Ethics and Integrity in Public Administration

Concepts and Cases

Edited by Raymond W. Cox III

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Contents

Introduction

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In June 2005, the Section on Ethics of the American Society for Public Ad-
ministration (ASPA) and our partner, the Study Group on Ethics and Integrity
of the European Group on Public Administration (EGPA), co-sponsored the
Transatlantic Dialog on Ethics and Integrity in Leuven, Belgium. The success
of that event convinced us that we should continue this arrangement. Thus it
was agreed that we would continue to hold these conferences biennially. The
broad goal of the 2007 conference, as with the one in 2005, was to strengthen
co-operation between European and U.S. scholars on the workshop topic.
Toward that end, all relevant aspects of administrative ethics were discussed
with particular attention given to the similarities and differences, both in theory
and practice, between Europe, the United States, and other parts of the world.
The title for the 2007 conference was *New Concepts, Theories and Methods
in the Study of Ethics and Integrity of Governance.*

Papers were submitted from the United States, Canada, and Peru from this
side of the world, from both Eastern and Western Europe, and from Africa,
India, and Australia. If a measure of the success of a conference is the breadth
and diversity of interest in participation, then we have been successful. The
topics and approaches ranged from normative foundations of ethics in ad-
ministrative law to democratic morality; from public accountability to anti-
corruption reforms; and from administrative leadership to developing ethical
competence. We addressed straightforward problems and concerns of ethical
practice and we explored theoretical and normative issues.

While this text includes only a selected group of papers from that confer-
ence, it does, we believe, accurately depict the scope and breadth of topics
discussed during the workshop. As such, it represents a good cross-section of
the current issues, whether of practice or of theory, that face the public sector
around the globe. Equally important, as attested to by the vigorous discussion
during our closing plenary session, we do not always begin from the same
starting point (and, therefore go to different end points) when we address the

issue of public ethics. That is both the fascinating and thought-provoking element of our shared endeavors.

To make sense of the differences between what we are simplistically describing as the European and American approaches, it is necessary to note the choice of the title for the conference—"Ethics *and* Integrity." For all the easy shifting between the words, we have found that the European academics strive to distinguish between the two; the Europeans are more comfortable using the concept of integrity rather than ethics. Integrity connotes (to them) behavior in a way that ethics does not. Integrity encompasses both the intellectualizing (we usually call this thinking) and the doing. It implies propriety. It implies competence. It implies what Americans (United States) would associate with the term professionalism. It is about doing things "right." It does *not* imply choice. It does *not* imply an activist or "makes things right" approach that is common among those (American academics), who are assertively and even aggressively "ethical." For some "American" academics, ethics has both political and organizational overtones. For the Europeans, integrity is primarily an organizational precept. That activist tone struck the Europeans as somewhat odd. They saw integrity as fundamentally a conservative notion—one that protects, promotes, and preserves the status quo. It is about values that are central to the operations of government as a tool of governance. It is a positive term.

In truth we have different foci because the ground rules and standard practices within the respective bureaucracies are different. Therefore, as already suggested, the American academics use ethics rather than the term integrity, for some of the very reasons the Europeans use integrity. A generation of academics in American public administration has placed ethics and ethical decision making at the core of "good" management. It has been assumed to be the basis of organizational leadership. From this standpoint ethics is synonymous with governance and management reform. Thus, for example, Americans distinguish between two types of ethics codes: those that define present behaviors (legalistic codes) and those that define future behaviors (aspirational or normative codes). There is a strong bias within the academic community for normative or aspirational ethics. We both study and *teach* norms and aspirations. The Europeans are much more interested in the present behaviors of public servants. This focus on "professional bureaucratic" activities and actions emphasizes a behavior based in concepts such as the "rule of law." Their studies are more likely to use traditional social science research methods to study integrity, while Americans struggle to search for norms and often eschew social science methods, and especially quantitative methods.

Those differences—in research approaches and in the focus on the present

or future—are undercurrents in all chapters in this book. It is not a matter of one approach being better than the other. Nor do the chapters neatly fall into the broad categories and generalizations presented here. That aside, we have much to learn from each other and we hope that the readers of this volume will learn from those varied perspectives.

The text is divided into three parts:

1. Ethical Foundations and Perspectives;
2. Ethical Management and Ethical Leadership; and
3. International and Comparative Perspectives.

Scholarship on ethics inevitably begins with an exploration of the fundamental principles and core theories that define ethics. Part I of this book begins by looking at some of the central issues in normative ethics; moral values, other-directedness, and the problem of evil. The first three chapters take three distinct approaches to the issue of normative ethics. Chapter 1, by Cynthia and Thomas Lynch, asks the important question of the role of values, particularly *democratic* morality in defining and reinforcing ethical behaviors. As they note, integrity depends on improving institutions: "[U]nfortunately, institutions too often foster and even encourage the erosion of virtues within public administrators. Thus, reformers must reinforce the development of virtues within public administration by addressing both the individuals and the institutions." In their endorsement of an Aristotelian approach, the authors encourage us to think "beyond" Kant.

Chapter 2 takes us into a different realm, arguing "that one of Hegel's most important concepts—recognition—can provide some key insights into problems of administrative ethics." Michael Macaulay goes on to assert that administrative ethics is predicated upon a rather simple question: Is there any moral force to guide public officials? He answers in the affirmative; but he also warns that "[I]f morality emerges from humanity—in which the idea of recognition is wholly immersed—then it simply cannot ignore or overlook lived human experience both rational and emotional."

Chapter 3 tackles directly a problem introduced in the first two chapters: administrative evil. The work of Guy B. Adams and Danny L. Balfour is well known. They take their developed theory and look at two distinct events: the war in Iraq and the relief efforts after Hurricane Katrina. They ask the provocative questions: is incompetence unethical, and do they fit within the definition of administrative evil? Their sobering conclusion is that in both instances "the failures arguably would have been less serious had administrators recognized the limitations of their ideological solutions and explored more modest, yet achievable goals. Yet . . . most were not in a position to

perceive their foreshortened perspective. They had jobs to do and they did them, maybe even to the best of their abilities."

Chapter 4 is an appropriate, if somewhat depressing transition to Part II of this book—a look at the issue of management and ethics. Charles Garofalo and Dean Geuras ask three questions: first, what qualities of moral consciousness are needed to be a competent public administrator; second, how might moral agency contribute to public discourse and understanding; and, third, what change strategies are needed to reaffirm the nexus between public administrators as moral agents and citizens. They identify what they call the "vicious cycle of distrust" as a primary factor in separating bureaucrats from citizens. They advocate collaboration among public servants, academics, professional associations, and relevant public interest groups to reframe the relationship between administrative leadership and transparency. This dialogue is the first step toward the revitalization of mutual trust, through a covenant between public administrators, and the general public.

In Chapter 5, Rodney Erakovich and Sherman Wyman's examination of the role of organizational culture in shaping attitudes and behaviors about organizational ethics stresses the role of the organizational leader in providing a value framework to guide acceptable behavior within the organization. They criticize the emphasis on formal codes of ethics suggesting instead a normative approach to establish an ethical climate that supports the organizational processes and goals. Such strategies might include:

1. Develop commitment employee accountability.
2. Establish trust within the organization and with citizen groups.
3. Promote participative decision making among employees.
4. Develop a supportive environment that builds partnerships.
5. Support cohesion within the organization to build trust and integrity.
6. Support innovation through risk taking, within legal and regulatory constraints.

The logical question to be asked of the Erakovich and Wyman strategy is how it is to be implemented. Although they did not coordinate the development of their proposals, the two chapters that follow answer this question, each from its own perspective. Harold Moeller's study of the "culture of waiver" in Chapter 6 suggests that what is needed is a "culture of compliance," whereby public managers actively use the auditing function to continually vet the organization's operations against professional standards of conduct. He goes on to advocate the "simple, proven and established practices of managerial rotation and worker cross training" to block entrenched power. Moeller concludes with a focus on building allegiance to professionalism to replace the now endangered loyalty between employer and employee.

Chapter 7 offers an alternative look at the problem. Alan Lawton and Michael Macaulay make the distinction between ethical management and managing ethically. For them ethics management finds its expression through ethical management. As they note, "Ethical frameworks are mediated through the actions of individual managers who treat others with respect." Critical for the authors is the idea of ethical management as ethics in action; that is, ethical management is where ethics is practiced.

Part III of this volume takes a broad view by introducing a comparative element to the text. It is important that much of the same normative and practical ground is covered in these chapters. It is in this context that we should understand the discussion of international and comparative perspectives on ethics.

Chapter 8 by Tero Erkkilä and Ossi Piironen and Chapter 9 by Kalin Ivanov are bookend pieces. Both ask important questions about governance and ethics. The first asks the how the numbers and statistics are generated by which we assess and rank countries with regard to internal ethical performance. The second focuses on "the divergence between global and local views on corruption." Taken together they provide insight into the two ways to understand ethics; one as a failure of processes and institutions and the second as a reaction to personal or individual behavior. These dichotomous views affect both the popular understanding of public sector ethics and the limited effect of structural change on public perception of the scope and extent of unethical behavior.

This theme is extended through the examination of ethical reforms and policy initiatives in Italy. Again through the lens of two divergent techniques of analysis we get a fuller understanding of the political activities in support of an anti-corruption agenda. In Maria Laura Seguiti's study in Chapter 10, we see how the clash between the normative understandings and definitions of corruption that are constructed on the world stage may come into conflict with the attitudes and perspectives on corruption in a single nation. This theme mimics that of Chapter 8, but extends it by providing us the depth and insight of the experience in a single country. The second "case" also comes from Italy. It works well as a companion to Chapter 10, because it asks the question left from that chapter: What do we do in an operational and behavioral sense about corruption. In Chapter 11 Alessandra Storlazzi introduces the important question of the role of organizational leadership in the face of corruption.

Beginning with Chapter 12 we shift gears to apply other techniques for exploring public sector ethics. Emile Kolthoff, Raymond W. Cox, and Terrance Johnson follow the most traditional of methods—a straightforward cross-national comparison—in this case a comparison of the attitudes of senior municipal managers in the Netherlands and the United States. This particular

study will ultimately be part of a broader, multi-national comparative analysis, but even as a two-nation study it is a reminder of how much attitudes and behaviors are influences by the socio-cultural setting. The understandings of ethics in the sample were not all that dissimilar, yet there were distinctly "Dutch" and "American" organizational attributes that showed through.

Chapter 13 also follows in the comparative "tradition": a cross-sectoral analysis. While at one level it has been accepted for several decades that, like other aspects of public organization theory and practice, public sector and private sector ethics are different, such comparisons remain instructive because of the push to make managing public organizations "like a business." The lesson offered by Zeger van der Wal is that the differences in the sectors remain and that ethical performance, as with other elements of public operations, must be judged using methods that reflect those differences.

Finally Chapter 14 fittingly describes a program that seeks to explore training and education techniques for developing ethical competence. The training effort described by (and conducted by) Howard Whitton must juggle all the socio-cultural and political variables previously discussed to convey a consistent and useful message about ethical behavior.

In sharing the results and perspectives from this conference we are affirming our commitment to furthering the dialog on *both* ethics and integrity. We hope to help in the organization of a 2009 conference (in Amsterdam), but more important we hope to devote the time leading up to that next conference to expanding our worldview and making the next conference more global in its outreach. It will remain a *dialog and workshop,* but we hope that it will become even more intercontinental and global.

I

Ethical Foundations
and Perspectives

Scholarship on ethics inevitably begins with an exploration of the fundamental principles and core theories that define ethics. Part I of this book looks at some of the central issues in normative ethics; moral values, other-directedness, and the problem of evil.

For our purposes here we can add another tradition—that of public service. It is a perspective found in Aristotle and Weber. For these and others, it was the concept of responsibility for the consequences of actions that set the "politician" apart. It is not so much that politicians are better than others, but rather that politicians, by choice or by fact of office, must look to the future. These are individuals who must be firm in their convictions that the decisions they make are right and necessary, even if the personal price is quite high.

Those we call "statesmen" are those who have understood that to be ethical is to face hard choices (French 1983). Great political leaders make hard choices. It takes considerable courage and strength of will to do what one thinks is right, regardless of the personal consequences. But that is the essence of ethical decision making because the concerns are directed to the consequences for others, not for oneself.

How does an ethical perspective help make "hard choices"? French would argue that the very purpose of an ethical framework is to make those hard choices. If the decision is simple, or straightforward, it is unlikely to rise to the level of an ethical problem. Hard choices imply not only a complicated

situation, but also a desire to act ethically, a focus on the outcome, and a willingness to accept public scrutiny both during the decision and after. Borrowing liberally from French (1985), Weber (1966), and Bok (1999), the elements of this framework include:

- Complexity: The circumstances are confused and difficult.
- Self-awareness: Honest toward self and toward what we want as an outcome. A desire to be consciously and methodically ethical in reaching a decision.
- Responsible: A concern for others and an acceptance of the consequences to others of the action taken.
- Justifiable: Decisions can be justified, but never excused.
- Public: Willingness to explain to others how a decision is made.
- Factual: Accepting of the world as it is, not as we wish. (Cox 2000)

Such a framework is not for the faint of heart. It requires both a commitment of purpose and the strength to endure failure. It takes considerable courage and strength of will to do what one thinks is right, regardless of the views of others or of the personal consequences. That is the essence of ethical decision making, because the concerns are directed to the consequences for others, not for oneself (see Weber's "Politics as Vocation"). But it is also more than a lack of concern for person or career. Public decisions have consequences beyond person and "political" interests. Not all actions produce only "benefits." An examination of consequences is an articulation of "what is next." Hiding from consequences does not make them go away, but rather it means we will be caught unaware when they inevitably occur. Hiding from consequences is a way of pretending that actions do not have consequences. Only by confronting the consequence of an act can we decide whether or not we accept that consequence. There are no rosy scenarios in this examination. In all likelihood, every action has "negative" consequences (this fact is the real "dirty hands" of politics). Ignoring consequences, or denying their existence, is to prevent hard choices from being made.

The otherwise disparate works that compose the first part of this book share a number of common elements, not the least of which is an attempt to examine the problem of making "hard choices." Each, for example, is skeptical of the formalism that they perceive as an attribute of much ethical theorizing. All three look to the problem of how we understand and confront the consequences of our actions in organizations.

Chapters 2 and 3 challenge the formalism they see in the work of Kant. Both emphasize how we think about and the frames of reference that shape

our understandings of ethical problems. The third chapter takes the next step by looking at specific circumstances under which the logic of ethics and an ethical framework was not applied—thus the question, "Are these cases of administrative evil?"

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1

Democratic Morality

Back to the Future

Cynthia E. Lynch and Thomas Dexter Lynch

Ethics

Is ethics[1] important, especially in the public administration setting of a democracy? Is exercising power for the benefit of the supporters of the persons in power appropriate ethically for a public administrator in a democracy? Some important thinkers such as Niccoló Machiavelli (1469–1527) made the argument that power is an end in itself because to him truth and ethics are just matters of power. If you have power, you are right. He argued that the victors write the history books and they are the ones who, in the end, say who was right and who was wrong. In public administration, clearly power is important. Therefore, does the *end* justify the *means* as long as the end is effective use of power? In this chapter, we argue the answer is *NO* and that not only ethics but a particular version of ethics called *virtue ethics* is essential if public administration is to support the existence of democracy in a society.

Machiavelli noted that there were two kinds of government: monarchies (single-ruled states) and free states (republics). He said that free states required virtuous citizens who cared more for the state than for themselves. Realistically, however, people usually are more concerned with their individual or group concerns. Thus, they corrupt the state to achieve their private interests at the expense of the state. Over time, the result is the eventual failure of every republic. At the finish of the U.S. Continental Congress that drafted the U.S. Constitution, a woman asked Dr. Benjamin Franklin, one of the founders, "Well, Doctor, what have we got, a republic or a monarchy?" He replied, "A Republic, if you can keep it" (McHenry 1906, 618).

Thus, Machiavelli argued that free states are not a feasible form of government, whereas monarchies are, as the monarch simply defines the government

as the Prince's possession. Thus, he has clear and ultimate authority over everyone. To maintain that power, the Prince needs to display a dual character: thirsting for power like a lion while using deceit and cunning like a fox. To Machiavelli the two qualities complemented each other, allowing the Prince to effectively rule. The end justifies the means, even though the end is for the sole benefit of the tyrant.

For most of us, ethics of any kind concerns right and wrong behavior defined in terms of moral choice, and in addition for some it includes the notion of pursuing the *good life.* Some notable persons, such as the philosophers of ancient Greece including Aristotle, considered ethics to include the *good life,* which meant a life worth living or life that is satisfying. Thus, for the purposes of this chapter ethics is defined as the study of right conduct and the good life. Ethics then is theorizing about right conduct and the good life, whereas morals are the actual practice of right conduct and the good life.

Other terms important in understanding ethics are moral, immoral, unethical, nonmoral, personal ethics, and social ethics. The term *moral* has two meanings. One has to do with the ability of a person to understand morality as well as his or her capacity to make moral decisions. The second has to do with the actual performance of moral acts. *Amoral* refers to the inability to distinguish between right and wrong. *Immoral* actions are those that transgress our understanding of proper morality. *Nonmoral* and *unmoral* are commonly used interchangeably with amoral. Another distinction is between personal ethics and social ethics. *Personal ethics* is applicable to the individual person while *social ethics* concerns itself with groups. As a practical matter, social ethics is essentially social and political philosophy. This chapter particularly focuses on social ethics for public administration as a profession.

The chapter examines the concept of ethics as it applies to public administrators, and covers the following topics: democratic morality, public servant ethics, the ethical spirit of public administration, the public administration context for virtue ethics, the practice of public administration that goes beyond the concepts of Kant, and some conclusions. The first section looks at Paul H. Appleby, one of the founders of public administration, who disagreed with Machiavelli's view and argued that there is something called a democratic morality that public servants should embrace. The second argues for a public servant's ethics that recognizes the context in which public administrators exist. In the third section, we examine what H. George Frederickson calls "the ethical spirit of public administration," which he defines in terms of benevolence. The fourth section looks at the public administration context for virtue ethics. The fifth looks at the practice of public administration beyond the Kantian version that influences the contemporary profession. The concluding section notes that virtue social ethics, particularly in the form of democratic

morality, is important in sustaining democracy as it is the very core of what public administration is as a profession.

Democratic Morality

The Context of Democracy

Paul H. Appleby (1952) looked at the issue of ethics within the context of democracy quite differently than Niccoló Machiavelli. Paul Appleby was one of the first presidents of the American Society for Public Administration. He served as a high-ranking federal and state government appointee as well as dean of the Maxwell School at Syracuse University. His professional active period was from the Depression of the1930s, through World War II, and the post–Cold War period. He authored five books. In spring 1951, he delivered the Edward Douglas White lectures at Louisiana State University and those lectures were later published as *Morality and Administration in Democratic Government.*

Appleby did not focus on general philosophy or suggest any particular kind of an administrative ethics code. Rather, he examined the central and moral issues of the public service in the context of democratic government or a free state. A free state, where the various private interests think only about maximizing their own good and refuse to consider the common good, is likely to self-destruct over time unless the nation's leaders and the bureaucracy act to focus public policy on the public's interest. Appleby felt that for a free state to remain a free state, virtuous public servants, who shared *common* social ethics of concern for the public interest, were essential. He agreed that when citizens viewed their welfare as individuals and groups separate from the republic and, more important, from the welfare of the republic, then the society would become morally corrupt. To avoid that end, he argued that public servants must maintain democratic morality social ethics.

Appleby said, "Ethical problems of public administration range from the very small, particular, and personal to those bearing in importance and highly complicated ways upon the nature of an unfolding democracy" (1952, viii). He concentrated his work on administrative ethics on the felicitous interaction of moral institutional arrangements and the moral ambiguous man.

Fundamental Values

Appleby was keenly aware of the fundamental values of his day, including (1) the commitment of the nation to continued economic and social progress, (2) the need for civic virtue, (3) the role of the state in curbing the excesses and

inadequacies of the market system, and (4) the importance of public trust in leading the nation. These values may be even more important today, especially considering globalization of economics, political influence of the corporate empires, crime, environmental pollution, and terrorism. Appleby felt that matters of morality reflect values that operate in the context of the whole structure and process of public administration. He felt that public administrators must view themselves, in turn, as operating always synergistically within general structures and processes of politics and society. Thus, the morality that he addressed was a matter of public organizations "having to do with complicated organizational conduct under public responsibility" (1952, vii).

In Roscoe C. Martin's *Public Administration and Democracy* (1965), Appleby contributed a chapter titled "Public Administration and Democracy." In it he summarized his views on this broader topic and stressed that often government action reflects a basic *moral character*. He felt that such a reflection could exist outside "the ideals or interests of single or factional citizens" (343). Appleby noted that the basic moral character of government action manifests itself when:

- the action conforms to the processes and symbols developed for the general protection of political freedoms and is the agent of more general freedoms;
- it leaves open the way for modification or reversal by public determination;
- it is taken within a hierarchy of controls in which responsibility for the action may be readily identified by the public;
- it embodies as contributions of leadership the concrete structuring of response to popularly felt needs; and
- it is not merely responsive to the private or personal needs of leaders.

Democratic Morality

To Appleby, these five points defined the need for a democratic morality. In other words, he felt that public administrators *should* always perform their actions within the large context of democracy. Democratic processes such as elections and the rule of law can and should serve as a means to override public administrators. For example, a state judge might feel that his basic moral character requires him to place a religious symbol in a key public building. However, if a higher federal court rules otherwise, then the state judge or his associates must change their decision and comply with the higher ruling.

Another Appleby theme was the question of special political influence of private groups. He saw democratic morality as a refinement of that influence.

He embraced a reduction of special privilege and "the opening of opportunity for the largest realization of the potentially of citizens generally" (Appleby 1965, 344). His vision called for:

- the elimination of prices paid for special influences which inspire venal, wasteful, or discriminatory government action; and
- making the exercise of power both more responsive and more responsible.

