country. The main purpose of the study is to identify those specific instruments that can be implemented successfully in public institutions, in correlation with specific ethical problems we find there. Sources of evidence include valuable works of specialists and studies conducted and focused on ethics in public sector. The main argument of our research is based on the fact that some theories, concepts or instruments are too general, needing a customization for the public sector, especially for those countries where corruption and unethical behaviors are at a high level. Conclusions of the paper refer to the applicability of various instruments of ethics management in the public sector, proving also a strong connection between ethics and competitiveness and in consequence, between ethics and investments. The results and conclusions are focused on the main areas of public sector from countries where corruption and lack of ethics is a real problem.

1. Introduction

The issues addressed by this paper refer to the delimitations of concepts in professional literature regarding ethics, ethics management and especially ethics management in public sector. The aim of article is to highlight all problems that may appear related to ethics in organizations, problems that a manager should cope with in order to assure a strong ethical climate. Besides these, a delimitation of problems in strongly connected with the tools and

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instruments that a manager can use to prevent and correct unethical issues that may appear. Not all these tools can be implemented in public sector, so the article tries to offer a critical judgment on this aspect.

The main aspects approached in this article refer to some major ethical problems that may appear, the question related to the ability to teach ethics and learn ethics. Because if we couldn't teach and learn how to take ethical decisions, it would be very difficult to implement it in organizations as managers. I will start my debate, starting from what a student told me: "Who is ethical nowadays? We live in a very unethical society." At the first moment, we might think this is wrong, but if we deeper analyze the statement, we also might ask how can we teach and implement ethics, not by punitive measures, but through a system of beliefs and values.

Most specialists in ethics and business ethics agree that business schools have the obligation to teach their students ethics or social responsibility, because business and ethics must be strongly related: "business schools have an obligation to do what they can to develop a sense of social responsibility and a high standard of business ethics in their graduates" (Gordon and Howell, 1959).

Of course, there are also specialists that consider ethics cannot be taught in universities because students are already formed. This problem was also addressed by Trevino and Nelson (2011) who analyze the problem of teaching ethics not just in schools, but also at the institutional level. So, the authors appreciate that employers have a responsibility to teach their employees how to recognize ethical dilemmas and problems and learn how to deal with them.

Those who consider it is impossible to teach ethics argue that ethics implies interdisciplinarity, so a lot of other disciplines must be taught too, like sociology, philosophy, psychology and others. Sims (2002) appreciate that a business school faculty fulfills its objectives when teaches students to identify ethical implications and has a holistic view. Interdisciplinarity in teaching ethics also means a variety of ethical issues and dilemmas with which employees in an organization or institution have to manage.

Commonwealth Association for Public Administration & Management (CAPAM) published in 2010 a report regarding the most important ethical dilemmas met in public sector. According to CAPAM (2010), these issues are the following: administrative discretion, corruption, nepotism, administrative secrecy, information leaks, public accountability and policy dilemmas.

According to Hanekom et al. (1990), the most common unethical problems in public sector are:

- bribery, nepotism and theft
- conflict of interests
- misuse of insider knowledge
- use and abuse of confidential information for personal purposes
- public responsibility and accountability
- corruption
- the influence of interest and pressure groups and so on.

Gildenhuys (2004) appreciates that the most important issues in public sector are corruption and maladministration. Politicians or public servants or other employees working in public area must know ethical values and identify cases in which a behavior may be wrong. Some actions are definitely good or definitely bad, but others may be in a grey zone and make it difficult for a person to make the right decision or to reject someone or something.

For example, the problem of gifts: are they a sign of gratitude or a reason to push someone in the wanted direction? "The ethical dilemma is to distinguish between what is right and what is wrong, and what seems to be right but is indeed wrong" (Gildenhuys, 2004).

Managers of public institutions must be familiar with all these potential dilemmas and also with the instruments, mechanisms and tools they can use in order to prevent or fight against these ethical issues when they appear. Ethics management implies a sound knowledge on issues and instruments used to help employees deal with these ethical problems before or after the issues appear. Besides the control mechanisms dealing with ethics, there is also a need for promoting values and morality among a community or an organization.

