

Trustee Insights

ETHICS



Ensuring a More Ethical Workplace

4 Principles for Governing Boards

BY RULON F. STACEY
AND AARON MILLER

In March 2019, Ethiopian Airlines flight ET302 crashed just a few minutes after taking off from Addis Ababa Airport. As this was the second crash of a Boeing 737 MAX airplane, the U.S. Federal Aviation Administration grounded all Boeing 737 MAX airplanes until further notice.

After a review of the data and circumstances behind the crashes, it was revealed that — in an effort to respond to moves by its competitors — Boeing pushed engineers to pro-

duce the 737 MAX at a speed that compromised safety. To get the plane to market more quickly, Boeing:

- modified the airframe of the existing 737 aircraft instead of designing a new airframe, as originally planned;
- mounted larger engines on the unmodified airframe, causing aerodynamics issues; then,
- disabled the attack-of-angle sensors on one wing to avoid warning signals for pilots.

The result was two huge crashes and hundreds of lives lost.

There's a question that every

careful leader should ask when considering the 737 MAX crash. Boeing, after all, had a robust and disciplined corporate compliance program in place. How could an organization like that have such a disastrous episode, one that resulted in the death of nearly 350 people?

Could a Boeing-sized failure happen in health care?

In a March 2021 survey of workplaces, the Ethics and Compliance Initiative revealed that 63% of top managers and 71% of middle managers across many industries felt pressure to compromise their organization's ethical standards. These data are significantly higher than they were in the same survey conducted in 2017, indicating that the trend toward feeling pressure to compromise is only increasing. The authors believe it naïve to think that the health care workplace is immune to this same trend.

Ethics Is More than Compliance

In making ethical compromises, one could blame the pressure of competition, which is as potent in health care as anywhere. Boeing, for example, could argue that losing sales to Airbus pushed them to a place where the “speed of production and profitability objectives [were] prioritized over safety and quality.” In the end, there simply seemed to be too much pressure on engineers from the highest level of Boeing.

But competitive pressure isn't

compulsion. Engineers and leaders at Boeing had many opportunities to make better choices — opportunities provided by their own compliance efforts. Why didn't they?

The likeliest explanation is one that leaders frequently overlook: Ethics is more than compliance programs; ethics is a skill that leaders need to develop in their workforce. Our extensive research in The Business Ethics Field Guide — involving hundreds of real dilemmas that people face at work — shows that ethical skills are consistently overlooked and underdeveloped.

What Can a Governing Board Do?

Creating an environment where employees feel as though they have the latitude to perform ethically and without fear of repercussion is uniquely the responsibility of the board of directors. Senior leaders will come and go and with them their personal opinions toward organizational ethics. However, as the fiduciary of the organization, the board is responsible to establish and maintain an internal environment where leaders, employees, physicians, volunteers and other stakeholders can express concern and correct organizational direction when needed. Without this level of attention, organizations and their governing boards will periodically find themselves, to one degree or the other, in situations similar to Boeing.

To guide direction of their organizations, here are four principles that boards can follow as they work to ensure a more ethical workforce.

1. Ethics Is a Skill

A common misconception about ethics is that an organization can avoid a disaster simply by hiring for good character and having a compliance program. However, this ignores an essential truth. Ethical dilemmas are common and tricky and require more than good intentions and compliance trainings. Ethical dangers take a skillful approach.

Boards that think beyond compliance have a much clearer picture of their risks because they can see where ethical skills are essential. Boards like this see ethics training as an opportunity for skill development similar to helping employees become better leaders and communicators. The most effective boards will ensure that ethical skill development is adopted and followed as an ongoing part of any compliance program.

2. Ethical Skills Take Practice

For employees to improve their ethical skills, they will need a chance to practice. Practice comes by wrestling with tricky dilemmas before ever facing them in real time, not just by watching a video and answering multiple choice questions. Practice means being presented with a dilemma that one might experience, attempting a solution and getting feedback on the approach. Practice also means repetition, just like athletes training regularly so they can improve.

Governing boards need to make sure that employees are getting regular ethics practice in preparation for the inevitable challenges that will

present themselves.

For example, simply warning a physician to be prepared for the pressures of a device sales representative is far less effective than on-going training about what the pressure looks like and how to specifically prepare for it. It is much easier to train a nurse how to demand a recount of sponges in a practice setting rather than resist the pressure from a physician trying to turn over an operating room sooner. Such training will go a long way to provide assurance to a board that their compliance program is working and their employees are being prepared.

3. Values Are Tools

When people make decisions, they do so based on what they value. Absent clear values expected at work, employees will use whatever values they bring with them. Many organizations overlook the need for clear workplace values and, in so doing, leave themselves at the mercy of whatever other values fill the vacuum.

Because of this, a governing board needs to purposefully implement and reinforce the right values for the organization. Doing this helps employees make difficult decisions. Ethical dilemmas create a great deal of uncertainty, and values are like the GPS that guide an employee through unknown terrain.

Therefore, the most effective boards will use clear values and monitor their use constantly. It starts with a board ensuring that the leaders and others in the organization know their values, and all incentives and recognition gravitate around

these organizational values. They also celebrate ethical successes, calling out examples of people using these values at work.

With the need to monitor values and other parts of a compliance process, the most effective boards also will ensure that the organizational compliance officer reports directly to the board and not to any other employee.

4. Tone at the Top

People follow examples. Always. Leaders have to be exemplary when it comes to ethical skills because everyone is watching.

Think of it as a radio broadcast that all employees hear. Leaders who speak cynically quickly send the wrong message to the organization. Not only should leaders avoid cynical language, but they should model ethical decision-making. This happens by sharing examples of

hard decisions they've made to do the right thing. Poor ethics at the executive and board level should never be tolerated.

Ethical Skills Start with the Board

Some governing boards are not as concerned about potential ethical lapses in their organizations as they should be. But for governing boards concerned about avoiding the lapses that have occurred in other organizations, there is a very specific and meaningful process to avoid those lapses and to proactively push for positive outcomes.

To best protect an organization from challenging ethical situations, boards need to take the lead. They do this by seeing ethics as a skill, giving people opportunities for practice, reinforcing clear values and setting the right tone at the top. And where these practices are

missing, boards should begin right away putting them to work. Waiting to act just gives more opportunity for potential dangers to become painfully real.

Rulon F. Stacey (rulon.stacey@ucdenver.edu) is director of graduate programs in health administration at the University of Colorado Denver and a partner at Guidehouse Consulting. **Aaron Miller** (aaron.miller@meritleadership.com) is associate teaching professor at the Romney Institute of Public Service and Ethics and associate managing director of the Ballard Center for Social Impact at Brigham Young University.

Please note that the views of authors do not always reflect the views of the AHA.