Of three contemporary theoretical approaches to ethics (that is, rule based, consequential, and virtue), Appleby clearly advocated virtue ethics. He said, "Moral performance begins in individual self-discipline on the part of officials, involving all that is meant by the word 'character'" (1965, 344). But character is not enough for his democratic morality. The administrative process must also support individual group judgment that reflects a whole public or oneness responsibility. Individual public administrator's honesty is not sufficient as there must also be "a devoted guardianship of the continuing reality of democracy" (1965, 344).

Created Expectations

To Appleby, democratic morality created expectations for the public official but it also created expectations for the citizen who should also show action based on character. For example, any citizen might wish for the public attention of being a candidate for governor of a state government. However, such a job requires many skills and talents. Not everyone who wishes to run for office is competent or capable of performing well in the position. Therefore, they should use their best judgment and defer to others who are better equipped or situated to provide such leadership.

Appleby thought citizen character meant that every citizen should constantly and consistently strive to relate their personal concerns to public concerns and "to help perfect arrangements supporting these citizen responsibilities" (1965, 344). In this way citizen action would be for the larger community's needs rather than individual preferences. In one of her last public appearances before she died, former Congresswoman Barbara Jordan reminded us of the responsibility of governing but also of citizenship. She said, "Citizen is a noble world. It's an honorable position to be a citizen. It carries rights with it, and it carries responsibilities with it. Citizen! The general welfare, the pleasure, the happiness of the citizen. That is what was at the bottom of the creation of the government. That is the *raison d'être* of government" (Jordan and Barnes 1995, 105).

There is also the responsibility of a public servant to pursue the public interest. To Appleby, *public interest* was the ongoing search for the larger community's needs rather than any one or more individuals or group private interests. His vision was not the sophisticated hedonist utilitarianism with its motto of "the greatest good for the greatest number." It was not the end but rather the perpetual means of the present moment. The search itself was Appleby's democratic morality. Citizens and leaders must want to always seek higher standards for government. However, this desire must be in the context of the ultimate and absolute democratic value that permits disagreement over public policy. Certainly, loyalty to a nation is significant but more significant is the fact that moral democracy always includes the dissenting voices. However, the advocates of differing opinions must voice their thoughts in a manner that does not seek violent overthrow of the democratic government or use speech that is likely to cause personal harm to others.

Federalist 10

Appleby saw in the American governmental system a series of political and organizational devices for promoting ethical choices. In his time, the threat to a democratic society was not venality but rather the imperfection of institutional arrangements. In other words, for him corruption per se is not the problem for democracy. Instead, the greatest problem is the mind-set with which our institutions of governance interact. To Appleby, politics and hierarchy were important to the basic morality of the government system.

To project Appleby into the twenty-first century, politics and a structured civil service are critical to the continuation of a democracy. For example, the privatization of a nation's military forces can lead to a breakdown in accountability and opens the door for massive corruption by contracting private corporations. The active military are accountable not only through the chain of command to the president, but also to the Congress, which appropriates their funds, and to the people through an active media. In contrast, private contractors are performing their work for money but also actively engaging in private interest lobbying to ensure they continue to get that contract and more. Thus, the element of private interest lobbying changes and distorts the whole concept of public interest for the private contractors and cripples their accountability to the public. Essentially, private contractors can use legal ways to contribute to cooperating members of Congress and buy their special interests over the larger public interest of the nation.

Ideally, democracy should force private and special interests into a pluralistic mill that creates a majoritarian calculus that reflects the larger public

interest. Eventually, the mill grinds and blends the myriad of private and special interests into one public interest. Hierarchy forces top officials to homogenize and moralize the private and special interests through the mill of organizational echelons. The role of the public servant is to sort though those various private and special interests and help transform them into a "public will." Thus, politics and hierarchy are causal agents to the public servant, who must creatively search for a "public will to be."

Any breakdown in public morality is directly related to a breakdown in politics and hierarchy. Whether bribery exists at a low level in government or bribery exists at a high level in government, which determines public policy, the system fails. Appleby was keenly aware of James Madison's argument in Federalist 10, which said the complexity of public decision making with its checks and balances would force unitary (individuals) claims into the mill of pluralistic (society's) considerations and eventually into an articulation of the "public will" as noted by Madison.

Appleby embraced Madison and argued that this milling of private and special interests could occur only if legislative *and* administrative devices, such as due process and proper administrative notice, exist together. They must ensure that the public policy decisions emerged out of the complexity rather than out of the simplicity of particular private and special interests. Appleby said, "Our poorest governmental performances, both technically and morally, are generally associated with conditions in which a few citizens have very disproportionate influence" (1952, 214).

Public Servant Ethics

Built on Appleby

Stephen K. Bailey also contributed a chapter to Roscoe C. Martin's book (1965), titled *Ethics and the Public Service.* In it, he summarized Appleby's vision of democratic morality and projected that vision to recommend a personal ethics for public servants. Bailey explained Appleby's grand design as follows: "Government is moral in so far as it induces public servants to relate the specific to the general, the private to the public, the precise interest to the inchoate moral judgment" (1965, 285). Appleby does not present a gestalt of personal ethics in government in his writings. Instead, he paints a picture of democratic morality with broad brush strokes.

Bailey took up the challenge using fragments of Appleby's vision to fashion and recommend a set of professional ethics for individual public servants. Building upon Appleby's virtue ethics, Bailey (1965) stresses the concepts of mental attitudes and moral qualities. He said, "Virtue without understanding

can be quite as disastrous as understanding without virtue" (285). He identi-fied three essential mental recognitions or attitudes:

- the moral ambiguity of all humans and all public policies;
- the contextual forces that condition moral priorities in the public service; and
- the paradoxes of procedures.

For Bailey, creating a mental mind-set is critical and requires effort on the part of the moral public administrator. Human ego makes exercising judg-ment, which recognizes moral ambiguity, especially in the person required to make those judgments, very difficult. The very processes of government require public administrators to take positions on public policies; and typi-cally, the human ego demands that they defend those positions. Neverthe-less, in spite of ego, moral public administrators must recognize the moral ambiguity in all public policies, including ones favored by the public servant themselves. Bailey summarized this insightful observation by quoting Re-inhold Niebuhr as follows: "Man's capacity for justice makes democracy possible, but man's inclination to injustice makes democracy necessary" (quoted in Bailey 1965, xi).

Essential Wisdom

Another challenge for the moral public administrator is to recognize that four essential wisdoms help us understand the context of public service. First, there is no way of avoiding personal and private interest in the calculus of public decision making. Whether the motivation is survival or greed, the human condition fosters personal and private interests. Second, as humans, we are as much rationalizers as we are sometimes rational beings. The more educated and sophisticated we are, typically the better we are at rationalizing our ac-tions sometimes even to ourselves. Third, more successful public discourses require an effort to transcend, sublimate, and transform narrow vested inter-ests (i.e., *dialogical discourse*) but this capacity is exercised imperfectly and intermittently. Dialogical discourse with others is difficult, time consuming, and often overly emotional to the point that it is unsuccessful. Too often such discourse requires skills that are not present in public situations. Fourth, there is no public decision that is a total victory for the right and a total defeat for the wrong. In the process of milling to arrive at the "public's will," all parties will ultimately feel either that they did not get all that they wanted or that they did not lose everything.

Paradoxically, an awareness of these four insights can immobilize the sensi-

tive public administrator like a rabbit caught in the headlights of an oncoming car. Like the rabbit, the administrator might very well suffer serious harm unless the four wisdoms are acted upon in daily work activities. Beyond the simple recognition of these four wisdoms, the public servant must have the character virtues of optimism, courage, humility, and a willingness to offer compromise. More about this will be addressed later in this chapter.

Bailey tells us that "the higher a person goes on the rungs of power and authority, the more wobbly the ethical ladder" (1965, 290). He also says, "The heat in the ethical kitchen grows greater with each level of power, no public servant is immune from some heat . . ." (1965, 291). Fear is the wasteland of ethical relativity. Why? Fear motivates a search for a moral rationale to avoid that which is feared. With moral relativity, there is no end to the creative thinking in which humans can turn a moral vice into a so-called relative good by redefining the context of the decision, by merely shifting the meaning of words, or by reframing the values.

Moral ambiguity is rarely hidden and normally results in rising public frustration. In the rough game of politics, political and media personalities take on the role of the moral critic of others. With moral relativism, such a critic knows that any moral virtue, under some peculiar circumstances, can have patently evil results. Thus, the morally relative critic merely cites the peculiar circumstance in order to appear morally superior and smear or make his or her opponent look foolish. For example, the president might lie to the press to save the life of an American spy but his political opponent notes the lie while downplaying or ignoring the circumstances that saved a life.

Paradox

What did Bailey mean by "the paradox of procedures"? In spite of those who rebel against government regulations and procedures, the history of America's freedom is the history of procedure. By and large, policy makers create rules, standards, and procedures to promote fairness, openness, and greater depth of thoughtful analysis prior to a public decision, and to establish accountability including the accountability of the private sector to the public good. Thus, attacks on regulations and procedures are often against the rule of law, which earlier policy makers designed to promote the larger meaning of democracy.

Bailey's paradox of procedure is that those same procedures that are the friends of deliberation, order, and equity are also at times the enemy of progress and dispatch. For example, Environmental Impact Statements are seen as appropriate deliberation by the environmentalists but are considered the enemy of progress and the means to slow the proper actions of the industrialists. In

addition, some procedures are simply inept in spite of good intentions in their creation. Technique can triumph over purpose. Competing philosophies of substantive purpose are related to government organizational structure and procedures. Thus, Bailey argues that a "public servant who cannot recognize the paradoxes of procedures will be trapped by them. For in the case of procedures, he who deviates frequently is subversive; he who never deviates at all is lost; and he who tinkers with procedures without an understanding of substantive consequence is foolish" (1965, 292).

Moral Qualities

Bailey also projected Appleby's virtue ethics into three essential moral qualities for the ethical public servant:

- optimism,
- courage, and
- fairness tempered by charity.

Bailey tells us that operating virtues must support the previous three mental recognitions or attitudes. The list of relevant virtues includes but is not limited to patience, honesty, loyalty, cheerfulness, courtesy, humility, and so on. He limits his discussion to the previously cited three virtues and calls them essential.

Language is our best tool for communication but occasionally it fails us. To Bailey, the word *optimism* is such a word. He says that *optimism* connotes euphoria, which he sees as inappropriate in the context of what he already presented. Nevertheless, *optimism* is the best word he can find to capture being on the sunnier side of doubt. Public administrators must be able to face the ambiguity and the paradoxical nature of ethics without being immobilized by them. They must be purposive in their behavior rather than reactive and, most important, they must remain ever hopeful in their outlook.

For Bailey, "Government without the leavening of optimistic public servants quickly becomes a cynical game of manipulation, personal aggrandizement, and parasitic security. The ultimate corruption of free government comes not from the hopelessly venal, but from the persistently cynical" (1965, 293). True optimism is the affirmation of the worth of taking risks. True optimism is also the capacity to see the *possibilities* for good in the uncertain, the ambiguous, and the inscrutable.

Courage is difficult for the public administrator because, as noted, public life is one of ambiguities and paradoxes. The uncertainty of the territory naturally creates timidity and withdrawal. Thus, the public administrator must

come to the workplace with an inner courage that overwhelms the organizational factors that promote timidity and withdrawal in persons with a weak inner self. Certainly, cheerfulness, ambition, a sense of duty, and understanding are mitigating factors. Nevertheless, the person with a weak inner self rarely has sufficient courage to overcome the loneliness of authority.

To be successful, the public servant must have the courage to overcome self-arrogance and be impersonal in her or his organizational performance. Additionally, public administrators must have the courage to face down the expert opinion that the expert cannot defend rigorously, and sometimes resist the clamoring public opinion, powerful interest groups, or the media. Bailey tells us that possibly the most important act of courage for a public servant is ultimately the courage to *decide.* One of the most difficult things public servants must do is to overcome their tendency toward inertia as a means to protect themselves. In many cases, a so-called nondecision is a decision that has enormous and often unintended negative consequences.

The third moral quality is "fairness tempered with charity." Courage can be dysfunctional unless it results in just and charitable actions and attitudes. The authoritative allocator in society is government and it must act with ineffable standards of justice directed to having a sound healthy state. That can happen only if its public servants have the correct moral quality of love toward all. People in society must feel that their public servants exercise their power with fairness and compassion for them. The public can eventually forgive almost anything if they know the ultimate motivation for the action is an attempt to be fair and act with charity. It is that virtue that compensates for inadequate information and for mistakes in judgments.

Contrary to what some might believe, charity is not always best characterized by using the term *soft;* rather, it often requires moral toughness. It requires teaching the inner self to subjugate the personal recognition, power, and status demands of our egos. It is the losing of the ego-self to find the true inner self. This act of love defines the "good" in a society beyond a pattern of privilege.

Observations

Bailey ends with two observations. First, he notes the importance of preserving and promoting the public as opposed to the private interest; and second, he stresses the central importance of Appleby's notion of democratic morality. Clearly, public policies are significant and we justifiably focus on them in our decisions as public administrators. However, they pale in comparison to the importance of the democratic morality. It exists only if public servants create it with their mental attitudes and moral qualities. Public administrators are

the ones who must nourish and establish these attitudes and qualities in our governments as they set the tone of public morality through their actions.

The "public's interest" is the intertwining of the public servant's mental attitudes and moral qualities with our institutional arrangements that mills or grinds the many private interests into the fine mixture of the "public good." Without a democratic morality, impersonal bureaucracy and cold technology drain the lifeblood of a caring humanity from society. Certainly, both potentially give us order and prosperity, but they are insufficient. Without some measure of democratic morality, society breaks down into endless cycles of political gamesmanship for personal gain without regard for the public's interest, which ultimately results in the loss of democracy itself. Bailey tells us that "normative, procedural, institutional, attitudinal, and moral standards do exist" with democratic morality (1965, 298). They preserve and promote a "public interest" far more fundamental than any set of public policies. They are the heart that pumps the blood of humanity.

The Ethical Spirit of Public Administration

Benevolence

This section draws heavily on H. George Fredrickson's *The Spirit of Public Administration* (1997). In that book he said, "The spirit of public administration is dependent on a moral base of benevolence to all citizens" (234). Possibly the word *citizen* should be omitted, as the focus of Fredrickson's meaning is on the word *benevolence* and the use of *citizens* implies a limitation that seems out of character for the compassionate author. Fredrickson also says, "Without benevolence, public administration is merely governmental work. With benevolence, our field has a meaning and purpose beyond just doing a good job; the work we do becomes noble—a kind of civic virtue" (1997, 234). *Benevolence toward all* is the ethical spirit of public administration. It is about public interest and business administration is about the private interest. The civic virtue of public administration is a caring altruism, which is the opposite of the utilitarian, hedonistic egocentric mind-set. When the practice of government slips into the latter mind-set, it no longer is public administration as it has lost the moral foundation dimension.

Public administration is much more than government administration, which is only about management for the sake of management. Public administration includes and is deeply associated with the state because the state should care for all of the people and the assets of the people including its natural environment. However, the scope of public administration is not limited to the state, as it includes all other forms of administration and collective public activity

that have a moral base of benevolence toward all. For example, the scope of public administration includes nonprofit and international organizations, such as the United Nations.

Civic Virtue

Public administration concerns fostering efficiency, effectiveness, and equitable organizations because of its civic virtue. Why? The resources at any moment are finite and public-spirited organizations need to marshal those resources wisely to maximize the benefits for all. Thus, wasting resources by being uneconomical or inefficient is antithetical to the public administration spirit. In addition, the equitable use of resources is central. Not developing all the skills and talents of the people is not caring for all in society. For example, racism, sexism, and other forms of bias are antithetical to the spirit of the field. Public administration is about caring for everyone rather than smaller subsets or groups, regardless of how policy makers rationalize those divisions.

The scope of public administration includes providing recommendations to elected and appointed policy makers and then implementing those decided policies, but the process is not neutral. Public administrators must always be firm advocates of nonpartisan conduct in both presenting recommendations and implementing public policy for the public interest. Typically, public administrators support regime values for all citizens if those values are consistent with the citizenry's ethical spirit. If there is no consistency between the two, public administrators must advocate for benevolence toward all *internally* within their government institutions. Failing in that attempt, public administrators may have to resign their public employment and become *external* advocates. The implementation of public policy is more than a means; it also is the end purpose of civility and caring for all. Clearly, differences in approach to serve that end can and do exist. Public administrators must be neutral on the public policy approach taken as long as public policy leaders do not abandon the critical ethical spirit. That spirit includes enhancing the prospect of positive change, public responsiveness, and citizen involvement in the management of public organizations and institutions. This assumes that those changes, responsiveness, and enhanced citizen involvement foster benevolence to all. Broadening the range of administrative discretion and citizen choice, trying to build organizational cultures that encourage creativity and risk taking, and developing systems for the diffusion of innovation are typically very supportive of the public administration ethical spirit. Moral agency includes weighing and balancing constitutional and legal issues with political issues within the democratic context, but the ultimate responsibility is to the people. The ethical rudder is responsibility to the public interest.

That responsibility to the public interest ennobles the public administrator. It is not a responsibility to a particular set of citizens, but rather a commitment to be fair, just, and equitable to all. Certainly in the context of market capitalism, the spirit of public administration must dominate in order to help mitigate the worst consequences of capitalism and complement its most positive consequences. For example, public administrators in both government and nonprofit organizations need to manage the safety net so that each person can realize their opportunities to self-actualization. Such a role in society brings dignity and nobility to the public service beyond money and fame.

Why was the Reagan administration in America one of the most corrupt in recent memory? H. George Frederickson argues the most likely reason is the different standards for ethics in government and business. The Reagan administration primarily used business leaders in the key public service positions in the national government. Those hired did not embody the ethical spirit of public administration. They defined success as putting in place the private interests of their former associates. To such people, the notion of "public interest" translates to the point of view of their group's interest. They rationalize their decisions by asserting they were on the winning side of the election. In the American system, accepting bribes is considered both unethical and illegal; but for political operatives, intervening on behalf of a political contributor is legal and even smart political administration. Nevertheless, it is unethical and inconsistent with the spirit of public administration.

Public Administration Context for Virtue Ethics

Virtue Ethics and Good Sense

Modern social practice and theory follow Kant rather than Aristotle. For Kant, one can be both good and stupid. In contrast, Aristotle maintained that a stupidity of a certain kind, which is called *good sense* here, precludes goodness. Some people with good sense may do poorly in school and some geniuses have very poor good sense. Good sense is not necessarily correlated with IQ. However, genuine practical intelligence or good sense reflects an awareness of the human telos as explained by Aristotle. For him, one must be able to *exert* self-control and *think* critically in creating one's own virtues. Thus, virtue ethics promotes a flexible self-enforcing accountability that adapts to the situation. In contemporary society, law and morality are separate realms, but for Aristotle they are not separate.

Judgment and a community context are essential qualities for the virtuous person and are not as necessary for the Kantian-inspired law-abiding person, who thinks in terms of following rules and regulations. The golden

mean implies that for each virtue there are two corresponding vices on either extreme of the mean. This continuum of each desirable virtue explains why a distinct criterion to judge goodness as in Kant's logic does not make sense to the person applying virtue ethics as created by Aristotle. In virtue ethics, the social good assumes a wide community agreement on the good, which creates the polis bond among the members of the community. In virtue ethics, the community can be a city but it also can be a profession, and that is the focus of its use in this chapter. This polis bond embodies a shared recognition of and pursuit of a good, which is essential and primary to the community's fundamental agreement as to the telos of that community.

In the contemporary Kantian-dominated world, friendship is a private matter; but with virtue ethics, the community is a common project with friendship being an important virtue even beyond justice. In virtue ethics, friendship is an affection arising out of the common allegiance to and a common pursuit of goods, but in this relationship, affection is secondary. In the Kantian world of today, friendship is an emotive state rather than a type of social and political relationship. In virtue ethics, there is a moral unity in the pursuit of the telos with the good life being single and unitary.

Three Versions of Virtue Ethics

Alasdair MacIntyre (1984) notes there are at least three conceptions of virtue: that of Homer, Aristotle/New Testament, and Benjamin Franklin. The Homer version sees virtue as a quality, which enables an individual to discharge his or her social role ideally while exhibiting excellence in the social practice of that role. For example, in the story of Troy, Achilles exhibited excellence in his practice of war and Penelope exhibited excellence in her ability to sustain the household. In contrast, the Aristotle/New Testament version sees virtue as a quality that enables an individual to move toward the achievement of the human telos. That good or telos has both a supernatural and a natural quality. The infinite supernatural redeems and complements the finite natural quality. Virtues are always just a means to reach an internal self-development and never to reach an external end such as materialism.

The Benjamin Franklin version, which is set forth in his famous autobiography, also maintains the means-end relationship with virtue being the means, but he sees the means-end relationship as external to the person rather than internal. Franklin borrows the notion of utils from the utilitarians and stresses that the telos of virtue ethics is happiness from external goods, as defined in terms of being rich, famous, and powerful. To him, the end point to which one should cultivate virtues was to achieve happiness as defined by prosperity, whereas Aristotle and the New Testament argue that happiness is internal to

the person and has nothing to do with prosperity. Regardless of the version of virtue ethics employed, virtue is always a means to a more important telos. For Homer, the end was excellence in the performance of the social role. For Aristotle and the New Testament, the end was developing the inner person and manifesting that development with their lives. For Franklin, the end was the utility needed to maximize material success.

Virtue Ethics Linked to Practice

Virtue ethics exists in the context of a human practice, but that practice in Aristotle's meaning is somewhat different from its ordinary usage today. In the context of virtue ethics as theorized by Aristotle, *practice* means a socially established cooperative human activity where individuals produce goods or services in the course of trying to achieve them through their standards of excellence. For example, throwing a football with skill is not a practice according to someone like Aristotle, whereas the game of football would be considered a practice. Planting a crop is not a practice, but farming is. The possible number of practices is huge (e.g., most arts, sciences, games) and normally involves the creation and sustaining of a human community such as a profession or a household. Under this definition, public administration is such a community.