The professional literature is abundant in ethical tools that can be used by managers in their private or public institutions: codes of ethics or codes of conduct, ethical committees, ethical audits, ethical procedures and policies, ethical trainings, ethical hotlines, whistle blowing procedures and others. But the problem in ethics management and mostly in public sector is not with the mechanisms but with their precise implementation.

2. Critical judgment on ethics management in public sector

Codes of ethics are everywhere and, in my opinion, the problem is not with the tool but with the one who creates the tool. As Lao Tzu the Taoist said in the poem Tao Te Ching: "The more laws and commands there are/ The more thieves and robbers there will be".

So, this doesn't necessarily mean that there should not be laws or codes of ethics, but more important is to communicate these in a proper and efficient manner to the members of a community.

Can we say there is a lack of codes of ethics and this fact is one of the reasons for which public sector is perceived in many countries as highly corrupt, especially in less developed countries? The answer is definitely negative. In most public institutions, there are these codes of ethics: in schools, hospitals, universities or other public institutions.

In my opinion, the real problem in ethics management is not the lack of proper tools or instruments which managers should implement in their institutions in order to prevent or diminish unethical issues, but the lack of an adequate communication and dissemination of these mechanisms. For example, we have codes of ethics, but in many cases, if you ask the employees or even the managers themselves they do not know where exactly they can read these codes or what these codes really refer to.

Definitely, there may be also a lack of individual interest in these problems, but here comes the abilities of a real manager in ethics management: be a model and lead employees to the right path. Another tool used in ethics management but not in many companies or institutions is the expertise of ethics counselors in some ethical trainings or seminars for employees and managers. If some institutions implement this system, it might also be the case for just an activity to check and not seen as a serious one.

As that student of mine told me during a seminar on Ethics, these issues are seen as out dated in a corrupted society and the challenge to convince people to be open in front of ethical dilemmas and understand the importance and role of ethics in our lives, no matter the sector is private or public, is very hard and difficult.

The problem becomes even more serious in public sector where the budget is in many cases very limited and there are no money left for expensive ethics training programs or hot lines or for hiring ethics experts. So, the challenge is bigger for managers, not only because of the limited budget but also because salaries in public sector are lower than in other sectors and there is a correlation between the income and the corruption level. This idea was proven in the researche of Rijckeghem and Weder (2001) where the authors show there is negative relation between wages of public servants and the corruption.

This connection between wages in public sector and corruption was also analyzed by Muttreja (2012) that made a quantitative research where corruption was the dependent variable and the independent variable was the wage in public sector. His conclusion was that corruption is related to wages and one of the solutions to decrease corruption might be increase wages. But in order to be among the first 50 less corrupt countries, developing countries should increase wages in public sector with more than 400% and this is unrealistic at the moment.

Of course, corruption is not the only problem in public sector, but it is an important one, because here we can include also bribery or the problem of giving and receiving gifts. And to some extent, all the other problems are connected with corruption, in a broader meaning. International Monetary Fund (1998) agreed that increasing wages you reduce the number of corrupted acts but not always the total money involved because people who will continue be corrupt will ask more amounts of money.

3. Conclusions

This article analyzes the main ethical issues and also the main tools that a manager can use in his or her company. I focused my research on those issues and mechanisms specific to public sector. Corruption, bribery, nepotism, conflict of interests and, in general, bad administration of public funds are the main ethical issues. The mechanisms

are the usual we find in the professional literature, but with some of them (like ethical codes or committees), the problem is not they do not exist, but the fact they are not properly communicated and disseminated among employees. For other tools like ethical trainings or hotlines, there is the problem of money involved and also the expertise required. As Adams (2009) says, we might address the right questions if we want the right answers: "What are the real causes and dependent variables in corruption or unethical behaviors in the public sector?" Of course, ethical management is not enough for a better ethical climate. As we saw and a lot of authors proved that in their researches, corruption (as an ethical issue) is in a negative relation with wages. So, a manager must well know all the issues and ethical dilemmas, the mechanisms that he or she can implement in public institutions, but also have a proper human resources policy and an adequate remuneration program. The article doesn't offer a typical theoretical approach of ethics management, focusing more on addressing the right questions and the real problems that a public manager has to deal with.

Acknowledgements

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