To enter into a practice is to enter into a relationship with a community of contemporary practitioners, but also with those who preceded you and those who will follow you in that practice. The contemporary community of public administration, as in any other practice, is in a particularly salient relationship to those earlier practitioners who extended the reach and worth of the practice to its present point of evolution. Practices are not institutions, which are necessarily concerned with external goods. Nevertheless, institutions are critical to practice as they sustain them and characteristically form a single casual order. For example, a doctor often works in the context of a hospital and a public servant works in the context of a government agency. In addition, the ideals and the creativity of the practice are always vulnerable to the realities of institutions; but the virtuous practice provides a counter to such realities as the corrupting power of institutions and the tendency to overwhelm the government processes with ever more complex Kantian rules and regulations.

Beyond the Kantian Contemporary World

In the Kantian contemporary world, a profession, such as public administration, is simply a social arena in which each individual in the profession pursues

his or her own self-chosen concept of the good life. Political institutions exist to provide order, which makes self-determination possible. In this contemporary view, government should promote law-abidingness, but the legislative function should not inculcate any one moral view.

In contrast, the virtue ethics view not only requires the exercise of virtues; it also encourages the development of moral and ethical judgment in its members. Each professional should look to its professional community to define his or her professional telos. In this view, political institutions should exist to help each professional self-actualize. The legislative function of government should not be used to create a particular moral view but rather to foster an environment that facilitates continuing moral development and an improved moral judgment within the profession and the nation's people.

Of importance in Aristotle's reasoning is that a "practice" is a means with which members of the profession associate, and that association includes common standards of excellence. In other words, a practice such as public administration involves standards of excellence, often obedience to rules and being influenced by virtues, and the achievement of goods and services. In addition, as noted by MacIntyre (1984) there are internal and external goods that result from the practice. With external goods, which characteristically result from competition, there are losers and winners, as some gain or lose more than others in what the profession does and does not produce in the various institutions in which they serve. With internal goods, the achievement is a good for the whole institution, the professional community, and the individual professional's inner self. There are no losers if the professionals produce internal goods.

Alasdair MacIntyre (1984) defines *virtue* as an acquired human quality that tends to enable us to achieve internal goods. This is important to public administration, as every practice requires a certain kind of relationship among those who participate in it. As public administrators perform their practice, they engage in a shared purpose and shared sense of their standards of excellence. Both influence their professionalism. As noted in the Aristotle/New Testament version of virtue ethics, that professionalism is the telos of public administration, because it is the *internal* goods that define them to each other and to others in the larger society.

The Practice of Public Administration

Beyond Kant

As a practice, public administration is a community of past, present, and future professionals that share a common telos and viewpoint. In the first part of this

chapter, Appleby and Bailey helped the reader understand that an important part of the common viewpoint in public administration was the notion of the public interest. In this section, George Frederickson helped the reader appreciate the importance of benevolence in terms of how public administration must understand the public interest.

In our Kantian-influenced contemporary world, critics can easily ignore the notion of the telos of public administration, make assumptions about it, or say that the telos of public administration does not exist and maybe even that it should not exist. Instead, they would argue that public administration is just a job to merely advance a person's power and fortune. As authors, we disagree and believe that public administration is much more important than, for example, selling or repairing cars. This is not to argue that those jobs are unimportant. Certainly many private sector jobs are useful to society, but we place higher value on teaching a child to read, protecting a neighborhood from crime, treating a patient for an illness, and rescuing lives from a blazing building. By its very nature, public administration implicitly involves higher values that transform a society into a civilization.

Public administration is about internal goods as achievement. The profession itself is a good for everyone in society. If the institution of government hires the correct employees and trains them correctly for their jobs, then the work of government is preformed at a higher level of proficiency and taxpayers get more for their "investment" in civilization, which we call taxes. If those public servants mange the budget correctly, the allocated resources provide the public with services that maximize the social and economic outcome for the betterment of the whole community. Unlike institutional decisions that have winners and losers, public administration's internal goods create only winners for the professional and the larger community.

Virtue Ethics Context

Public administration must always exist in the context of public institutions with their strong tendency to permit and even encourage corruption or other immoral behavior. Thus, public administrators must learn and relearn to exercise virtues in the context of governmental institutions, regardless of their circumstances, if corruption and other immoral behavior are to be kept to a minimum level. The retention and enhancement of integrity depends not only on sustaining but also often on improving institutions. Immoral behavior in government institutions is due to vices that the exercise of virtue can curb. Unfortunately, institutions too often foster and even encourage the erosion of virtues within public administrators. Thus, reformers must reinforce the

development of virtues within public administration by addressing both the individuals and the institutions.

Virtue ethics influence external and internal goods differently. Virtue ethics essentially create internal goods, but they can and sometimes do hinder external goods. The latter are objects of human desire that are almost always in conflict within a group of any size and even sometimes within an individual. In a materialistic culture, individuals place extreme value on achieving riches, fame, and power. In such an environment, virtues such as justice within public administration can hinder achieving external goods for many private interest groups. In such circumstances, political rulers and others would punish public administrators for acting with virtue. However, because virtue ethics also has internal goods, internal rewards exist, which no one can take away from the professional public administrator. In contrast with utilitarianism, there are no internal goods because that normative theory does not accommodate the distinction between internal and external goods. Thus, the sense of reward is impossible for the utilitarian when the institutional pressures for riches, fame, and power overwhelm virtues such as justice, courage, and truthfulness.

Virtue ethics requires a practice context that has a telos or quest. For public administration, that telos or quest is the benevolent pursuit of the public interest. The quest provides the profession of public administration with an understanding of what is the "good." It gives focus and purpose to the practice but it also gives focus to what virtues are most important in any given circumstance. It enables professionals to order other goods and extend its individual and collective understanding of the purpose and context of the virtues. It permits a conception of the good that enables professionals to understand the place of integrity and constancy in life. Such a quest is always an education both as to the character of that which is sought and also in an ever-expanding self-knowledge.

Conclusion

The authors of this chapter not only agree with Aristotle that virtue ethics is important but that virtue social ethics, particularly in the form of democratic morality, sustains democracy and is the very core of what public administration is as a profession. Democratic morality helps to maintain a democratic form of government because civil servants and other public officials are a part of the democratic process that melds private interests into a democracy's *public interest* for benevolent purposes for all. Thus, there is a unique and important social ethics that applies to public administrators and that is essential for those who believe in a democracy of the people rather than government dominated by the prevailing influential private interest groups of the moment.

Note

1. In this chapter, *ethics* is spelled with an *s* regardless of its use as a singular or plural term.

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The I That Is We

Recognition and Administrative Ethics

Michael Macaulay

In April 2006, Flight Lieutenant Malcolm Kendall-Smith, an RAF surgeon, was found guilty of five counts of disobeying orders and sentenced to eight months in prison. His crime was to refuse a third tour of duty in Iraq. His defense consisted of his belief that the war in Iraq was unjust and illegal, and in a statement Kendall-Smith argued that "the continuing use of force against the people of the formerly sovereign state of Iraq was always motivated by political corruption, corporation profits and aggressive capitalism." In passing sentence the court martial panel declared Kendall-Smith's position as "supremely arrogant" and argued that he could not "pick and choose" his orders.

How we feel about this case will depend on our normative preferences and our preferred mode of ethical discourse. A pacifist will no doubt have a different opinion than someone who accepts the doctrine of just war. Similarly we will reach differing conclusions if we approach the problem from a teleological or deontological perspective. Many will no doubt agree with the court's ruling: Kendall-Smith had made an explicit oath to carry out his duty and follow his orders. Furthermore, as an experienced military officer he knew exactly what his duty might involve and as a surgeon he was morally bound to help those in need. Some may even simply blame it on personal cowardice or loss of nerve. Yet it is clear that Kendall-Smith did not take this decision lightly (he was certainly ready to accept his court martial), and that he had undergone a considerable transformation in his own moral perspective. This chapter will argue that this transformation was fueled by the Hegelian concept of recognition.

One of Cooper's "big questions" on administrative ethics asked what the normative foundations for administrative ethics may be (Cooper 2004,

396). Although Hegel may seem a somewhat unusual choice of theorist to answer this question, this chapter argues that one of Hegel's most important concepts—recognition—can provide some key insights into problems of administrative ethics. It is not the author's intention to promote "Hegelian mumbo jumbo" (Brogan, cited in Williams, Sullivan, and Mathews 1997, 24), but it will be necessary to outline an interpretation of Hegel's work where appropriate. Recognition, in the Hegelian sense, can be used in at least two ways. First, it may be viewed as a normative concept in itself: the necessity of constitutive mutual recognition is a key element of moral judgment and ethical life; and its counterpart, misrecognition, is potentially the cause of much unethical behavior. Second, recognition serves as a dialectical trigger to move between competing ethical perspectives: rational and nonrational; deontology and consequentialism; compliance and integrity. Ethical dilemmas frequently occur when recognition is conflicted; that is, when a public administrator or official makes a fundamental human connection that skews their possibly long-held view of professional identity, duty, and objectivity.

This chapter is therefore going to make a rather bold claim: that our political institutions and administrative systems ultimately operate in a state of misrecognition, whether willful or accidental. The supposed rationality of an organization (the classic Weberian bureaucracy) effectively entails a process of dehumanization that is regarded as essential for dealing with large numbers of people. People are not dealt with as distinct human beings but as abstract groups identified only through labels, which facilitates the necessary generalizations that allow us to make and implement decisions without necessarily dealing with the human costs. This problem is compounded by the philosophical tendency to discuss humans as abstract beings, which robs them of their humanity.

Recognition, Dialectic, and Parallax

Administrative ethics is, as Rorty (1995) argues, a practical business. Although questions of meta-ethics may be academically interesting, they do not necessarily help in assessing a real-life problem and, as a result, are often omitted from the literature. When such discussions do arise, they frequently debate the extent to which morality and ethics can be objective, with most commentators favoring a form of subjectivism: "The simple fact is that philosophers would not still be engaged in theoretical, philosophical, ethical inquiry if they all agreed that there was a single theory that had been proven, incontrovertibly, to be 'right'" (Michaelson 2001, 335). Yet these perspectives miss a crucial issue: ethics exists in the realm of *intersubjectivity*. The object of ethics (good conduct, good behavior, right action, etc.) is itself indeterminate, abstract, and

only exists for the subject. Moral judgment, then, is a process of reflexive change that will necessarily differ according to experience and context. As Weill (1998) argues, there can be "no concrete morality outside a concrete situation" (39).

A further misunderstanding in administrative ethics is the tendency to promote ethics as a series of either/or choices. Rohr (1989), for example, famously suggested the low and high roads to administrative ethics, whereas a myriad of commentators have used a framework of compliance and integrity (e.g., Skelcher and Snape 2001; Lewis and Gilman 2005; Menzel 2007). Although those frameworks usually are presented as a spectrum, they implicitly suggest that one end of the spectrum is preferable (the high road, the integrity system) and, more important, they highlight tensions within the spectrum that need to be somehow resolved. Tensions exist in a number of either/or choices (consequentialism *or* deontology; reason *or* emotion) that present us with unhelpfully restrictive frameworks within which to deal with the very practical problems faced by administrators.

A much more useful concept is Zizek's (2006) notion of the parallax. Parallax is not to be confused with paradox, which "in the primary and most important meaning, is an *apparent* contradiction; to repeat, the contradiction is only apparent, and indeed it expresses a profound truth" (Kainz 1998, 12). A parallax, on the other hand occurs when there are opposite but not necessarily opposing points of view:

> The standard definition of parallax is: the apparent displacement of an object (the shift of its position against a background), caused by a change in observational position that provides a new line of sight. The philosophical twist to be added, of course, is that the observed difference is not simply "subjective," due to the fact that the same object which exists "out there" is seen from two different stances, or points of view. (Zizek 2006, 17)

The parallactic shift is not one that allows us to resolve contradictions or point out the unity of seemingly dichotomous positions, but rather one that broadens our view, allowing us to encompass a number of disparate perspectives all at once. The parallactic shift, then, does not turn the two sides of a coin inward to face each other; it rotates the coin so that we can see both sides at once, and thus grasp the wider reality.

Hegelian recognition acts as a dialectical mechanism that allows us to move between parallaxes. Hegel's dialectic will no doubt be familiar to many as the triad of *thesis, hypothesis, and synthesis,* a formulation that is usually presented as an attempt to provide unity through opposition (Kainz 1998). Despite the fact that Hegel never used this formulation as part of his broader

work (Inwood 1999, 81), it has proven to be a very popular interpretation. Yet Hegel's dialectic constitutes a more subtle and fluid way of thinking. It can be applied both internally and externally. Internally, it charts the progress of consciousness from its earliest stages of understanding through to its final stages of knowledge and self-consciousness. Externally, as will be seen, the dialectic refers to the movement of *geist* throughout history. In both instances recognition acts as a trigger to move from opposing (but not necessarily opposite) moral viewpoints, allowing for new perspectives on familiar situations. The triadic formula implies that a synthesis is a simple resolution between two extreme positions, which suggests that any compromise or agreement could be the result of a dialectical interaction. What the dialectic really addresses is parallax rather than paradox.

The dialectical process is a state of flux—again it is the spinning of the coin—not to attain a paradoxical resolution as a traditional linear end point but to provide a deeper understanding by revealing parallactic positions as part of a broader whole. It is this dynamic rather than any conclusion that is the key; not for nothing did Hegel write, "There is no principle of Heraclitus that I have not incorporated into my Logic" (1995, §320). By no means do these parallaxes disappear, nor are they necessarily resolved. Hegel's claim to absolute knowledge was not in the form of an answer but the proper phrasing of the question.

Ultimately, then, Hegelian recognition allows for parallactic shifts of moral and ethical perspectives of the type that run through discussions on ethics generally, and administrative ethics in particular. There is no thesis or antithesis and this chapter will not offer any forced and false synthesis. It is simply saying that the act of recognition causes the flip of the coin, which leads to a fuller view of the moral dilemma.

Recognition and Morality

Not only does recognition allow us to traverse competing moral perspectives, but also it acts as a basis for morality itself. The concept is intrinsically linked with the concept of *geist,* which for Hegel was rooted in human consciousness and mediated through human experience. The movement of *geist* is nothing less than the development of consciousness into self-consciousness through which human beings come to understand their multiple natures as particular, discrete individuals who are all part of a universal humanity.

At its most basic the concept of recognition simply relates to our interaction with our fellow man: it is a double acknowledgment of our shared common humanity and the particular needs, wants, and perspectives of individuals. It is an idea that will be familiar to many through the story of the Good Samaritan (Luke

10:25–37). When the priest and the Levite ignored the cries of the wounded traveler, they did so for a number of reasons—they were too busy or scared or bound by social norms to help—but primarily they failed to help because they did not recognize the man as human. He was an inconvenience, a nuisance, an obstacle to be avoided; but he was not a human being worthy of help and compassion. Only the Samaritan recognized his distinctly human suffering, and in doing so, came to a closer understanding of his own human essence. Indeed Jesus chose a Samaritan as the unlikely hero of the parable almost certainly because the character himself would have been understood (and misrecognized) as a label (i.e., a Samaritan) rather than a human being. Thus the parable serves a dual purpose: to emphasize the importance of kindness and self-sacrifice, but also the more basic idea that we are, essentially, all one and the same. This echoes Hegel's words that "man has value because he is a man, not because he is a Jew, a Catholic, a Protestant, a German, and an Italian."

For Hegel our development from understanding to self-consciousness involves our interaction with everything around us, but it fails completely unless we are constitutively recognized as human beings by our fellow men. It is only through this process that we can attain freedom as self-determining beings. This is the real meaning of *geist*—not God's revelation but human intersubjectivity: "the unity of the different independent self-consciousnesses which, in their opposition, enjoy perfect freedom and independence: 'I' that is 'We' and 'We' that is 'I'" (Hegel 1977, §177).

Externally, the dialectical movement of *geist* throughout history, therefore, is the struggle of self-conscious human beings to engage in recognition of each both as separate (i.e., individuals) and connected with each other (i.e., human). The dual meaning of the parable of the Good Samaritan is again telling here for this is precisely what Hegel intends: that recognition is a process to enrich the particular (our individuality) and the universal (our shared self-conscious essence).

It is only when mutual recognition is achieved that we can experience our true self-conscious selves, from which emerge our freedom and a true basis for morality and ethical life:

> The universal reappearance of self-consciousness—the notion which is aware of itself in its objectivity as a subjectivity identical with itself and for that reason universal—is the form of consciousness which lies at the root of all spiritual life—in family, fatherland, state and of all virtues, love, friendship, valor, honor, fame. (Hegel 1971, §436)

When Hegel writes of the movement of *geist,* therefore, he is writing about the progression of mutual human recognition throughout history; or to be more precise the movement of *geist* is that of *mis*recognition throughout history.

History effectively begins with an act of misrecognition: an act Hegel recounts as the master-slave dialectic (1977, §178–98; §413–39), which famously describes the first meeting of two primeval human beings. Both have a sense that they are unique conscious beings while simultaneously being vaguely aware that they each belong to a universal species. Crucially, they only suspect that their particular and universal natures are true but they do not know for certain; they cannot be sure until they gain recognition of another human consciousness. Unfortunately, when they meet they do not know how to engage in such a reciprocal act as recognition, and thus they attempt to overcome each other physically through a fight to the death in which each seeks to subsume the other's human identity. As the fight progresses and one overwhelms the other, the loser has a moment of sudden self-realization: that death would categorically negate her all-too-precious human life and therefore she submits. As a result a relationship is forged in which the victor is the master over the loser, who thus becomes a slave.

Yet the fight for recognition continues, as both human consciousnesses still require recognition in order to make certain of their identity and status. Yet their relationship is extremely one-sided: the master cannot acknowledge the humanity of the slave, seeing instead the mere extension of self; the slave simply enacts the orders of the master, and thus does not act as a self-determining individual human being—"what the slave does is really the action of the master" (Hegel 1977, §191). Conversely the slave undergoes a process of self-realization. The slave is a creative being, even if her creations are for the benefit of somebody else (i.e., the master) and through work objectifies their creative essence. The production of objects and the creative labor involved allows the slave to recognize her own true self: her existence for herself and also for another.

Misrecognition continues throughout history. The fate of Antigone (Hegel 1977, §470) was sealed by adherence to the universal (divine law) at the expense of the particular. The unhappy consciousness of religion projects its own human essence as an external God to worship (Hegel 1977, §207–13), an argument, incidentally, which was entirely replicated by Feuerbach's *Essence of Christianity*. The debate for Hegel scholars is whether or not history achieves universal mutual recognition. Some have argued (most notably Kojeve [1969]) that it was only in the anarchy of the French Revolution that such a state was attained. The revolution itself unveiled our universality while the shock of the terror made us equally aware of each other's personal fears. Others have considered the *Philosophy of Right* to describe mutual recognition in action: through the institutions of family, civil society, and state (Williams 1997).

The intricacies of this particular debate are of little consequence here; and the idea of recognition may seem to be a case of old wine in new skins

and it may appear to have more than a passing similarity with a number of other concepts. The Christian commandment of doing unto others what you would have them do unto you, for example, indicates an element of reciprocal recognition. Kant's second formulation of the moral law tells us to treat each other as end rather than means ("Act so that you use humanity, as much as in your own person as in the person of every other, always at the same time as end and merely as means" [Kant 2002, 46]), which again acknowledges a view of common humanity. Yet Hegel's notion was designed to augment what was, in his view, the empty formalism of Kant's moral law: as pure intersubjectivity, recognition has a concrete view of human ends rather than an abstract formulation. Abstraction is necessarily unable to realize a state of recognition. What is important here is simply that recognition is in and of itself an important normative concept, albeit one that will require a great deal of refining. Yet it also has a further and much more fundamental role in Hegelian philosophy: it is the foundation for morality itself. There can be no ethics unless recognition exists as its underlying moral force.

Recognition and Administrative Ethics

In the *Philosophy of Right,* Hegel suggested that the bureaucratic state was the ultimate moral system, which allowed for recognition of groups and individuals to flourish. Within this system administrators had a special place: "The highest civil servants necessarily have a deeper and more comprehensive insight into the nature of the State's institutions and requirements and, moreover, a greater skill in the habituation of government, so that they can achieve what is best" (Hegel 1960, §309).

Civil servants had the knowledge and expertise to distinguish between competing societal claims and the protection of rights arguably allowed the universal aspects of our common humanity to coexist with our particularized existence as individuals. Such notions do not seem too far removed from the Weberian view of bureaucracy that posits state mechanisms, but this view could arguably be viewed as one of the central parallaxes of administrative ethics: treating concrete individuals in a universal way.

Modern political and administrative organizations are set up to deal with humans as abstract beings. What is our political existence without abstraction: as workers, voters, welfare recipients, and criminals? This was, of course, the thrust of Fukuyama's (1992) argument (which in itself extended Hegel, albeit controversially) that liberal democracy allowed for a recognition of the particular through the protection of rights. But a right is a legal abstraction, not a human quality. We need only think of the conflict between the prolife/ prochoice movements to see that rights are something that we append to a

human being at a time of our choosing, to the people we so choose. Universal rights, for example, did not prevent slavery.

The abstraction of humanity is also prevalent in philosophy. One startling modern example is Rawls's justice as fairness, whose *veil of ignorance* sought to abstract the very fabric of our human experiences, whether these were cultural, social, gender, and so on. Rawls actually admits that this device is a mechanism designed purely to elicit the principles of justice that the author has already selected: "This original position is not, of course, thought of as an actual historical state of affairs, much less as a primitive condition of culture. It is understood as a purely hypothetical situation characterized so as *to lead to a certain conception of justice*" (Rawls 1972, 12; italics added). For a further discussion on Rawls and Hegel, see Browning (1999).

Abstract rationality is very far from the totality of human experience and tellingly it neglects exactly the principles that Hegel outlines: it relies on a distinction between subject and object that overlooks the complex reality of intersubjectivity and in so doing it fails to recognize our full (universal and particular) human selves.

The Parallax of Administrative Obligation

The art of ethical public administration, of "doing good while doing well" (Lawton 1998), is built upon yet another parallax: the parallax of deontology and consequentialism. On the one hand, public servants, administrators, and officials have a duty (and therefore obligations) to the organizations in which they serve. On the other hand, that duty has a consequentialist slant: to uphold and enhance the common good, however this may be defined. Again let us appreciate that this is not a paradox, and these positions need not be thought of as antagonistic, but as distinctly different approaches to the same ethical issues. One of the most famous cases in recent UK political history illustrates this situation admirably.

In 1985 a civil servant at the UK Ministry of Defense, Clive Ponting, was charged with breaking the Official Secrets Act by leaking a confidential internal memo regarding the 1982 Falklands War. One of the decisive military actions of the war was the sinking of the Argentinean cruiser the *General Belgrano,* which killed 360 people. The official reason for the sinking was that the cruiser was directly threatening the British Navy. The memo leaked by Ponting indicated that it was actually sailing *away* from the conflict zone when it was bombed. The judge in the case directed the jury to find Ponting guilty, but it somewhat surprisingly returned a not-guilty verdict. Ponting later published his memoirs, titled *The Right to Know.*

What happened here? Ponting was obliged in his role as a civil servant to

keep his promise not to reveal state secrets. Yet he argued that it could not be in the public interest to keep secret a deception of such magnitude and therefore he leaked the memo. His defense, therefore, was based around the consequences of the attack (the loss of life, the cover-up) rather than on reference to the duty under which there was little doubt he was sworn to serve. It is possible to argue, as Moore (1981) suggests, that this is just another type of obligation that public servants find themselves bound to uphold: an obligation to the public interest, to the processes and procedures, and to oneself. Even accepting this argument, however, we can see that an administrator must somehow rank her obligations in order to resolve potential conflicts and that this, again, leads the way to a consequentialist mode of decision making.

A more important question, perhaps, is to what extent it is sensible to speak of administrative obligation at all? An obligation of any kind is a specific type of moral claim, most notably that it entails an individual requirement: "Obligations are limitations on our freedom, impositions on our will, which must be discharged regardless of our inclinations" (Simmons 1979, 7). Administrative obligations encompass a range of potential duties and obligations that public administrators face: prudential, institutional (or positional), and moral.

The first distinction to be drawn here is between the notions of prudential and moral obligation. A theory of prudential obligation suggests that a person can have duties that promote an obligation only through self-interest: I may be prudentially obliged to pay somebody $100 if that person is pointing a loaded gun to my head, but I would certainly not have any further moral duty to do so. In terms of administrative ethics generally, the gulf between prudential and moral sources of obligation can potentially be seen in reference to organizational systems of compliance versus integrity (Macaulay and Lawton 2006).

Compliance mechanisms such as codes of conduct may certainly help administrators behave in an ethical manner (or at least in a manner preconceived as ethical by the people who instituted the compliance mechanisms), but this will not necessarily make anybody make moral choices. Furthermore there may be a lack of any further moral force behind the compliance: obeying something just because it has been codified into a rule is equivalent to being told "because I said so" when questioning a parental decision. Issues of prudential obligation are actually, therefore, issues about general motivation rather than moral duty (Buchanan 1996).

Prudential matters notwithstanding, there is a clear sense in which administrative obligations have a moral center in that they are voluntaristic. Duty arises from an explicit agreement on the part of the administrator. As Burke notes, institutional obligations "are acquired obligations that, like promise keeping, involve the free choice and moral agency of individuals" (1989, 191). On becoming a public servant, one actively agrees to uphold a set of

values and seek to help attain the goal of the public good. The situation appears relatively straightforward—explicit consent is given that entails a set of reciprocal obligations, meaning that the role of the public servant is founded not on a social contract but an actual contract. This is the reason that Ponting was on such difficult moral ground; the Official Secrets Act is not an optional extra that is contingent on personal conscience but an absolute requirement.

For this reason, explicit consent can lead to an administrative obligation as being viewed as a categorical rather than hypothetical duty. Kant, of course, distinguished between the two different types of duty as being the basis for moral decision making:

> Finally, there is one imperative that, without being grounded on any other aim to be achieved through a certain course of conduct as its condition, demands this conduct immediately. This imperative is categorical. It has not to do with the manner of the action and what is to result from it, but with the form and the principle from which it results; and what is essentially good about it consists in the disposition, whatever the result may be. This imperative may be called that of morality. (2002, 33)

Kant seems to indicate, then, that a categorical imperative is a self-contained duty that should be invoked despite our natural inclinations. But this line of reasoning can lead to empty formalism rather than genuine moral reflection. As Foot (1972) argues, the rules of a club can provide categorical imperatives for certain behavior without providing any extrinsic moral force and therefore its obligation may well fall back into the realm of prudential rather than moral. Hegel makes a similar criticism: "The universal formal aspect of good cannot be fulfilled as an abstraction; it must first acquire the further determination of particularity" (1960, §134).

The problem thus becomes similar to that seen in prudential obligation: institutional obligations cannot exist for their own sake, but must be backed by some further moral command. As Simmons (1996) suggests, the problem is one of external justification:

> We are morally obligated to perform our institutionally assigned "obligations" only when this is required by a moral rule (or principle) that is not itself a rule of the institution in question. Institutions, in short, are not normatively independent, and the existence of an institutional "obligation" is considered, by itself, a morally neutral act. (30)

Explicit consent, then, is not necessarily enough to uphold an administrative obligation; otherwise we are in danger of descending into the territory of the "I was obeying orders" defense.

The necessary extrinsic moral force emerges in two particular ways. First, public policy emerges from the democratic process, whose voluntaristic nature is another form of consent. Second, moral force is granted by the idea of the common good or public interest. Herein lies the problem.

The notion of a common or public good is always going to be up for significant interpretation: to use a deliberately emotive example there will be a range of perspectives in Basra to argue whether or not regime change was for the common good of the Iraqi people. As Klosko (2004) argues, "We should recognize that common good does not justify all government enactments that purport to be in the public interest" (816). A further layer of complexity may be added in that—partly because of its contested nature—the notion of the common good may well conflict with the individual expertise, experience, or even conscience of the public servant who is tasked with enacting its demands.

In Place of a Conclusion

The case of Martin Kendal Smith that was outlined at the beginning of this article highlights the multidimensional nature of recognition in action. As a serving officer, Kendall-Smith was in the middle of his very own master-slave dialectic: a means through which the ends of the military (and by extension politicians, justified by "national interests") could be served. His initial, and obviously fairly long-standing, perspective was one of duty and backed up through military identity. Yet his personal experiences shocked him into a parallactic shift. Duty became far less important than consequence to the genuine suffering of completely innocent people; orders were subsumed into individual conscience. Through the struggle of his own concrete experience, Kendall-Smith not only began to recognize others but also himself, and his stand against the might of the British military was certainly an act of self-determination in the Hegelian sense.

Herein lies the challenge. Can we ever achieve ethics in public administration when public officials are themselves recognized only as part of a process, as means not end? More important, will morality forever be limited by politics itself, viewing people as problems to be solved by abstracting their own reality from decision making? Why is it, for example, that public consultation processes are so often conducted by handpicked consultants rather than the people directly affected or involved in the apparent problem?

There are a number of objections to these arguments. One may be operational: that recognition, if it relies on concrete experience cannot be utilized on a large scale. It would inevitably be context bound to the extent that no decisions could ever be made (unless some kind of proxy was instigated).

Another objection may be definitional: that all recognition seeks to achieve is a state of mass empathy without it being at all clear what we are empathizing with. A third objection may be organizational: that what recognition effectively advocates is a form of anarchism, the need for us all to be truly self-determining beings without any limitations of government or state.

But the problems of administrative ethics come down to a simple question: is there any moral force to guide public officials? If the answer is yes, we need to determine from where this force emerges: from God? from man? Whichever we choose, we do so in as fully realized a way as possible. If morality emerges from humanity—in which the idea of recognition is wholly immersed—then it simply cannot ignore or overlook lived human experience, both rational and emotional.

Hegel is often thought of as an almost apocalyptic thinker inasmuch as his work is often interpreted as being an "end of days," whether this is in terms of his philosophical system being the ultimate "absolute knowledge," or his belief in the perfection of the Prussian state, or his admiration for Napoleon as the embodiment of the world spirit, or myriad different pronouncements. It is also quite usual to rewrite Hegelian ideas in a similarly epoch-ending way, perhaps most notoriously Fukuyama's (1992) *End of History and the Last Man.* It is sorely tempting, then, to throw caution to the wind and pronounce an end to administrative ethics, but this would be wishful thinking. It is the contention of this chapter that it has only just begun.

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3

Ethical Failings, Incompetence, and Administrative Evil

Lessons From Katrina and Iraq

Guy B. Adams and Danny L. Balfour

> *[Hurricane Katrina] . . . is a public administration*
> *case study in failure of gigantic proportions.*
>
> —Dwight Ink (2006, 800)

> *In planning for the Iraq occupation, the Bush administration drew on*
> *virtually none of the existing institutional knowledge about postconflict*
> *reconstruction that existed within the U.S. government. It started*
> *organizing for the postwar reconstruction very late and devoted far*
> *too little authority or resources to the task.*
>
> —Frances Fukuyama (2005, 85)

In 2004, we concluded *Unmasking Administrative Evil* with the following: "Our argument in this book thus offers no easy or sentimental solutions; offers no promise of making anything better; but only offers an inevitably small and fragile bulwark against things going really wrong . . ." (Adams and Balfour 2004, 163). We did not make a more expansive claim because of the most fundamental ethical challenge within a technical-rational culture; that is, one can be a "good" or responsible administrator or professional and at the same time commit or contribute to acts of administrative evil. Subsequent events, especially the moral debacles of the occupation and reconstruction in Iraq and the response to Hurricane Katrina, have led us to consider the problem from another angle: Are acts of incompetence unethical? And, do they fit within the definition of administrative evil, where one is acting within role as others would expect them to from an organizational or

policy perspective? More broadly, what is the relationship between incompetence and ethical behavior? To what extent do ethical failures underlie, or exacerbate, acts of administrative incompetence? These are important questions because, as our case studies illustrate, the combination of ethical failure and incompetence appear to enhance the likelihood of things going seriously wrong.

In addressing these questions, we first offer characterizations of evil and administrative evil, and then explain the role of technical rationality as an enabler of administrative evil. We briefly revisit the touchstone of administrative evil, the Holocaust of World War II. Next, we examine the moral shortfalls of both professional and public service ethics, and show why both fail as safeguards against unethical behavior, incompetence, and even in the end, administrative evil. We highlight the special role of incompetence because it is the key theme in our two case studies. The largely failed response to Hurricane Katrina is our first case example, and here, we focus on the considerable and rather rapid deskilling of the Federal Emergency Management Agency (FEMA). The second case study is the occupation and reconstruction of Iraq, in which we examine closely the misplaced efforts of the Coalition Provisional Authority to reconstruct Iraq's civil infrastructure in the wake of the U.S. invasion and occupation of that country. Finally, we assess the role of ethical failures in acts of incompetence, and ask whether and when those might constitute administrative evil.

Administrative Evil

The *Oxford English Dictionary* defines evil as the antithesis of good in all its principle senses. Elias Staub (1992) offers a more expansive characterization: "Evil is not a scientific concept with an agreed meaning, but the idea of evil is part of a broadly shared human cultural heritage. The essence of evil is the destruction of human beings . . . By evil I mean *actions* that have such consequences" (25). And Fred Katz (1993) provides a useful, behavioral definition of evil as "behavior that deprives innocent people of their humanity, from small scale assaults on a person's dignity to outright murder . . . [this definition] focuses on how people behave toward one another—where the behavior of one person, or an aggregate of persons is destructive to others" (5). These definitions, while helpful, can be further refined. Rather than a continuum of evil as suggested in Katz's definition, we propose a continuum of evil and wrongdoing, with horrible, mass eruptions of evil, such as the Holocaust and other instances of mass murder at one extreme, and the "small" transgression, such as a white lie at the other (Staub 1992, xi). Somewhere along this continuum, wrongdoing turns into evil.

Over the last century and a half in particular, the modern age has had as its hallmark what we call *technical rationality*. Technical rationality is a culture (that is, a way of thinking and living) that emphasizes the scientific-analytic mind-set and the belief in technological progress (Adams 1992). The culture of technical rationality has enabled a new and often confusing form of evil that we call *administrative evil*. What is different about administrative evil is that its appearance is *masked*. Administrative evil may be masked in many different ways, but the common characteristic is that people can engage in acts of evil without being aware that they are in fact doing anything at all wrong. Indeed, ordinary people may simply be acting appropriately in their organizational role—just doing what those around them would agree they should be doing—and at the same time, participating in what a critical and reasonable observer, usually well after the fact, would call evil.

Our understanding of administrative evil has its roots in the genocide perpetrated by Nazi Germany during World War II. While the evil—the pain and suffering and death—that was inflicted on millions of "others" in the Holocaust (Glass 1997) almost defies our comprehension, we can now see it clearly as the signal exemplar of administrative evil. The Holocaust occurred in modern times in a culture suffused with technical rationality, and its activity was largely accomplished within organizational roles and within legitimated public policy. While the results of the Holocaust were horrific and arguably without precedent in human history, ordinary Germans fulfilling ordinary roles carried out extraordinary destruction in ways that had been successfully packaged as socially normal and appropriate—a classic moral inversion (Arendt 1963). While it is clear that the ethical failures in our two case studies—the response to Hurricane Katrina, and the occupation and reconstruction of Iraq—as bad as both have been—pale in comparison to the Holocaust, the question we raise here is the degree to which they illuminate connections between ethical failures, incompetence, and administrative evil.

The Limits of Professional Ethics

Both public service and professional ethics in the technical-rational tradition draw upon both teleological and deontological ethics, and focus on the individual's decision-making process in the modern organization and as a member of a profession. In the public sphere, deontological ethics are meant to safeguard the integrity of the organization by helping individuals conform to professional norms, avoid mistakes and misdeeds that violate the public trust (corruption, nepotism, etc.), and assure that public officials in a constitutional republic are accountable to the people through their elected representatives.

At the same time, public servants are encouraged to pursue the greater good by using discretion in the application of rules and regulations and creativity in the face of changing conditions (teleological ethics). The "good" public servant should avoid both the extremes of rule-bound behavior and undermining the rule of law with individual judgments and interests. It is fairly self-evident that public (and private) organizations depend on at least this level of ethical judgment in order to function efficiently and effectively, and to maintain public confidence in government (and business). At the same time, it is important to recognize that these ethical standards of an organization or profession are not adequate in and of themselves to ensure ethical behavior or even competent behavior.

The Challenge of Administrative Evil

Despite the extensive literature on public service ethics, there is little recognition of the most fundamental ethical challenge to the professional within a technical-rational culture; that is, one can be a "good" or responsible professional and at the same time commit or contribute to acts of administrative evil. As Harmon (1995) has argued, technical-rational ethics has difficulty dealing with what Milgram (1974) termed the "agentic shift," where the professional or administrator acts responsibly toward the hierarchy of authority, public policy, and the requirements of the job or profession, while abdicating any personal, much less social, responsibility for the content or effects of decisions or actions. In the technical-rational conception of public service ethics, the personal conscience (or one's moral compass) is always subordinate to the structures of authority. The former is "subjective" and "personal," while the latter is characterized as "objective" and "public."

The ethical framework within a technical-rational system thus posits the primacy of an abstract, utility-maximizing individual, while binding professionals to organizations in ways that make them into reliable conduits for the dictates of legitimate authority, which is no less legitimate when it happens to be pursuing an unethical or even evil policy. An ethical system that allows an individual to be a good administrator or professional while committing acts of evil is, by definition, devoid of moral content, or even morally perverse. Given the reality of administrative evil, no one in public service should be able to rest easy with the notion that ethical behavior is defined by doing things the right way. Norms of legality, efficiency, and effectiveness—however "professional" they may be—do not necessarily promote or protect the well-being of humans, especially that of "surplus populations"—society's most vulnerable and superfluous members whose numbers are growing in the early years of this century.

Public Service Ethics and Incompetence

Incompetence refers to the inability to properly and effectively perform a given function (Farazmand 2002). What we propose is that otherwise technically competent administrators often produce unacceptable and even tragic outcomes when they fail at an ethical level. As with administrative evil, ethical failures occur along a continuum, from hiding minor mistakes and taking home offices supplies at one end, to acts of omission or commission that endanger the well-being and lives of innocent citizens at the other. Ethical failure at this far end of the continuum literally renders public servants incompetent—unable or unwilling to act on behalf of people in need of their help and, in the worst-case scenarios, actively causing harm, even loss of life. In at least some situations, the ability to competently perform a function is not just about having the requisite skill level or knowledge, but also is a matter of personal conscience, requiring the use of one's moral compass. The unethical administrator or professional, no matter how technically skilled, risks failure at a functional level as well, in at least some instances.

How does this happen? As we have already noted, professionalism and administrative norms tend to narrow the scope of responsibility so that individuals do not feel accountable for organizational and policy outcomes, especially those that affect "surplus or marginalized populations," those who for whatever reason—including ethnic identity, economic status, or national origin—"can find no viable role in the society in which they are domiciled" (Rubenstein 1983, 1), or at least live at the margins of viability without the same access to the benefits and protections of civil society and the professions that deliver its services. We suggest that when such populations are excluded from consideration in the planning and execution of public policies, the stage is set for either creating or exacerbating both ethical and functional failures.

Because efficient and legitimate institutions can be used for constructive or destructive purposes, public affairs professionals need to develop and nurture a critical, reflexive attitude toward public institutions, the exercise of authority, and the culture at large. In this view, public policy and administration certainly encompass, but are not centered on, the use of sophisticated organizational and management techniques in the implementation of public policy. Public policy and administration must also, and primarily, be informed by an historical consciousness, which is aware of the potential for ethical failure by the state and its agents, and by a societal role and identity infused not just with personal and professional ethics, but also with a social and political consciousness—a public ethics—that can recognize the need to transcend conventional ethics and professional practice, when needed. It was needed in the public service response to Hurricane Katrina, to which we now turn.

The Response to Hurricane Katrina

Government response to emergencies, particularly natural disasters, has been analyzed and written about at some length in public policy and administration (see May 1985; Schneider 1995; and more recently, Kettl 2005). Emergency management is by now a rather well-established subfield within public administration, and even has the status of an organized section within the American Society for Public Administration. It includes at least the following areas: planning, mitigation, disaster relief/response, and long-term rebuilding. More recently, it has focused on an "all hazards" approach, which emphasizes the four dimensions just noted and applies them to national disasters of all kinds as well as to human-caused disasters, such as terrorism, and which emphasizes the flexible coordination of all first responders. The idea is to develop a nimble, simultaneously loose-tight network functionality that can effectively respond both according to plan and to the unexpected events and dynamics that are always present in the chaos of disaster.

Among the many aspects of American society and government that were impacted by the events of 9/11, emergency management, which was beginning to include terrorism in its mission, experienced a tsunami-like wave of "homeland security" that flooded throughout its mission (Kettl 2006). The network of local and state first responders that has always been the front lines of response to natural disasters, now must be prepared to respond to acts of terrorism as well. Nowhere have these dynamics played out in a more problematic way than at FEMA.

FEMA: Its Background and History

FEMA was begun by an executive order under President Jimmy Carter in 1979. During the Reagan years, it became over time much more of a national security or civil defense agency with a significant "black" budget, a considerable portion of which was devoted to Mount Weather (a secure bunker city to ensure the continuation of government in nuclear attack). Some of FEMA's directions during this time were rather interesting (Cooper and Block 2006):

> Between 1982 and 1984, [former FEMA director] Giuffrida and his top aides developed a secret contingency plan in the form of a draft executive order that called for a declaration of martial law and suspension of the Constitution, turning control of the U.S. over to FEMA during a national crisis. (53)

The national security orientation began to ease under the first President Bush. The importance, and especially the political importance, of disaster relief

became graphically clear with Hurricanes Hugo (affecting South Carolina) and Andrew (affecting south Florida). Both events were politically costly to the first President Bush.

Shortly after, perhaps reacting to avert future political fallout, President Clinton appointed James Lee Witt as FEMA director, who had served in a similar capacity in Arkansas. By all accounts, his tenure was one in which FEMA was transformed into a functional—if not, indeed, high-performing—organization (Khademian 2002). He strongly moved FEMA into the emergency management business, and downplayed the national security mission, which by now—even before 9/11—was beginning to focus more and more on terrorism. Witt worried about whether FEMA could successfully marry those two missions. His worries now seem prescient.

By 2000, FEMA was successfully managing the tension between its political mission and its professional mission. The political mission was famously captured by James Lee Witt's comment, "All disasters are political events." Handled well, disaster responses make politicians look good, and provide needed and substantial help for citizens. This perspective pushes resources toward response and recovery efforts. At the same time, the 1990s saw a dramatic increase in the professionalization of emergency management. Over time, this professional perspective shifted attention toward mitigation and planning efforts. Mitigation ameliorates the eventual severity of an event before it occurs, and the role of planning is obvious. Under Witt, FEMA was a disaster relief and first-response agency, but also it was a political tool that sent cash first and asked questions later—disaster declarations were rather easily obtained.

The George W. Bush administration brought immediate change, even before 9/11. Bush's first appointment as FEMA director was Joe Allbaugh, a longtime political adviser from Texas days, and campaign director in the 2000 election. He brought no emergency management credentials to his new position. Allbaugh thought of FEMA as an activist government organization, and his response was in line with his party's ideology (Cooper and Block 2006): "Federal disaster assistance had evolved into both an oversized entitlement program and a disincentive to effective state and local risk management" (71). Meanwhile the mission creep toward terrorism accelerated. The agency was headed back to the 1980s, reconstructed as antiterrorism, even before 9/11. Allbaugh left in the wake of 9/11, when the Department of Homeland Security (DHS) was formed, and during that time, resisted taking away FEMA's cabinet-level status in the White House.

The now infamous Michael Brown became FEMA's next director. He was originally hired to be FEMA's general counsel. He was an attorney, but one with no emergency management experience and no Washington experience.

He was, however, Joe Allbaugh's college roommate, which was apparently how he got the job in the first place. He was known to be both personable and patronizing. Brown also was not very effective in promoting FEMA's interests during the reorganizations that formed the new DHS. For example, FEMA did not get the Justice Department's Office of Domestic Preparedness, which distributed antiterrorism grants to police agencies. This effectively doomed the "all hazards" approach (or any other unified approach to antiterrorism melded with disaster response).

The first Homeland Security director, former Pennsylvania governor Tom Ridge, ultimately took away all the preparedness grants from FEMA and gave the whole package to the Office of Domestic Preparedness. The FEMA budget was constantly eroded, because the new department had been given control over all of its unit's budgets (these came to be called "Homeland taxes" within FEMA). With a $550 million budget, when FEMA was "taxed" by DHS for as much as $80 million, the effects were quite consequential. By the end of 2002, twenty-two senior staffers had left. The replacements were not encouraging: five of eight new senior managers had no emergency management experience. Gillies (2006) refers to FEMA's situation in the new Department of Homeland Security as "amalgamation dysfunction" (5). Roberts (2006) notes that FEMA was handling neither of its mission elements very well by 2005. Two separate surveys of federal employees during the post-9/11 period showed FEMA at the bottom and then, next to last, as good places to work in the federal government (Morris 2006, 288). According the House Select Committee report (2006), 500 of FEMA's 2,500 positions were vacant when Katrina hit, and eight out of ten regional directors were "acting."

When James Lee Witt spoke to the April 2004 National Hurricane Conference in Orlando, he was introduced by Brown as someone who "can say things that I can't" (Cooper and Block 2006). Witt's criticism was scorching, "I am extremely concerned that the ability of our nation to prepare for and respond to disasters has been sharply eroded" (91). In March 2005, Brown commissioned a Mitre Corporation report, which concluded that FEMA (Cooper and Block 2006) "lacked leadership, a properly sized staff and a sufficient budget" (91). The Mitre Report went on to say that:

> FEMA was incapable of carrying out its core mission, in part because it operated blindly, unable to develop a clear picture of disasters as they unfolded and incapable of moving information from the ground up. The report noted that FEMA had no ability to track supplies once they left government warehouses and no ability to tell whether they were ever distributed. (Cooper and Block 2006, 91)

The Homeland Security Department contracted out the National Response Plan (NRP) to the Rand Corporation (not known for its work in emergency management), and they came up with a plan that many found confusing, with distinctions between "incidents of national significance" and "catastrophes." It also created a Homeland Security Operations Center (HSOC), which eventually performed poorly both before and after Katrina's landfall. FEMA made it through the 2004 hurricanes in Florida (four storms), perhaps because Florida's state emergency management system was exceptionally strong, perhaps because the state's governor and the president were brothers, or perhaps because the president's political team was well aware of the state's importance in the 2004 election, just weeks away. Ridge's successor as Homeland Security director, Michael Chertoff, continued on the same path, to the point that:

> On July 27, 2005, Dave Liebersbach, head of the National Emergency Management Association, an organization of state and local emergency managers, warned in a letter to Congress that Chertoff's disassembly of FEMA was a disaster in the making, "The proposed reorganization increases the separation between preparedness, response and recovery functions." (Cooper and Block 2006, 88–89)

The FEMA that attempted to respond to the disaster of Hurricane Katrina was an agency with its capacities seriously eroded at best, and at worst, dangerously incompetent (Perrow 2005).

Before Landfall

While it is open to debate whether a city the size of New Orleans should ever have been located in such a vulnerable, below-sea-level place as the one it occupies, the factors that raised the vulnerability of New Orleans to potentially catastrophic levels were well known in advance of Hurricane Katrina. Perhaps the most important of these was the New Orleans system of levees and floodwalls, which were built largely in the 1920s and 1930s. Neither the local levee districts nor the federal Corps of Engineers adequately maintained them. Moreover, the initial assessment of the soil structure on which the system was built was substandard (Drew and Schwartz 2005), which meant that the assessments of the degree to which the levees might be overtopped in a Category 3 storm were overly optimistic. Multiple breaches in several waterways and from Lake Pontchartrain provided obvious evidence of this failure of adequate protection, and of inadequate risk assessment.

Both Louisiana state government and New Orleans city government had

rather poorly developed capacities for emergency response compared to other governments. Both made key mistakes (House Select Committee, 2006): "Despite adequate warning 56 hours before landfall, Governor Blanco and Mayor Nagin delayed ordering a mandatory evacuation until 19 hours before landfall." While both individuals had some good moments during and after the disaster, it is fair to say that neither had sufficient response capacity to work with.

On Thursday, August 25, Katrina made its first landfall just north of Miami as a Category 1 hurricane; it took eight hours to make its way across Florida and exited into the Gulf of Mexico (Cooper and Block 2006, 131–35). The National Hurricane Center was gradually altering its forecasts for the second landfall from the Florida panhandle progressively westward. By Friday, August 26, genuine alarm was being expressed by experienced personnel such as Max Mayfield in the National Hurricane Center. On Saturday morning, August 27, FEMA staff was warning about a Category 4 or 5 hurricane hitting New Orleans; they had considerable detail on what the implications would be from the well-known "Hurricane Pam" exercise. Indeed, the DHS had developed a "top fifteen" list of the worst disaster scenarios that could hit the United States. Reflecting that department's raison d'être, twelve of the fifteen were terrorist events. However, making the list at number ten was a Category 4 or 5 hurricane scoring a direct hit on New Orleans. Katrina made landfall just east of New Orleans at 7 a.m. on Monday morning, August 29, as a large Category 3 hurricane with 125 mile per hour winds.

After Landfall

The federal, state, and local response to the devastation of Hurricane Katrina is very well known, and played out on television for America and the world to see (Waugh 2006). For some days, it was clear that news organizations had better communications and a better picture of conditions on the ground than FEMA did. Looking back, the House Select Committee concluded in a considerable understatement (2006): "Federal, state and local officials' failure to anticipate the post-landfall conditions delayed post-landfall evacuation and support."

The HSOC was the new, state-of-the-art disaster response command-and-control center, and was designed to develop reliable and accurate information about any disasters in real time. However, the HSOC was not only slow to react, but mischaracterized crucial situations—at least initially (Cooper and Block 2006, 131–35). Under the NRP, an important distinction is made between a "normal" disaster and a catastrophe. The determining factor for this decision in the case of Hurricane Katrina was whether the New Orleans

levees and floodwalls were overtopped (water flowed over the top of them—most likely from a storm surge), or whether they were breached (failed structurally, allowing massive amounts of floodwater into the city).

Among the most egregious mistakes made by the federal government was the failure to recognize that levees and floodwalls had been breached, rather than simply overtopped. Secretary Chertoff, President Bush, and other federal officials continued to maintain in the days following the hurricane that the levees and floodwalls did not breach until a day after the storm. There were in fact multiple breaches in three separate waterways as the storm passed through (Cooper and Block 2006, 133), and HSOC did not figure this out for a very long time—all day Monday and into Tuesday. HSOC simply failed to provide timely enough or accurate enough information on the question of breaches. The result was a less aggressive initial response and a failure to escalate the relief effort, which further exacerbated the human disaster that was unfolding.

The evacuation of New Orleans, even though it was ordered much later than it should have been and even though it was chaotic (as all such evacuations are), was very successful by comparison to other hurricane-related evacuations in that some 1.2 million people found their way out of the city and its immediate suburbs. Meanwhile, some of the 100,000 to 200,000 people left in greater New Orleans were looking for higher ground, and making their way first to the Superdome, and then later, to the Convention Center. Both Louisiana officials and FEMA officials were very slow to comprehend the situation, and even slower to act effectively to alleviate the situation. FEMA was not moving food and water into the region quickly and really did not have enough of a tracking system to know when anything would arrive or even where it was along the way.

The communications failures in the aftermath of Katrina were actually far worse than those apparent during 9/11 (Townsend 2006). Flooding took out the power stations and cell phone bases, and virtually all communication was disabled. Once again, radio frequencies were not the same, and interoperability remained a rhetorical goal. There were no backup plans in place to fix communication systems. Four days after the storm, communications came back on line to some degree. News organizations had better and timely information than emergency response agencies during the critical first hours and days.

During this time, lack of communication was critical (Kweit and Kweit 2006). It was assumed that certain locations could not be reached by vehicles because of the flooding. FEMA's state-of-the-art mobile communications truck remained—uselessly—for days in Baton Rouge. Media crews, on the other hand, looked for land routes to drive vehicles to the Convention Center, for example, and found them. FEMA relied on fragmentary reports, and

simply did not even attempt to send buses in for needed evacuations, assuming incorrectly that they would be unable to get there. Finally, on Tuesday, August 30, at 8:22 p.m., more than a day and a half after landfall, Secretary Chertoff declared the Katrina disaster an "incident of national significance" (next best to "catastrophe," which seemed to be reserved for terrorist attacks) and designated Michael Brown as the "principal federal official" (PFO). This triggered the NRP for the first time:

> As Wednesday, August 31, dawned on the ruined city of New Orleans, this much was clear: Washington was receiving rafts of accurate information about what was happening on the streets of the city, but the information wasn't getting to the people who needed it. The White House and Chertoff were flying blind. Most of FEMA's staff was sequestered in Baton Rouge, 85 miles away. (Cooper and Block 2006, 177)

By noon on the Thursday after the storm, the entire FEMA presence in the city had actually itself evacuated from New Orleans, although they eventually would have a considerable presence in the days and weeks to follow.

During all this time, Michael Brown, the FEMA director, was cut out of the loop and bypassed, and was not getting real-time information in Baton Rouge. On the other hand, Secretary Chertoff and HSOC were not giving the White House useful information, and the entire response became inept in multiple ways. HSOC was behind and wrong on the levee and floodwall breaches, on the Superdome crowd and situation, on whether buses were en route and when, and on the Convention Center crowd and situation (Cooper and Block 2006, 209). The president himself seemed oddly out of touch as well (in stark contrast to his bullhorn address and arm around the fireman scene at ground zero in the wake of 9/11). On the ground in Mississippi, he focused on the loss of Senator Trent Lott's vacation home, promising it would be rebuilt. And that was the same occasion when he uttered the famous line, "Brownie, you're doing a heck of a job." The House Select Committee Report (2006) said: "It does not appear the President received adequate advice and counsel from a senior disaster professional . . . Earlier presidential involvement might have resulted in a more effective response" (2). Dwight Ink (2006) commented: "I regard these two criticisms as major understatements" (800).

Summing Up

Hurricane Katrina was a natural disaster that would have cost many lives and great property damage even with better mitigation (e.g., levees and floodwalls up to standards), better planning (e.g., how might, say, nursing

home residents have been evacuated), better response (e.g., just delivering on time what FEMA publicly said was on the way), and better reconstruction (e.g., not purchasing thousands of mobile homes—FEMA trailers—that were unusable in flood-prone areas). It is thus difficult to assess how much worse a disaster it was because of the administrative incompetence of FEMA and state and local emergency management and because of the political failures of the White House, and to a lesser extent, the Louisiana governor and New Orleans mayor.

The role of politics in this case is, as always, somewhat ambiguous. The FEMA response in 2004 when four hurricanes made landfall in Florida was not without its problems, but it was so far and away superior to the Katrina response that political considerations may have played a large role. Florida, a state governed by the president's brother and a state with a far superior emergency management infrastructure to Louisiana, also was crucial in the 2004 reelection campaign. The White House was clearly more dialed in. By contrast, the White House response to Katrina was late and meager. Louisiana was a state with a Democratic governor, and New Orleans a city with a Democratic mayor. The response in Mississippi in the wake of Katrina was better in that Republican state, but still not very good. In the end, it does seem clear that the erosion of competence within FEMA and Homeland Security was an important factor (U.S. Government Accountability Office 2006a, 2006b). The comments of two well-known public administration scholars are both instructive.

First, Louis Comfort (2005) states:

> The demands of Hurricane Katrina represented the first major test of the leadership of DHS and the policies adopted by the agency since the 9/11 attacks. That the policies proved ineffective in practice is no surprise to hazards researchers, who watched in dismay as DHS was designed to implement a hierarchical, centralized emergency response system in disaster environments that are inevitably uncertain, complex and dynamic. (2)

And second, Don Kettl (2005) notes:

> When faced with Katrina, government, at all levels, failed. In fact, the bungled response ranks as perhaps the biggest administrative failure in American history. September 11 thus was a major lost opportunity. Government could have—and should have—learned from that awful day about how to make homeland security work. When put to the test, it failed. (2)

The reconstruction of Iraq offers another case study in incompetence—one that bears both similarities and differences to the Katrina response.

Reconstructing Iraq, or Was It Deconstructing Iraq?

A discussion of the U.S. invasion and occupation of Iraq offers multiple opportunities for addressing issues of ethical failures and incompetence (Diamond 2005; Packer 2005; Phillip 2005; Ricks 2006; Woodward 2006). Certainly, the intelligence leading up to the decision to invade Iraq, which linked that country mistakenly to Al Qaeda terrorism and offered "convincing" evidence that Iraq had stockpiles of weapons of mass destruction (WMD), is one candidate. In other research, we have examined the torture and abuse of detainees at Abu Ghraib and other U.S. military facilities in Afghanistan and Cuba (Adams, Balfour, and Reed 2006). Here, we examine the U.S. effort to rebuild and reconstitute Iraq's political and civil society, from its government to its infrastructure, with a focus on the Coalition Provisional Authority (CPA), which oversaw this process from April 2003 to June 2004.

John Agresto is the former president of St. John's College in New Mexico. Like so many others in the CPA, he appears to have been chosen for his role because of his political connections: Secretary of Defense Rumsfeld's wife was on his board of trustees at St. John's, and he had worked with Lynne Cheney, the vice president's wife, at the National Endowment for the Humanities. In reflecting on his experience trying to rebuild Iraq's higher education system from the rubble to which it had been reduced, Agresto said, "I'm a neoconservative who's been mugged by reality" (Chandrasekaran 2007, 5).

The CPA had more than 1,500 employees at its height in Baghdad. Its headquarters were in the Republican Palace inside the so-called Green Zone in central Baghdad. Most support activities were completely or partially outsourced to private contractors (Special Inspector General for Iraq Reconstruction 2006a). For example, private guards from Blackwater provided security to Paul Bremer, who was the head of the CPA. The security guards each earned over a $1,000 a day. Haliburton provided all the logistical support for the CPA. Somewhere around half of the CPA employees got their first passport in order to travel to Iraq. While there were some seasoned diplomats and others with at least some Middle East experience, it is fair to say that most CPA employees either had no specific expertise in the area they worked in, or had expertise in the area but no knowledge of Iraq (Chandrasekaran 2007). It was very difficult to learn anything meaningful about this unfamiliar culture, because even before the insurgency took hold Baghdad was a fairly dangerous place for Americans to travel around, and for most of its existence, most CPA employees rarely, if ever, ventured outside the Green Zone.

Postwar Reconstruction

Planning for postwar reconstruction would normally be done in the State Department, but in the case of Iraq, it was handled by a small office attached to the Office of the Secretary of Defense in the Defense Department. This small office, the Office of Special Plans (OSP), was headed by Douglas Feith, whose chief task before the war was building the case that Iraq possessed WMD and was in close collaboration with Al Qaeda. It was this office that was enamored with Ahmed Chalabi, an Iraqi expatriate, whose Iraqi National Congress was promoted by many influentials within the administration to lead a postwar Iraq. OSP did what postwar planning it actually accomplished, which was little enough, with minimal contact or help from either the State Department or the CIA: "Feith's team viewed the mission as a war of liberation that would require only modest postwar assistance. They assumed that Iraqis would quickly undertake responsibility for running their country and rebuilding their infrastructure" (Chandrasekaran 2007, 29). Moreover, they assumed that the rebuilding would be largely or completely paid for from revenue from the sale of Iraqi oil. Larry Diamond (2004, 34) has characterized these assumptions about Operation Iraqi Freedom and its aftermath as emanating from hubris and ideology.

For this short-term, postwar effort, OSP appointed Jay Garner, a retired lieutenant general who had spent time in Northern Iraq working with the Kurds in the aftermath of Desert Storm in the 1990s. It was thought that Garner's mission would take only three months after the conflict was over, at which time the Iraqis would be ready to take over all operations. The plan that Garner took to Iraq, developed by Feith's office, was twenty-five pages long. Garner's operation was called the Office of Reconstruction and Humanitarian Assistance (ORHA). This group came to be known, even by some of its own employees, as the Organization of Really Hapless Americans.

There were extensive postwar reconstruction plans that had been worked on by the State Department, by the CIA, and by the National Defense University. For example, the State Department's Future of Iraq Project developed extensive reconstruction plans that totaled some 2,500 pages. These plans were not made available to Garner. Apparently, this was strategic on Feith's part. The secret hope was that, in the absence of any plans, Garner would be forced to turn to Chalabi and the Iraqi National Congress, giving them early entrée into an eventual Iraqi government (Chandrasekaran 2007, 31). The State Department actually tried to get as many of its people as possible onto Garner's team, hoping that people with some expertise in postconflict situations, or at least some diplomatic experience and knowledge of the region, might be able to slow down Chalabi, or better yet, derail his group altogether.

Their thought was that any Iraqi government that entirely shut out Iraqis who were in Iraq was unlikely to succeed.

One of these State Department people, retired ambassador Timothy Carney, was placed in charge of the Ministry of Industry and Minerals, an area in which he had no background or expertise. Carney was given one deputy to help him "run" this ministry, which had more than 100,000 employees. Another State Department person, Tom Warrick, who had worked on State's Future of Iraq project, was accidentally discovered by Garner at an early meeting in Washington, and hired on the spot. Warrick never made it to Iraq, because his appointment was personally vetoed by Vice President Cheney. Garner never did see any of the Future of Iraq material (Chandrasekaran 2007, 37).

More or less flying blind, Garner divided OHRA into three groups, humanitarian assistance, reconstruction, and civil administration. This third group was to be headed by Michael Mobbs, who was Doug Feith's former law partner, but had no other obvious qualifications to be in Iraq, much less to oversee the restoration of civil administration. He was so lost in this role that Garner sent him back to Washington after one week.

The first critical problem in postwar Iraq was widespread looting, which was almost immediately evident as the conflict wound down. The operational assumption going in was that the Iraqi regime and its major institutions would be decapitated and that all that would be needed would be to place others in charge (Americans for a brief period, and then Iraqis without Baathist connections). However, in the vacuum that followed the collapse of Saddam Hussein's regime, no one provided basic security.

It was not in the plans for the U.S. military to secure the various public buildings; there were not enough troops in country to accomplish this mission if it had been tried (although every facility secured would have been one less building to be rebuilt). Prior to the war, the professional military simply stopped developing postwar security plans (Fella 2004), because they knew they would need many more troops (somewhere between 300,000 and 500,000, as opposed to the 120,000 initially sent in) to provide security in a postwar environment.

Schools, colleges, hospitals, power stations, virtually all public buildings of any kind were looted, and stripped bare down to the wiring, switches, and plumbing (Clark 2004). There were very few public buildings that did not receive this treatment. It is difficult to overstate the degree to which this almost overnight and complete destruction of infrastructure escalated the scope and scale of the Iraq recovery and reconstruction project. As Diamond (2004) notes:

> In post conflict situations in which the state has collapsed, security trumps everything else: it is the central pedestal that supports all else. Without

some minimum level of security, people cannot engage in trade and commerce, organize to rebuild their communities, or participate meaningfully in politics. Without security, a country has nothing but disorder, distrust and desperation—an utterly Hobbesian situation in which fear pervades and raw force dominates. (37)

The climate of this time was nicely captured by Rajiv Chandrasekaran's driver, who before the war was a careful and law-abiding driver, but after the fall of Saddam, blithely drove on the wrong side of the street to avoid the traffic jams that were a trademark of the American occupation. When asked about this remarkable change in behavior, he said, "Democracy is wonderful. Now, we can do whatever we want (Chandrasekaran 2007, 46)." Jay Garner's OHRA really never had a chance, because it was built on false premises: "Had there been no looting, had the police stayed on the streets, had Iraq's infrastructure not been whittled to incapacitation by Saddam's government, then perhaps an outfit such as OHRA, with no plan, no money and a skeletal staff would have been appropriate" (Chandrasekaran 2007, 51).

Coalition Provisional Authority

The CPA was the Bush administration's answer to the unexpected (to them) reality on the ground in Iraq. L. Paul Bremer III, known as Jerry, was suggested by Vice President Cheney to head the CPA. Bremer had extensive diplomatic experience within several past Republican administrations. He had many good ideas, but he too was hamstrung by an insufficient number of troops in Iraq to maintain security. Bremer had a three-step plan for economic reform. First was the obvious need to restore basic services, such as electricity and water. The second was to get the financial sector backup and running: getting banks open and making loans, making sure payrolls were met. The third was to privatize Iraq's hugely inefficient, socialized economy. Bremer was not simple-minded enough to think that a free market constituted a democracy, but he did think that it was a necessary part of a mature and functional Western-style democracy, which was his aspiration for Iraq.

Debaathification

One important question that needed to be addressed in the Iraq reconstruction was how deep Debaathification would go. There was no question that Saddam's top leadership had to be removed. In the prewar planning, the State Department had advocated Desaddamification—a purging of those who had committed crimes (in the name of the regime) and the very top of the com-

mand structure. On the other hand, Doug Feith's Office in the OSD had accepted the argument provided by Ahmed Chalabi's Iraqi National Congress that Debaathification should go much deeper. In this battle too, Feith and the Pentagon won out; the problem was that operationally no one in this group knew the Baath party structure well enough to specify exactly who should go and who should stay. Chalabi's position paper advocated purging Baath party members down through the level of "udu firka" or group member. The only people below that level were ordinary members and cadets (or provisional members). Bremer issued a Debaathification order mirroring that framework. The net effect was that many of the ministries now not only had no functional buildings, but also they had no functional leadership, and in some cases, many fewer employees. Between 10,000 and 15,000 teachers were fired as a result of this decree, which left some schools in Sunni-dominated areas with only one or two teachers.

The Iraqi Armed Forces

The other early, disastrous decision made by Bremer was the wholesale dissolution of the Iraqi armed forces. Before the war, there was consensus that the Republican Guard, the Special Republican Guard, and the Fedayeen Saddam paramilitary, along with the Intelligence service would need to be disbanded. It was thought that the regular army of some 400,000 troops could be vetted, and perhaps largely retained. Bremer's second executive order disbanded the entire Iraqi military apparatus, and added the 400,000 conscript members of the regular army to the legions of unemployed Iraqis, estimated at 40 percent. Large numbers of those purged in Debaathification and those demobilized from the Iraqi military found their way into the insurgency and into the many militias that mushroomed in the security vacuum.

CPA Personnel

Both senior and junior staff was selected for appointments with the CPA because of their Republican political connections, with little to no concern for their competence (Chandrasekaran 2007). Well-connected Republicans made phone calls on behalf of friends or colleagues. Most of the senior-level appointments went through Rumsfeld or Cheney. Most of the others went through the office of James O'Beirne, the White House liaison in the Pentagon. He sent out a blanket call for résumés to Republican congressmen and conservative think tanks. One candidate's "ideal" qualification was that he had worked for the Republican Party in Florida during the presidential election recount in 2000. Two CPA staffers reported that they had been asked in their

interviews what their position on abortion was, and whether they had voted for the current president in the last election.

When Bremer's budget chief asked for ten additional entry-level staffers, among those provided were: "Simone Ledeen, the daughter of neoconservative commentator Michael Ledeen; Casey Wasson, a recent graduate from an evangelical university for home-schooled children and Todd Baldwin, a legislative aide for Republican senator, Rick Santorum" (Chandrasekaran 2007, 94). What all ten had in common was that they had sent résumés to the Heritage Foundation. Six of these staffers were assigned to manage Iraq's $13 billion budget, even though they had no budgeting or financial management experience (Chandrasekaran 2007, 94).

Iraq's Economy

Through the 1970s and into the 1980s, Iraqis enjoyed a rather affluent existence, especially for a Middle Eastern country. This was all financed by revenue from oil exports, and included major infrastructure developments, from superhighways to modern power plants. Over time, most goods and services were produced by state-owned companies; Iraq had only a very small private sector. Jobs in state-run factories and enterprises provided lifetime employment. Wages were low, but most goods and services were heavily subsidized. Gasoline, for example, cost about a nickel per gallon. Education and health care were free, and provided by the government.

This relatively rosy picture began to erode with Iraq's eight-year war with Iran in the 1980s. Then, Iraq's ill-fated invasion of Kuwait, which brought devastating economic sanctions for most of the 1990s, sent the Iraqi economy into a death spiral. By the time of the U.S. invasion, almost every sector of the Iraqi economy was limping along and had very serious deferred maintenance. The economic situation was indeed bleak, but the CPA added a new dimension (Yousif 2006). Iraq was going to be transformed into a free-market economy:

> The neoconservative architects of the war—Wolfowitz, Feith, Rumsfeld, and Cheney—regarded wholesale economic change in Iraq as an integral part of the American mission to remake the country. To them, a free economy and a free society went hand in hand. If the United States were serious about having democracy flourish in Iraq, it would have to teach the Iraqis a whole new way of doing business—the American way. (Chandrasekaran 2007, 115)

These widespread efforts, including as just two examples the development of a modern stock exchange with state of the art electronics and an extensive

formulary for pharmaceuticals, never got off the ground, but diverted a great deal of time and resources—which were in short enough supply already—away from getting both bare necessities and jobs to ordinary Iraqis.

Electricity is a case in point (Brookings Institution 2007). Before the war, the UN estimated that Iraq's electricity demand was about 6,200 megawatts, but that it was generating only about 4,400 megawatts. The State Department's Future of Iraq project estimated that about $18 billion in repairs and reconstruction would be needed to revive Iraq's power grid. In March 2003, the White House claimed that Iraq was producing 5,500 megawatts of power, and they set aside $230 million to fix Iraq's power problems. In the immediate aftermath of the war, Iraq was able to generate only 3,500 megawatts. Saddam had developed a practice of diverting power so that Baghdad had uninterrupted electricity (for the most part), and southern regions in particular received less and had daily power interruptions. Bremer decided that everyone would receive an equal amount of electricity, which had the effect of giving southern regions a few more hours of power, but introduced the residents of Baghdad to about twelve hours of power a day. Because electricity runs the pumps for water and also for pumping gasoline, these services were impacted as well.

The high water mark for postwar electricity generation was 4,700 megawatts, reached during August 2004. Electricity generation had been over 4,000 megawatts for seven months in 2004, but only four months in 2005 and six months in 2006. In January 2007, generation was back down to 3,575 megawatts. Iraqis wonder why Americans cannot get the lights on, and conclude that they must not care.

Similarly well-intentioned but inept efforts were made in other parts of Iraq's infrastructure: education, higher education, health care, oil, and so on (Dodge 2005). The problems in health care—to take just one additional sector—can be illustrated by just a few brute statistics. It is estimated that there were 34,000 medical doctors in Iraq before the war. About 12,000 are thought to have left the country since March 2003. About 2,000 have been murdered since that time, and another 250 kidnapped. The attrition level from emigration across other professional classes in Iraq is estimated at 40 percent since 2003.

Human Crisis

Approximately 1 million Iraqis were internally displaced prior to the war, meaning that they had been forced to leave or opted to leave their home of choice. Since the war, another 650,000 Iraqis have been internally displaced. Migration out of Iraq has also increased dramatically. More than 2 million passports have been issued to Iraqis since August 2005. There are now esti-

mated to be 1.8 million Iraqi refugees, with most of these in Syria and Jordan, and smaller numbers in Egypt, Lebanon, and Iran. Fewer than 500 Iraqis have been settled in the United States as of early 2007.

Summing Up

The reconstruction of Iraq may have been effectively doomed from the moment the assumption was adopted that this would be a war of liberation with a minimal transition between the beheading of the Baathist regime and the installation of the new Iraqi democratic government (Special Inspector General for Iraq Reconstruction 2006b). Still, there were a number of incompetent decisions that clearly made the situation worse—the Debaathification edict and the demobilization of the regular Iraqi army were arguably the two worst examples.

History certainly suggests that any war—and subsequent occupation and reconstruction effort—is likely to involve privation, perhaps even serious privation, for the people in the occupied country. Moreover, it would be difficult to argue that the Iraqi people would have been better off remaining under the thumb of Saddam Hussein, even though from a purely material and economic perspective, they may well have been better off—at least based on the abysmal record of the past four years. In this case, as in the Katrina case, there is considerable difficulty in ascertaining the degree to which political failures and administrative failures exacerbated a situation that was never going to be easy.

In the case of Iraq, there was no question about the erosion of capacity in a federal agency; rather the question was the failure to use the capacities that existed throughout the U.S. government. For the reconstruction of Iraq, arrogant and ideological assumptions were made about the ability of only a relatively few people within the Office of the Secretary of Defense (OSD) to perform a set of complicated and problematic tasks with minimal effort and resources. When the assumptions were given an abrupt and unwelcome reality check, there was a compounding failure to respond adequately, which made matters worse.

In both cases, we see the egregious misuse of political appointments, with multiple appointments of people who simply had no visible qualifications for the positions they assumed, and who went on to act incompetently (Gilman 2003). One question that arises is whether the explanation for these appointments was simple corruption (seeing these appointments as the "spoils" of winning political office) or ideology (in this case, the conviction that government is simply not able to do anything well, so that whoever is in any given government position really does not much matter). It may of course have been

some of both. However, one important difference with the earlier version of the "spoils system" is that in both of our cases people were appointed to positions that were actually expected to produce some important results. In Iraq, these were not positions from which nothing was expected (indeed, in many instances far too much was expected). And in emergency and disaster response administration, at least the potential political consequences of such obvious incompetence might have given any administration sufficient reason to consider merit in making appointments.

But by the time each of these cases unfolded, there were few administrators in place who would be likely to advocate for policies and procedures different from those that were expected of them. The "agentic shift" had taken place well beforehand, making a more competent and broadly ethical response highly unlikely. All that was needed for a disaster to ensue (or get much worse) was for administrators to perform according to expectations. No one was responsible; no one to blame. Michael Brown's resignation had little effect on how FEMA operates. Those responsible for some of the worst failures in Iraq were given Presidential Medals of Freedom. Many of those who were directly involved remain unable to perceive their own contribution to things going really wrong.

Are We Talking About Administrative Evil?

Despite its enormous scale and tragic result, it took more than twenty-five years after it was over for the Holocaust to emerge as the major topic of study and public discussion that we know it as today. But neither discussion nor study of the Holocaust necessarily means that we really understand it or that future genocides will be prevented (Power 2002). In cases such as the reconstruction of Iraq and the response to Katrina that have occurred within our own culture and time, the dynamics of administrative evil become progressively more subtle and opaque. Here we refer to administrative evil as masked. This is one of the central points of our argument, that administrative evil is not easily identified as such, because its appearance is masked.

In previous work, we have extensively discussed how technical rationality has enabled administrative evil. In these two cases, we can see a similar enabling phenomenon occurring with ideology. For the ideologue, past failures cannot be due to flawed ideas, but instead to the insufficient application of those ideas. If events did not turn out as planned, the problem is not with the policy, but a result of uncontrolled deviations from it. While the past confronts us with the complexities of a socially constructed reality, the future represents a pristine canvas on which to impose the grand idea of a free and democratic Iraq. The lack of historical consciousness becomes virtually an open invitation to administrative evil.

Certain aspects of the Katrina and Iraq cases suggest that both may be instances of administrative evil, although it may not be entirely clear for some years to come. We would do well to consider the possibility that a lack of historical consciousness and callousness toward certain marginalized populations contributed to both ethical and technical failures in our two cases (Giroux 2006). FEMA administrators and CPA officials in Iraq did not set out to fail; they did what was expected of them, and in some cases, made heroic efforts. Yet there were massive failures well beyond the difficulties that one would expect even from such complicated situations. Some people and problems simply were overlooked or their fates taken for granted, and not made part of the policy equation.

In both cases, the failures arguably would have been less serious had administrators recognized the limitations of their ideological solutions and explored more modest, yet achievable goals. Yet as we pointed out earlier, most were not in a position to perceive their foreshortened perspective. They had jobs to do and they did them, maybe even to the best of their abilities. Tragically, that is not nearly enough for those who perished in the attics of New Orleans or were blown to pieces by car bombs in Iraq.

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II

Ethical Management and Ethical Leadership

As public sector management texts have come to define leadership, a great deal of emphasis is placed upon two attributes: concern for others and concern for the future (see, for example, Burns 1978). This is especially true when we connect leadership to position. The attributes of a good leader, who is also a "boss," are different from the specific characteristics and behaviors of the *exercise of leadership at a moment in time.* Part II emphasizes the more formal elements of leadership as an attribute of those with "authority."

Robert Behn (1991, 2001) has written extensively on the topic of leadership in the public sector. He articulates the *necessity* of leadership. He argues that organizations fail, not because of the technical competence of employees or the managerial acumen of senior administrators, but because a lack of leadership.

By borrowing from the literature in physics on what is popularly referred to as "chaos theory," Kiel (1994) develops a management perspective that is designed to help managers successfully navigate in a chaotic world. This application of chaos theory is about organizational dynamics and change. From a management perspective, the point is to discover the underlying order within the seeming chaos of the organization. Once we identify the underlying order we can see that seemingly divergent behavior may still fall within the "boundaries" of acceptable behavior. Variability of performance is the norm. The goal is not to control change or to control the future. Those are impossible

tasks. The goal is to take advantage of the chaos (Kiel prefers instability) to impel change. Therefore, managers must:

- understand their role in fostering stability/instability
- direct change toward those instabilities
- use disorder to promote change and innovation.

Two keys to successful application of chaos theory to management are to encourage participation and to create a diverse workforce. Participation becomes a way of stirring the pot, and the conflict of ideas and cultures gained through diversity is necessary to "achieve" instability. The nonstable organization is a creative organization.

Helping an organization follow an unknown path of change and innovation is not an easy task. It takes a manager of ethical insight and courage. The attractiveness and resulting persistence of old notions of control and direction as key attributes of management practice are because it is a safer course. Especially if the final goals are so far into the future that those who set the goals will not be around to be judged by the outcome, a more controlling style seems a wise course. That may be the path of the manager, but beginning with the seminal work of James MacGregor Burns (1979) an alternative approach was clearly articulated. Burns introduces the idea of "transformational leadership." The key tenets of transformational leadership are:

- importance of active leadership
- change organizational performance by changing its culture
- future orientation.

The keys to success are in creating an ethic of accomplishment and mutual support that is founded on trust. Therefore, the successful leader has an attitude that engenders:

- trust
- respect
- future orientation
- diversity.

The successful leader creates a culture that is

- empowering/enabling
- deciding
- visioning
- culture building. (Cox 2004)

The above should sound familiar. Burns emphasized the moral and ethical elements of the idea of transformational leadership. The four chapters that follow touch on various elements of ethical leadership. For example, in Chapter 4, echoes "attitude" of ethical leadership by asking three questions: First, what qualities of moral consciousness are needed to be a competent public administrator? Second, how might moral agency contribute to public discourse and understanding? And third, what change strategies are needed to reaffirm the nexus between public administrators as moral agents and citizens? Chapter 5 examines of the role of organizational culture in shaping attitudes and behaviors about organizational ethics stresses the role of the organizational leader in providing a value framework to guide acceptable behavior within the organization.

In Chapter 6, the study of the "culture of waiver" suggests that what is needed is a "culture a compliance," whereby public managers actively use the auditing function to continually vet the organization's operations against professional standards of conduct.

Finally, Chapter 7 makes the distinction between ethical management and managing ethically. For them ethics management finds its expression through ethical management. Critical for the authors is the idea of ethical management as ethics in action; that is, ethical management is where ethics is practiced.

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4

Administrative Leadership and Transparency

Charles Garofalo and Dean Geuras

The importance of leadership in public organizations everywhere is unquestionable. Equally unquestionable is the public administrator's responsibility, as a leader and a moral agent, to elevate the level of public discourse regarding the public service. Public discourse concerning the American public service is largely negative, with the term "bureaucrat" often used pejoratively and the bureaucracy typically described as self-serving and ineffectual. The public tends to have little or no awareness of the complex environment in which the public service functions. For example, privatization is generally approved, but seldom does the public appreciate the myriad problems associated with privatization, including its costs and consequences, as well as issues related to accountability and performance.

We maintain that seasoned public administrators are best equipped to raise the level of discourse and understanding about particular programs and functions in the public service. But cultural perspectives on the societal level, as well as an emphasis on compliance versus integrity on the organizational and individual levels, combine to inhibit the fulfillment of this administrative responsibility. Our goals, therefore, are, first, to identify the qualities of the morally conscious and competent public administrator; second, to describe one possible venue in which moral agency might contribute to public discourse and understanding; and, third, to propose change strategies for renegotiating the nexus between public administrators as moral agents and citizens.

Moral Agency, Moral Leadership, and Transparency in Public Service

We begin by briefly considering three concepts that are vital for improving public discourse and governance: moral agency, moral competence, and trans-

parency. We have argued that public administration is a fundamentally moral enterprise and that the public administrator is a moral agent (Garofalo and Geuras 2006). In this context, public administrators have multiple principals whose interests and priorities are multiple as well. The public administrator's central principal, however, is morality itself, the principal that is foundational to the legitimacy of public administration. Ultimately, public administration serves societal values, and concerns the justification of the ends and means by which those values are enacted. This is the basis of public administration's claim to moral legitimacy in governance.

We also have argued that moral legitimacy is not enough for effective public service leadership (Garofalo and Geuras 2005). It must be accompanied by moral competence, a key dimension of the professional skills required by good governance. Drawing from both Kenneth Winston's (2003, 169–87) analysis and our own unified ethic, we maintain that the "[i]ndividual and institutional characteristics and capacities, grounded in the moral nature of democracy" as well as "fidelity to the public good, principled decision making, and the exercise of responsible discretion" underpin morally legitimate and morally competent public service leadership (Garofalo and Geuras 2005, 270).

In keeping with Mark Moore's image of the public administrator-as-explorer, who searches for public value, exercising initiative and judgment (Moore 1995) but also being responsive to political authority, we envisage a public service leadership that articulates values, develops a vision, and includes moral competence, clarity, and conviction (Garofalo and Geuras 2005, 270). This is leadership that entails discretion, hard choices, and transparency. Public servants are moral actors whose discretion and decisions demand the application of moral judgment in policy and management, rather than simple obedience to hierarchical directives. While this does not exclude the need for laws, codes, and sanctions, these legalisms are not surrogates for genuine moral leadership.

The third and final ingredient in our recipe for improving public discourse and governance is transparency. Transparency is both an instrumental and a normative value, intended to increase information to citizens in order to facilitate more effective choices and to ensure greater accountability, and designed to contribute to legitimate governance by helping to resolve the perennial principal-agent problem. But the application of transparency in specific circumstances often conflicts with other values or interests. For example, disclosure of data can jeopardize privacy, public safety, or proprietary information. Therefore, the skills needed to interpret and apply information and to discern the utility of transparency in particular situations are vital elements in governance (Fenster 2006; Florini 2002, 2003; Fung, Graham, and Weil 2002, 2004; Stiglitz, 1999). We maintain that these very skills are at the

heart of what morally conscious and competent public administrators need to do their jobs and to contribute to the elevation of public discourse and the quality of public decisions.

Privatization in the United States

In this section, we focus only indirectly on the merits of the privatization case and more directly on the fact that privatization or contracting out or the hollowing out of the state—whatever the term of art may be—has occurred with no universally understood rationale or justification as well as no public discourse. It has metastasized across American government to encompass not only defense but also prisons, education, environmental protection, information technology, health and human services, and even intelligence collection and budget preparation. The fundamental determination of what is inherently governmental and, thus, not to be outsourced has been virtually ignored, and contractors have become what some call a fourth branch of government. Therefore, privatization is an issue on which moral leadership and public discourse are vitally needed, since actions have been taken in the name of citizens on which citizens have had no opportunity to express their judgments.

Consider, first, the dimensions of privatization in the United States. Between 2000 and 2006, spending on federal contracts alone rose from $207 billion to approximately $400 billion, an increase attributable largely to the Iraq war, homeland security, and Hurricane Katrina, but also to a belief in the value of outsourcing governmental activity. As stated in an editorial by the *New York Times:*

> While the private sector personnel in Iraq have attracted the most attention, many day-to-day operations are no longer in the hands of federal employees. Functions as disparate as clerical work and tax collection are handled by private companies, while oversight of this always for-profit work is being sorely neglected. ("Government Inside Out," February 7, 2007)

Therefore, we are faced with the perennial questions of cost, accountability, and propriety, as well as potential fraud, waste, and abuse. But there are also a number of underlying issues that transcend contractual violations, issues concerning competition that putatively leads to savings, the nature of inherently governmental work, the effect of contracting out on agency capacity to negotiate and manage contracts, the link between political contributions, lobbying, and the awarding of contracts, and the impact on public scrutiny and transparency. As Daniel Yankelovich (1991) maintains, these issues as well

as others demand the intervention of citizens-as-stakeholders in governance, public interest groups, media, think tanks, and public administrators-as-moral agents "in which good questions are more important than assertions of moral privilege or the exercise of power" (91).

The Vicious Circle of Distrust

The issue of privatization is basic to attitudes regarding public service in the United States. Long-standing negative attitudes toward government and positive attitudes toward private enterprise contribute to a *prima facie* reaction favorable to privatization among Americans. Whatever justifications there may be for private enterprise, they have their limits. While the free market may be fine for businesses producing innumerable consumer products, even the most libertarian of political analysts recognize a need for some public agencies; Robert Nozick, the foremost libertarian philosopher, who argues for minimal government, still acknowledges the need for at least a public force to defend the populace and guarantee contracts (Nozick 1974). Yet the distrust of government is so pervasive that whenever privatization is recommended, a deafening chorus of "Amen" is heard.

Distrust is a vicious circle. Public administrators decry the lack of trust that the public, at least in the United States, has in government and its bureaucracy, but the problem will continue to exist as long as Kaifeng Yang's missing link, that is, public administrators' trust in citizens, is absent (Yang 2005, 273–85). Before the public will trust the public service, it must be transparent regarding its activities. But public administrators are skeptical of the public's ability to understand them, so they are reluctant to be overly transparent concerning their policies, procedures, and budgets. The lack of transparency, in turn, contributes to a distrust of government. That distrust is exacerbated when ethical breaches and professional lapses of public officials occur, because the public has no concept of the enormous mass of good behavior of public administrators who are reluctant to discuss what they do because they are afraid that they will be misunderstood. The few bad apples appear enormous when there is nothing else visible in the barrel.

If the vicious circle is to be broken, public administration must take the active role. Public administrators have nothing to gain by passively accepting public distrust as natural and inevitable. Nor can they wait for the public to come to its senses and become more aware of the nature of the public service. We need some good.

Public administrators live under rules that the general public considers incomprehensible at best and wasteful or self-protective at worst. But the public has little understanding of the reasons behind such rules. Private citi-

zens, especially conservatives, complain that a private company could never survive in a competitive environment and make a profit under the rules of the public bureaucracy. They are, of course, correct. Public organizations are not private companies, do not make profits, and are not in a competitive environment. Public organizations exist specifically to do things that a private company cannot do as well as they can. The environment of the public organization is necessarily different from that of the private company. Armies, police departments, welfare agencies, and environmental protection agencies do not and should not compete with other like agencies for profit resulting from their activities.

It is too easy to throw up our hands and lament, "They'll never understand." They surely will not understand if no one explains to them the difference between public and private organizations. But the explanation can only come from the public service itself.

The problem of explaining the workings of the public service to the served public is daunting. Nevertheless it must be undertaken. Doctors and attorneys must explain the complexities of their professional advice to those whom they serve, and so must public administrators.

The barriers to transparency of the sort needed to promote understanding and allay distrust are numerous. The task is especially difficult in the United States, which, from its inception, has had a tradition of distrust in government. Among the three dominant perspectives of early America, the Madisonian, with its insistence on separation of powers, and the Jeffersonian, with its preference for small, local government, were the most overtly distrustful. But even Federalists were wary of government. John Adams favored a strong presidency but did not necessarily trust government as a whole. In a letter to Jefferson, Adams summarized their differences by stating that he feared the aristocracy of Congress while Jefferson feared the monarchy of the presidency. Both were inspired by a fear of government, though of different branches.

There are also internal barriers that the public service imposes upon itself, and their erosion is a necessary condition of public trust. Some of those barriers are understandable. Distrust of government and the lack of understanding of its functions are pervasive and contribute to a reluctance of public organizations to discuss their activities too overtly. Furthermore, organizations may discourage employees from speaking too openly for fear that the employees may be interpreted as speaking for the organization as a whole. In such cases, the organizations are not trying to hide anything but merely ensuring that the public does not confuse private opinion with organizational commitment. An additional issue is that of protecting the privacy of employees. There is also the general concern of whether an organization can function properly if it has the public always watching over it. Moreover, while the public complains about

red tape, more of it will be generated by procedures that force organizations to constantly write reports for public consumption.

Public administrators, moral agents, have, in addition to serving the public with their professional expertise, the responsibility of explaining the value of their service to the public. The public administrator is an educator as well as a performer of professional duties. But the education must take place in a context free of the aforementioned barriers. Public servants at all levels should be permitted to explain the importance of the public service, its strengths, its requirements, and its limitations. In order to make their cases, public administrators should not be cast as spokespersons for a particular organization or for government as a whole but should offer their expertise as citizens in a common endeavor with their fellow citizens to form a better society. Public administrators, chosen for their commitment to moral agency more than to any specific organization, should find venues to participate in dialogue, unencumbered by organizational loyalties and untainted by the appearance of such loyalties, with all levels of the general public.

Reframing Administrative Leadership and Transparency

Just as collaboration between citizens and public servants is essential for the creation of public discourse and public judgment, so, too, is collaboration between public servants, academics, professional associations, and relevant public interest groups essential for reframing the relationship between administrative leadership and transparency. Fundamental to this process is the revitalization of mutual trust, the covenant between public administrators, as citizens in league with the rest of us, and the general public. In this regard, we propose a venue similar to Benjamin Barber's (1998) national civic forum "in which civil speech and reasonable political argument among geographically and economically dispersed communities becomes possible" (85). The advantages of such a forum, according to Barber, include horizontal conversation among citizens rather than the more typical vertical conversation between citizens and elites; ongoing deliberation instead of a single event; and the possible use of interactive media to enable dialogue as opposed to demagogic talk radio, for example, or the commercially dominated electoral process. While the specific details of this type of event would need to be developed and calibrated to particular issues and circumstances, the idea behind it merits serious consideration, along with consideration of public servants qua moral agents as more than bit players in public discourse. In their new, more central role, morally conscious and morally competent public administrators would bridge the gap between citizens and experts by embodying the qualities of both and contributing an explicit concern

for values as well as the technical information and proficiency required for informed policy judgments.

One might be tempted to write off the general public as too fickle and uninformed to benefit from any such heady forums. Polling data appears to show a public that changes its mind by the week and that has little deep knowledge of the major issues that government must address. But the appearance may be misleading.

Yankelovich (1991) makes a distinction between mass opinion and public judgment. He defines mass opinion as "poor quality public opinion as defined by defects of inconsistency, volatility, and nonresponsibility" (42). Mass opinion occurs when people consider issues lightly, perhaps because they are not pressing at the time, when a subject is beyond their understanding, and when they have not thought about all of its aspects. Public judgment has been reached on an issue when "people have struggled with the issue, thought about it in their own terms, and formed a judgment they are willing to stand by" (42).

The best-publicized polls report on mass opinion and therefore present a misleading impression of the public. Its ill-considered opinions therefore masquerade as public judgment when they are really public opinion. The purpose of the forums, which would discuss issues of serious concern, would address public judgment.

It may be argued that the public in general would have little time for such discussions. Most people, one might assume, would be so consumed by their private concerns that they would not take the time for intellectual and informative conversation. We firmly believe that, if the issues discussed are important enough to the public, it will participate. However, even if the forums are attended by a relatively small group of more informed and interested people, Yankelovich has some comforting data.

He argues that even a few can have a strong influence on public judgment. He cites a poll that showed a remarkable ignorance on the part of the American public concerning their political leadership (Yankelovich 1991, 47). In the poll, taken during the presidency of George H.W. Bush, only three out of four people could identify Dan Quayle as the nation's vice president. Yet many political scientists remained unconcerned because they were aware that only a small part of the public is concerned about such matters, but that part was most influential.

It would be hasty to conclude that that small portion, alone, involves itself in the political process. When the rest of society takes interest in an issue, the knowledgeable core will likely grow; when people pay attention to matters of importance, they tend to bone up on them. Nevertheless, even the small group that maintains constant political interest has a disproportionate influence on

society as a whole. They write letters to editors and sometimes guest editorials. They organize neighborhood groups and local discussion panels. They meet with their fellow citizens in coffee shops and hair salons. The informed few do not, of themselves, constitute public judgment, but they contribute most significantly to it.

We do not argue that these discussion groups will convert the public on issues such as privatization or transform them magically into true believers in the honest benevolence of the public sector. The process of education will not end with such forums but they can contribute greatly to its progress.

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5

Implications of Organizational Influence on Ethical Behavior

An Analysis of the Perceptions of Public Managers

Rodney Erakovich and Sherman Wyman

A core principle of public administration since Woodrow Wilson issued his 1887 call for a civil service is a need for public administrators to act ethically. The context of this research is on the capacity of government organizations to influence the exercise of discretionary power of public servants (Bailey 1964; Cooper 1998; Finer 1941; Leys 1943; Rohr 1989; Waldo 1980). Conflicts between organizational values and the mission and goals of a public organization can cause deviant behavior within organizational boundaries.

A key question is: why do people in public organizations do things that they would never do by themselves? Organizations are where people work and are encouraged to self-actualize through motivation and socialization with other individuals. Compliance to authority explains a portion of behavior found inside public organizations in Stanley Milgram's 1974 research that found that "a large percentage of the American population may be inclined to obey authority, even when doing so involves actions that are apparently dangerous to others" (Cooper 1998, 213). Current research struggles to provide predictive power to what ethical controls work. This research fills a void in the literature by establishing key links between public organizational culture and ethical behavior.

The ethical setting most conducive to and predictive of responsible moral conduct in public administration organizations requires clearly defined behavior (Cohen 1995). For the purposes of this research, desirable moral behavior is defined, very broadly, as conduct that merits trust. Cohen's definition expounds on this premise:

> Ethical behavior involves intentionally responsible action, honoring implicit and explicit social contracts, and seeking to prevent, avoid or rectify harm. Specifically in the organizational context, this conduct also includes promoting long-term goodwill within and across group boundaries and respecting the needs of others both within and outside the firm. (317)

All decisions made in public organizations affect individual's lives. While the boundary discussed is within public organizations, the analysis within considers there is no ethical boundary. All decisions must be responsible, honor social contracts, and promote citizen goodwill and support.

Organizational Influence on Ethics

Contained within Dwight Waldo's (1974) list of responsibilities of public managers are two principles present in all ethical dilemmas faced by public servants: the individual and the organization. An organizational approach in a traditional bureaucratic paradigm of public administration would call for ethics enforced by bureaucratic authority (Fox and Miller 1996; Weber 1947). Authority-enforced ethics creates a hierarchically arranged bureaucracy that directs public administrators by rules and coordination control with experts using scientific principles (Gulick and Urwick 1937; Taylor 1947; Weber 1947).

Contrasting the rational bureaucratic model is an approach that argues for accountability as the key ethical control measure. Postmodern theory advocates decentralization of government institutions and forces accountability and responsibility to lower levels in the leadership chain. Where accountability centers on external control, responsibility focuses on internal control. Dispersal of power among more participants increases the need for greater discretion in duty allocation and calls for greater external participation on the part of the public to hold public leaders responsible and to create dependence on external groups (Gortner 1991, 1995).

The movement of public administration toward self-accountability suggests a need to consider internal organizational controls. Cooper (1998) argues that organizational structure and culture provide values that direct decisions and actions of public servants. Organizational culture is the "basic assumptions and beliefs that are shared by members of the organization" (Schein 1985, 435). Organizational climate is distinct, however, from organizational culture (Cullen, Victor, and Bronson 1993). The behavior of individuals occurs (Ott 1989) in the psychological environment premised on organizational climate. Individual norms influence the organizational climate and evolve into institutional systems known by organizational members. Organizational ethical cli-

mate is a collection of shared perceptions on what constitutes ethically correct behavior and how ethical issues should be handled (Victor and Cullen 1987). The linkage between organizational culture and organizational ethical climate in public administration organizations is a central focus of this study.

Definition of Public Organizations

Public organizations serve the role of providing public services and creating and implementing public policy. This role goes beyond the issues of efficiency and effectiveness and includes values of equality, justice, and transparency (Appleby 1945; Denhardt 1993; Frederickson 1999).

Political authority implies public ownership, which in turn provides a distinctly different approach to organizational control of goals from that of private organizations. Moreover, democratic values inherent in public organizations and market-based values inherent in private organizations impose significantly different management challenges to areas such as decision making and employee reward systems (Box 1999).

For purposes of this research, we define public organizations as a collective of individuals operating within a boundary that defines insiders and outsiders. Public employees operate within a system of coordinated and interrelated activities to accomplish a specific policy purpose while reflecting on values of democracy, social equity, and responsiveness to citizens. The activities are under the control of a political entity that creates expected outcomes for processes, products, or services. Behavioral expectations exist in the socialization process within the organization's defined boundaries.

Conceptualizing Organizational Culture and Climate

The essence of an organization's culture lies in the pattern of underlying assumptions, beliefs, and values and not in overt behavior. Schein (1992) and Ott (1989) focus their definition of organizational culture around the cognitive components of a pattern of shared basic assumptions learned by organizational members in responding to problems of external adaptation and internal integration.

Organizational theorists (Ott 1989; Schein 1992) emphasize values, norms, rituals, and myths shared by members of the organization when describing organizational culture. They see culture within an organization as a variable similar to strategy or structure. Three theoretical organizational cultural perspectives, integration, differentiation, and fragmentation, help to explain the differences in approaches to theorizing organizational culture (Martin 2002). This research uses a synthetic definition of organizational culture as

a framework. We define organizational culture as the visible organizational elements, values and hidden assumptions that provide rules of behavior for its members. Consensus on these visible elements, values and assumptions connect organizational members. Differing opinions do not exclude organizational members because of multiple meaning by each member (Ott 1989; Schein 1985).

Organizational climate is an arena where behavior of individuals occurs (Barker 1994; Ott 1989). These behaviors evolve into institutional systems known by organizational members and provide signals for correct behavior (Victor and Cullen 1987). Prevailing employee perceptions of organizational signals refer to the general agreements among members of the firm about what organizational practices and procedures actually mean in terms of expected behaviors (Vidaver-Cohen 1988).

Moran and Volkwein (1986) propose that organizational climate operates at the levels of attitudes and actual behaviors while culture operates on basic assumptions and values. Organizational climate, therefore, is behavior patterns by organizational members based on what the behavioral expectations are. The organizational climate provides the basis for acceptable individual behavior.

Operationalizing Public Organization Culture

Not all parts of an organization's culture are relevant to any given issue (Schein 1985). This research considers the cultural variables of structure, innovation, support, cohesion, and leadership that illustrate the complexity and completeness of public organizational culture, and their effect on creating the ethical climate of public organizations by exploring the following hypotheses.

H1: In public organizations, a supportive leadership style is positively associated with ethical climate dimensions.

H2: In public organizations, task leadership is negatively associated with ethical climate dimensions.

H3: In public organizations, a participatory organizational structure is positively associated with ethical climate dimensions.

H4: In public organizations, organizational support is positively associated with ethical climate dimensions.

H5: In public organizations, cohesion is positively associated with ethical climate dimensions.

H6: In public organizations, innovation is positively associated with ethical climate dimensions.

Leadership research has focused on the isolation of two dimensions of leadership behavior: consideration or supportive and initiating or structural. Leaders who score high on the consideration dimension reflect a work atmosphere of mutual trust, respect for subordinates' ideas, and consideration of subordinates' feelings. A high initiating score indicates that leaders structure their roles and those of their subordinates.

A structural variable is the organization's procedures, chain of command, flow of work, orientation toward responsibility, and attempts to acquire power (Aiken and Hage 1966; Odom, Boxx, and Dunn 1990). Organizational support leads to a workplace that helps an employee in need without questioning ability. It includes such variables as the degree to which employees are encouraged to be creative and innovative, employee perceptions of participation in the decision-making process, and the degree to which rewards reflect employee performance (House and Dressler 1974; Van der Post, de Coning, and Smit 1997).

Cohesion is the closeness or commonness of attitude, behavior, trust, and performance within the organization (Odom, Boxx, and Dunn 1990). Trust among organizational members is defined as maintaining confidentiality of information shared by others and not misusing it; a sense of assurance that others will help when needed and will honor mutual obligations and commitments. Collaboration, part of cohesion, is giving help to and asking for help from others, a sense of working together, as both individuals and groups, to solve problems (Pareek 1994). Innovation is an organizational work culture that is creative, results oriented, and challenging (Odom, Boxx, and Dunn 1990) and includes active shared values among various organizational levels.

Organizational Ethical Climate as a Measure of Public Organization's Ethics

Organizational ethical climate is the shared behavior that directs organizational member's ethical actions and decisions (Agarwal and Malloy 1999; Key 1999). These cumulative collections of shared practices are observable and influence public organizational members in the decision-making processes. Victor and Cullen (1987) developed a typology of organizational ethical climates and argued that these climates distinguish what is really happening in organizations. Organizational ethical climates evolve along dimensions or levels of criteria similar to Kohlberg's moral theory. Kohlberg (1984) found that individual development follows a multistage sequence from an individualistic view to a wider concern for universal rights and even humanity as a whole. In Victor and Cullen's typology, ethical determinants and ethical analysis are key criteria used in the creation of an organizational ethical climate.

Types of organizational ethical climates may influence types of ethical conflicts that arise and the process by which they are resolved. Ethical determinants and the level of ethical analysis can range from the individual to the broadest of social systems. Merton (1968) also makes a distinction between a local and cosmopolitan role and internal to external sources of role definition. Ethical climate is "the shared behaviors of what are ethically correct and how ethical issues should be handled" (Victor and Cullen 1987, 52).

Levels of ethical determinant refer to Kohlberg's theory of moral development and consist of egoistic, utilitarian, and principled levels. An egoistic level identifies sources within individuals, while a utilitarian level bases decision on outcomes and a principled level searches for a rule or law as the source of ethical decision making. On the other dimension, the level of ethical analysis identifies the sources of ethical reasoning. The local level of analysis identifies internal organizational sources, and the cosmopolitan level defines ethical reasoning sources external to the organization. Together, the level of ethical determinant and the level of analysis establish nine ethical climate types.

Research Methods

The current study consisted of a survey of public managers to address the relationships between organizational culture variables and ethical climate dimensions. The independent variables are six measures of organizational culture: instrumental leadership, supportive leadership, structure, support, cohesion, and innovation. The dependent variables are ethical climate dimensions theorized by Victor and Cullen (1987). Several control variables are included in the analysis as well, including professional position operationalized as two dummy variables representing managers and supervisors (with executives as the reference group), three dummy variables representing federal, state, and county organizations (with the local level as the reference group), and number of managers supervised.

An organizational culture and ethical climate survey of public managers was used to collect necessary data. Reliability coefficients, Cronbach α, for the scores in this survey range from a minimum of .53 to a high of .89. The overall Cronbach α for the combined ethical climate survey portion is .81. Suggesting similar problems to those found in Victor and Cullen's (1987) research, other researchers found issues with determining distinct ethical climate dimensions. For example, Cullen, Victor, and Bronson (1993) identified only seven of the nine dimensions. Agarwal and Malloy (1999), in measuring not-for-profit organizational ethical climates, found only five dimensions with adequate reliabilities ranging from .67 to .79. The operationalization of ethical climate employed in the current study was reduced to four dimensions as shown in Figure 5.1.

Figure 5.1   **Ethical Climate Dimensions in Public Organizations**

Levels of ethical criteria	**Levels of ethical analysis**		
		Local	Cosmopolitan
	Principled	Principled local	Principled cosmopolitan
	Utilitarian	Utilitarian local	Utilitarian cosmopolitan

Results

Two thousand eight hundred and eighty questionnaires were e-mailed to federal, state, county, and local public managers. A total of 261 complete and useable surveys were returned for a response rate of 9.1 percent. While response bias is an issue of concern with low response rates, follow-up phone calls to nonresponders eliminated bias concerns. Variables that may influence findings include type of organization, size of organization, position of respondent, and the number of managers and supervisors a public manager actually supervises. The most common position was that of manager at 47.9 percent, followed by supervisor at 29.9 percent. The majority of organizations were federal at 59.0 percent, followed by state at 21.1 percent then local at 13.0 percent.

Correlation Analyses

Correlations between the organizational culture variables and ethical climate dimensions illustrated in Table 5.1 show that all the correlations among the organizational culture variables were statistically significant, ranging from .39 to .89. Similarly, all of the correlations among the ethical climate dimensions were statistically significant, ranging from .13 to .53. The intercorrelations between the organizational culture variables and the ethical climate dimensions also were statistically significant, with values ranging from .20 to .59. The correlation results indicate a strong relationship between organizational culture variables and ethical climate dimensions.

Table 5.1

Correlations of Cultural Variables and Ethical Climate Dimensions

	Supportive leadership	Task leadership	Structure	Support	Cohesion	Innovation	Principled local	Principled cosmopolitan	Utilitarian local	Utilitarian cosmopolitan
Supportive leadership	1.00									
Task leadership	.67***	1.00								
Structure	.46***	.46***	1.00							
Support	.86***	.62***	.44***	1.00						
Cohesion	.78***	.56***	.39***	.79***	1.00					
Innovation	.82***	.61***	.45***	.89***	.78***	1.00				
Principled local	.27***	.35***	.24***	.24***	.28***	.29***	1.00			
Principled cosmopolitan	.53***	.50***	.38***	.51***	.52***	.51***	.53***	1.00		
Utilitarian local	.47***	.28***	.20**	.54***	.45***	.59***	.24***	.29***	1.00	
Utilitarian cosmopolitan	.41***	.35***	.23***	.39***	.41***	.37***	.27***	.41***	.13*	1.00

*p <.05 (two-tailed).
**p <.01 (two-tailed).
***p <.001 (two-tailed).

Regression Analyses

A series of multiple regression analyses, one analysis for each of the four ethical climate dimensions, examined the relationships between ethical climate dimensions and the cultural variables. In each analysis, researchers entered the control variables followed by the six cultural variables. Table 5.2 shows the results of these analyses.

In the first analysis, the principled local ethical dimension served as the dependent variable. When the covariates were entered in the first block, the regression model was statistically significant, $R^2 = .05$, $F = 2.37$, $p < .05$. Three of the covariates were statistically significant: supervisors had higher scores than executives, $\beta = .20$, $p < .05$; and participants from federal, $\beta = .20$, $p < .05$, and state, $\beta = .24$, $p < .05$, organizations had higher scores than participants from local organizations. When the six cultural scores were entered in the second block, the change in $R^2 = .15$ was statistically significant, $F = 7.37$, $p < .001$. Both task leadership, $\beta = .20$, $p < .05$, and innovation, $\beta = .29$, $p < .05$, were statistically significant, indicating that those with higher scores on the task leadership and innovation scales also tended to have higher scores on the principled local ethical dimension.

The second set of regression analyses employed the principled cosmopolitan scores as the dependent variable. When the control variables were entered in the first block, the regression model was statistically significant, $R^2 = .08$, $F = 3.43$, $p < .01$. Individual predictor results indicated that supervisors had lower scores than executives, $\beta = -.17$, $p < .05$, and participants from federal organizations had higher scores than those from local organizations, $\beta = .28$, $p < .01$. When the organizational climate scores were entered in the second block, the increase in $R^2 = .28$ was statistically significant, $F = 16.97$, $p < .001$. Task leadership was statistically significant, $\beta = .23$, $p < .01$, indicating that those with higher task leadership scores also tended to have higher scores on the principled cosmopolitan ethical dimension.

The third set of regression analyses employed the utilitarian local ethical dimension scores as the dependent variable. When the control variables were entered in the first block, the regression model was statistically significant, $R^2 = .06$, $F = 2.67$, $p < .01$. Supervisors tended to have lower scores on this ethical dimension than executives, $\beta = -.25$, $p < .01$. When the organizational climate dimensions were added in the second block, the change in $R^2 = .31$ was statistically significant, $F = 19.62$, $p < .001$. Regression coefficients indicated that those with higher scores on the innovation scale also tended to have higher scores on the utilitarian local scale, $\beta = .60$, $p < .001$.

The final set of regression analyses employed the utilitarian cosmopolitan scale as the dependent variable. The control variables entered in the first block

Table 5.2

Regression Results With Control Variables and Leadership Variables as Predictors of Ethical Climate

Independent variable	Dependent variable							
	Principled local		Principled cosmopolitan		Utilitarian local		Utilitarian cosmopolitan	
Position = manager	.15	.16*	-.02	-.02	-.07	.01	.07	.07
Position = supervisor	.20*	.28**	-.17*	-.07	-.25**	.03	-.19*	-.09
Organization type = federal	.20*	.10	.28**	.11	.12	.02	.07	-.08
Organization type = state	.24*	.19*	.09	-.01	.07	.04	.02	-.06
Organization type = county	.11	.09	.07	.03	.07	.04	.04	.01
No. of managers supervised	.09	.03	.08	.02	.04	.11	.04	.02
Supportive leadership		.13		.08		-.01		-.04
Task leadership		.23**		.16*		-.13		.20*
Structure		.11		.08		-.08		.02
Support		-.11		.02		.13		-.14
Cohesion		.18		.27**		-.01		.14
Innovation		.12		-.06		.60***		.29*
R^2	.05	.20	.08	.35	.06	.37	.06	.25
Adjusted R^2	.03	.16	.06	.32	.04	.34	.04	.21
F	2.37*	5.06***	3.43*	10.87***	2.67*	11.75***	2.57*	6.72***
Df	6,247	12,241	6,246	12,240	6,246	12,240	6,247	12,241
Change R^2		.15		.27		.31		.19
Change F		7.37***		16.97***		19.62***		10.29***
Change Df		6,241		6,240		6,240		6,241

Note: Table coefficients are standardized regression coefficients (βs).

*p < .05 (two-tailed).
**p < .01 (two-tailed).
***p < .001 (two-tailed).

of the regression model was statistically significant, $R^2 = .06$, $F = 2.57$, $p <$ .01. The individual regression coefficients indicate that supervisors tended to have lower scores on this dimension than executives, $\beta = -.19$, $p < .05$. When the organizational climate variables were entered in the second block, the additional variance explained was statistically significant, change $R^2 = .18$, $F = 10.29$, $p < .001$. The regression coefficients for the individual predictor coefficients indicated that those with higher scores on task leadership, $\beta = .16$, $p < .05$, and those with higher scores on cohesion, $\beta = .27$, $p < .01$, also tended to have higher scores on the utilitarian cosmopolitan scale.

Summary of Findings

While the correlations between the supportive leadership style scale and all four ethnical climate dimensions were statistically significant, the supportive leadership style scale was not significant in any of the regression analyses. This indicates that while there may be relationships between a supportive leadership style and ethical climate, it is secondary to other cultural dimensions, illustrating weak support for the first hypothesis.

Findings showed task leadership scores positively related to all of the ethical climate scores in the correlation analyses, and to the principled local, principled cosmopolitan, and utilitarian cosmopolitan scales in the regression analyses. These results indicate that task and supportive leadership are key cultural aspects and highly predictive of the ethical climate dimensions.

Findings showed that organizational structure was significantly correlated with all of the ethical climate scores in the correlation analyses, but was not statistically significant in the regression analyses. This indicates that other cultural aspects are more important than organizational structure in terms of predicting ethical climate.

While organizational support was positively associated with the ethical climate dimensions in the correlation analyses, it was not statistically significant in any of the regression analyses. As was the case with supportive leadership style and organizational structure, this indicates that other aspects of organizational culture are more important than organizational support in terms of predicting the ethical climate.

Findings showed cohesion positively related to all four ethical climate scores in the correlation analyses, and statistically significant in the regression analysis with the utilitarian cosmopolitan score as the dependent variable. This indicates that cohesion is predictive of ethical climate, particularly with respect to the utilitarian cosmopolitan ethical dimension.

Findings showed innovation positively related to all four ethical climate scores in the correlation analyses and was statistically significant in the regres-

sion analyses with principled local and utilitarian local scores as the dependent variables. Thus, innovation appears to be particularly important as a predictor of local, principled or utilitarian, aspects of ethical climate.

In terms of the control variables, the number of managers supervised and whether the participant was from a county organization were not statistically significant in any of the regression analyses. The other four control variables, being a manager or supervisor as opposed to an executive, and being from a federal or state organization as opposed to a local organization were statistically significant in at least one of the regression analyses, indicating that both position and organization type were related to various aspects of ethical climate.

Future Research Directions

This research revealed several key implications for future research: instrumentation, improving qualitative inquiry, and considering postmodern implications. First, imperfect measurement of the key study variables may have lowered associations that exist between organizational cultural variables and ethical climate dimensions. Second, while previous studies noted in this research have generally determined that separate ethical climates exist in organizations and are part of the organizational culture (Key 1999; Victor and Cullen 1987; Vidaver-Cohen 1988), a pure type of ethical climate in public organizations may not exist. While one dimension may be dominant and influence ethical behavior, all dimensions are present to some extent. Third, this research considered a broad view of public organizations and the association between organizational climate variables and ethical climate dimensions. The postmodern approaches to management blur lines between traditional influences and new organizational processes (Fox and Miller 1996). This new approach tends to decentralize decision making and reduce rules to create conflicting value sets (Van Wart 1998).

Implications for Public Management

This study reveals organizational culture has a predictive influence on ethical climates in public organizations. While organizational culture provides a value framework for guidance, the climate provides for identification and confirmation of acceptable behavior within the organization. Dispersal of power among more participants increases the need for greater discretion in duties and appeals to greater external participation to hold public leaders accountable. This requires the leader to include external groups' values in the decision-making process, further complicating the public manager's responsibility in managing the organization.

While formal codes of ethics offer some standards of conduct and guidelines for ethical decision making, a more effective approach is to link enforcement codes with a normative approach to establish an ethical climate that supports the organizational processes and goals. Such strategies might include:

1. Develop commitment employee accountability.
2. Establish trust within the organization and with citizen groups.
3. Promote participative decision-making participation among employees.
4. Develop a supportive environment that builds partnerships.
5. Support cohesion within the organization to build trust and integrity.
6. Within legal and regulatory constraints support innovation through risk taking.

Conclusions

The influence of organizational constructs in ethical decision making is established. Employees and managers make a judgment about which course of action is correct based on the ethical climate dimension that includes belief that the action is socially and personally preferable in the organization and in a cosmopolitan or global arena. These enduring beliefs and values become difficult to change. Whereas attitudes are changeable, beliefs and values are far more resistant.

The results of this study indicated that organizational culture is predictive of ethical behavior. Innovation and leadership, and to a lesser extent cohesion, appear to be the key cultural dimensions in terms of developing ethical climates, creating organizational norms and predicting ethical behavior. While any one variable is important, the correlation between cultural variables is significant. Together and in the right focus, they form an ideal public organizational culture that can predict ethical behavior.

The norms of the ethical climate established can predict ethical behavior in public organizations. Just as Max Weber created an ideal bureaucracy and predicted key behaviors, an ideal ethical culture can predict ethical behavior.

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6

Public Management
in a Culture of Waiver

Harold Moeller

As if management of public organizations were not difficult enough, the past decade has seen governance issues that beset corporate managers in the private sector complicate the lives of public and not-for-profit sector managers as well. Some managers who sought counsel from outside accountants and attorneys have been surprised to find the substance of their supposedly confidential interviews turned over to federal prosecutors and used against them. This chapter examines what has been termed a culture of waiver (Peloso and Brooks 2006): its origins, how it developed, a specific manifestation of it in a public institution, emerging signs of its unraveling, and some specific issues it requires managers in the public and not-for-profit sectors to resolve.

What Is the Culture of Waiver?

In recent years, the U.S. Department of Justice developed a tool for the effective prosecution of corporations for wrongdoing, whether private corporations, public sector–sponsored corporations or not-for-profit corporations, and whether constituted by private individuals or by public entities. That tool amounts to demanding the active cooperation of the corporation during the government's investigation leading up to the government's deciding whether, and to what extent, criminal charges should be brought against the corporation and its directors.

"Active cooperation" does not sufficiently describe the level of capitulation that the government expects. Indeed, as James B. Comey, the U.S. Attorney for the Southern District of New York, remarked in a 2003 interview, "For a corporation to get credit for cooperation, it must help the government catch the crooks."

The authority for U.S. Attorneys to expect this kind of cooperation lay

in what is known as the Thompson Memorandum. To appreciate the legal underpinnings set out in that document, one must look behind it to an earlier legal memorandum issued in 1999 by then-U.S. Deputy Attorney General Eric Holder titled "Federal Prosecution of Corporations" (Holder Memorandum 1999). The Holder Memorandum set out its purpose: to provide "guidance as to what factors should generally inform a prosecutor in making the decision whether to charge a corporation in a particular case." The Holder Memorandum was not prescriptive, and it made clear that the factors laid out were not "outcome-determinative"; that is, federal prosecutors were not required to reference the factors in a particular case nor required to document any relative weight given them in deciding whether to bring a specific criminal indictment against a corporate defendant.

The political and administrative climate changed after 9/11, and after such corporate names as Tyco, WorldCom, and Enron were thrust into the public's consciousness. The nonbinding guidance laid out in the Holder Memorandum was replaced by a statement of nine factors that federal prosecutors were required to consider in developing and prosecuting a criminal case against a corporation. This binding document was issued in January 2003 by then-Deputy Attorney General Larry D. Thompson, who had been tapped by President Bush to lead the Corporate Fraud Task Force within the Department of Justice. The Thompson Memorandum only slightly revised the Holder Memorandum's articulation of the factors to be considered, but its binding authority gave it vastly different status in the prosecution of corporations, their leaders, and their managers. Indeed, the 2005 Department of Justice Criminal Resource Manual points to the nine factors as items that "federal prosecutors must consider in determining whether to charge a corporation or other business organization."

The nine factors include the following:

1. the nature and seriousness of the offense, including the risk of harm to the public, and applicable policies and priorities, if any, governing the prosecution of corporations for particular categories of crime;
2. the pervasiveness of wrongdoing within the corporation, including the complicity in, or condonation of, the wrongdoing by corporate management;
3. the corporation's history of similar conduct, including prior criminal, civil, and regulatory enforcement actions against it;
4. the corporation's timely and voluntary disclosure or wrongdoing and its willingness to cooperate in the investigation of its agents, including if necessary, the waiver of corporate attorney-client and work product protections;

5. the existence and adequacy of the corporation's corporate compliance program;
6. the corporation's remedial actions, including any efforts to implement an effective corporate compliance program or to improve an existing one, to replace responsible management, to discipline or terminate wrongdoers, to pay restitution, and to cooperate with the relevant government agencies;
7. collateral consequences, including disproportionate harm to shareholders, pension holders and employees not proven personally culpable and impact on the public arising from the prosecution;
8. the adequacy of the prosecution of individuals responsible for the corporation's malfeasance; and
9. the adequacy of remedies such as civil or regulatory enforcement actions. (Thompson 2003)

The factor weighing the waiver of attorney-client and work product protections—#4 in the above list—created the greatest stir and it is the particular interest of this chapter.

Under authority of the Thompson Memorandum, U.S. Attorneys around the country pursued criminal investigations and used its nine factors as criteria in determining whether to offer a deferred prosecution agreement (DPA) instead of immediately bringing the force of a federal prosecution to bear on the corporation and its leadership. If boards of directors had any question about the consequences of a federal criminal indictment for the long-term prospects of their corporation's life, they needed to look no further than the former Enron auditing firm, Arthur Andersen, LLP. Once it had been a multinational firm with a nearly ninety-year history and annual revenues of more than $9 billion. By the time the U.S. Supreme Court overturned Arthur Andersen's conviction, the company was a mere shell of its former structure, with comparatively minimal assets over which a long list of litigants were picking in order to satisfy claims against its meager remaining value.

How the Culture of Waiver Evolved

Among the cases opened and settled under authority of the Thompson Memorandum was that involving a DPA with Bristol-Myers Squibb Company (BMS), which followed an investigation into accounting fraud at the company. After the government commenced its investigation, the company made "significant personnel changes," removing such key employees as the company's chief financial officer, its president of Worldwide Medicines Group, and its controller. The prosecutors asserted that such DPAs served an

important function of helping deter further bad acts, provide full disclosure, and induce reform. They maintained that in high-profile investigations, such as that undertaken by BMS, the involvement of federal criminal prosecutors "is both advisable and warranted" (Christie and Hanna 2006). The prosecutors suggest that an effective deferred prosecution attempts to avoid collateral damage to third parties, such as innocent employees and shareholders, and they hold out the BMS settlement as a model.

The culture of waiver also was demonstrated in the government's DPA with Computer Associates (CA). There the government gained access to the internal factual investigations that the company had completed prior to the start of the government inquiry. CA opened these internal investigations presuming that material uncovered would enjoy the protection of attorney-client privilege and work product protection. In fact the material became grist for the prosecutor's discovery mill. Like other DPAs negotiated by U.S. Attorney Offices elsewhere in the country, the CA agreement provided that the company submit "any and all disclosures" of otherwise privileged material to any government agency that the U.S. Attorney's Office "in its sole discretion" deemed necessary. CA's attorneys and auditors were likewise pledged to provide "active assistance." Attorneys originally hired by the company were effectively deputized through the DPA, which led to guilty pleas from three former executives who admitted lying to the attorneys during an internal investigation. "Prosecutors contended that the former executives obstructed justice by lying to [the] attorneys knowing that their lies would be passed on to government investigators" (Christie and Hanna 2006).

With the ghostly specter of Arthur Andersen hovering in the background, many companies, especially financial service companies, can be persuaded rather easily that avoiding indictment of the corporation is worth the cost of terminating officers and employees who may have been responsible for the improper activities. What is somewhat surprising is that corporations in such positions also will terminate officers and employees who refused to cooperate with the company's internal investigations. However, the binding obligations contained in the Thompson Memorandum for prosecutors to consider the readiness of the corporation to "give up" its officers and employees drive a wedge between the two, with a series of events like the following suggested by Abramowitz and Bohrer (2005) easily unfolding:

> Currently the process of an internal investigation may well force executives and employees into a series of Hobson's choices. As a practical matter, executives and employees must participate in the investigation interviews or lose their jobs. Then having participated—or having considered participating—in the interviews, an executive or employee may

decide he wants outside counsel to guide him through the process. While the employee might reasonably expect his company to help pay the legal bills associated with an inquiry into the work he did for the company—and most companies do so—the DOJ or the SEC policies often disfavor such support, depending upon how the government views the individuals' conduct. These individuals may be left in the difficult position of paying their own legal fees or else forfeiting legal representation.

The concerns among corporate officers and corporate counsel about the impact of this culture of waiver were found to be more than simple theoretical speculation when the law firm Milberg Weiss Bershad & Shulman was indicted for obstruction of justice, bribery, and fraud recently. As reported by Creswell (2006), negotiations between the law firm and federal prosecutors over a settlement that would have prevented an indictment apparently fell apart in large part because the firm was unwilling to waive the attorney-client privilege and cooperate regarding its clients.

Culture of Waiver at the University for Medicine and Dentistry of New Jersey

In early December 2005, the U.S. Attorney for New Jersey asked to meet with the board of trustees of UMDNJ, a component of the State of New Jersey but with its own separate board. The U.S. Attorney advised the board that his office was prepared to file a criminal complaint against the university charging that it had improperly requested and received several million dollars in federal funds, specifically under the Medicare and Medicaid programs.

By December 29, the U.S. Attorney's Office (USAO) filed its criminal complaint and the remaining board of trustees had approved a DPA, which included among other concessions the requirement that

> it will retain an outside, independent individual (the "Monitor") selected by the [U.S. Attorney's] Office. It shall be a condition of the Monitor's retention that the Monitor is independent of UMDNJ and that no attorney-client relationship shall be formed between the Monitor and UMDNJ. The Monitor shall have no role in academic affairs.

In this instance the monitor would be the entity representing the USAO, and would expect the far-ranging cooperation of the university and would base his eventual recommendation of whether to pursue or drop the criminal complaint on the following key provisions of the agreement:

¶ 8 The Monitor shall have unfettered access to all documents and information the Monitor determines are necessary to assist him in the execution of his or her duties. The Monitor shall have the authority to meet with, and require reports on any subject from, any officer or employee of the Institution [UMDNJ].

¶ 9 UMDNJ shall promptly notify the Monitor and the Office in writing of any allegations of unlawful conduct or other wrongdoing by UMDNJ, its trustees, officers, employees and agents. UMDNJ shall provide the Monitor and the Office with all relevant documents and information concerning such allegations, including but not limited to internal audit reports, letters threatening litigation, "whistleblower" complaints, civil complaints, and documents produced in civil litigation. In addition, UMDNJ shall report to the Monitor and the Office concerning its planned investigative measures and any resulting remedial measures, internal and external. The Monitor in his or her discretion may conduct an investigation into any such matters; and nothing in this paragraph shall be construed as limiting the ability of the Monitor to investigate and report to the Board of Trustees and the Office concerning such matters.

¶ 21(b) Completely, truthfully and promptly disclosing all information concerning all matters about which the Office and other government agencies designated by the Office inquire, and continuing to provide the Office, upon request, all documents and other materials relating to matters about which the Office inquires, and analysis or other work product as may be requested by the Office, as promptly as is practicable. Cooperation under this paragraph shall include identification of documents that may be relevant to the matters under investigation.

¶ 21(d) Not asserting in relation to any request of the Office, any claims of attorney-client privilege or attorney work-product doctrine as to any documents, records, information or testimony requested by the Office related to: (i) factual internal investigations undertaken by the Institution or its counsel relating to the matters under investigation by the Office; (ii) legal advice given contemporaneously with, and related to, such matters. Such materials are referred to hereinafter as the "Confidential Materials." By producing the Confidential Materials pursuant to this Agreement, UMDNJ does not intend to waive the protection of the attorney-client privilege or the attorney work-product doctrine, or any other applicable privilege, as to third parties. The Office will maintain the confidentiality of the Confidential Materials pursuant to this Agreement and will not disclose them to any third party, except to the extent that the Office determines, in its sole discretion, that disclosure is otherwise required by law or would be in furtherance of the discharge of the duties and responsibilities of the Office. Should the Of-

fice determine that such disclosure is necessary, it will advise UMDNJ and permit the Institution a reasonable opportunity to oppose such disclosure; UMDNJ, however, recognizes that the Office in its sole discretion will determine whether to disclose;

¶21(e) Making available UMDNJ officers and employees and using its best efforts to make available former UMDNJ officers and employees to provide information and/or testimony at all reasonable times as requested by the Office, including sworn testimony before a federal grand jury or in federal trials, as well as interviews with federal law enforcement authorities. Cooperation under this paragraph shall include identification of witnesses who, to UMDNJ's knowledge, may have material information regarding the matters under investigation.

¶21(g) UMDNJ acknowledges and understands that its future cooperation is an important factor in the decision of the Office to enter into this Agreement, and UMDNJ agrees to continue to cooperate fully with the Office, regarding any issue about which UMDNJ has knowledge or information.

Had the USAO filed the complaint without the DPA, the result would have jeopardized the medical center's ongoing ability to participate in the Medicare and Medicaid programs with their annual allocation of nearly $500 million provided for patient care services, as suggested by the university's auditor, PricewaterhouseCoopers (2006). Losing a stream representing nearly one-half of the institution's annual operating revenue not only would have immediate, dire consequences for the viability of the organization, it would have effectively closed University Hospital, the teaching hospital in Newark, serving thousands of low-income patients each month. Accordingly, the trustees approved the DPA, dismissed several employees, and advised others that any expectation of an attorney-client privilege was waived. Thereby as Margolin and Heyboer (2005) reported, UMDNJ became the first higher education institution in the nation to accept the type of deferred-prosecution deal usually offered to private companies involved in corporate scandals to avoid a criminal fraud prosecution.

The DPA came after several years of failed efforts on the part of the principal state regulatory agency for the hospital to gain compliance with basic medical and legal standards and paying salaries to physicians who, according to the federal monitor's interim report, "were never intended to be for any academic or educational enterprise; and that, in fact, these part-time doctors were being paid significant sums of money to refer their patients to UMDNJ" (Stern 2006).

Approximately one year after approving the DPA, UMDNJ's board of trustees continued to struggle with its implementation. At its meeting on November

21, 2006, the board unanimously adopted three resolutions recommended by the monitor that clarified basic responsibilities of employees, outside counsel, and consultants, underscoring their obligations to actively cooperate with the USAO and the monitor. The substance of one of these resolutions, while not mentioning the waiver of attorney-client or work product privileges, places the identical obligations on outside counsel or accountants as upon officers and employees:

> Every Central Administration staff member with a title of "Director" and above shall be provided with a copy of the Deferred Prosecution Agreement and required to thoroughly review all of its terms and obligations. This resolution becomes effective immediately.

Another resolution ensured that outside entities acknowledge the waivers that had been adopted by the trustees on behalf of the university, as follows:

> Any and all outside law firms and consultants currently engaged by, under retainer with, or under contract with UMDNJ shall be provided with a copy of the Deferred Prosecution Agreement; and must acknowledge receipt of the DPA and agree to comply with the provisions of Paragraph 9 of the DPA as if they were part of UMDNJ. UMDNJ shall amend its engagement letters with all existing law firms to comply with the preceding sentence.
>
> Any and all outside law firms and consultants whom UMDNJ is contemplating retaining shall acknowledge in its retainer letter receipt of a copy of the DPA and its understanding of the obligations of Paragraph 9 of the DPA as if it were UMDNJ. UMDNJ shall include in its engagement letters with all prospective law firms a paragraph to comply with the preceding sentence.

Thus UMDNJ struggles with the culture of waiver and fails to adopt a culture of pervasive compliance. For example, a separate investigation conducted by retired New Jersey Supreme Court Justice Gary S. Stein found that in FY2005 the school processed more than $16.7 million in inappropriate waivers of the public bidding requirements. The university has yet to make productive reform however, as revealed by the third resolution adopted, which sought to clarify responsibilities in legal settlement matters. In part, the Legal Settlement Policy provides for the following terms for settlements in excess of $100,000:

> The Legal Committee to the Board must be presented with a written summary of the proposed settlement completed by Legal Management [Depart-

ment of UMDNJ] (and outside counsel where applicable). The summary shall include a written component from the President recommending approval or denial of the proposed settlement; a written statement from the Senior Vice President for Finance detailing the account and/or Departmental budget from which funds for the settlement would come if approved; and a written statement from the Vice President/Chief Compliance Officer evaluating the settlement proposal (and any substantive claims from the case) for any compliance or ethics concerns.

The mere existence of this resolution illustrates how bereft the institution was for basic internal controls. It begs the question as to whether such controls would have been developed without the forceful intervention of the DPA.

Unraveling of the Culture of Waiver

Nationally, signs are appearing that the culture of waiver may be unraveling and its enforcement is beginning to lack the cohesion that once characterized it. The legal authority of the Thompson Memorandum was recently challenged in a federal district court case in the Southern District of New York. In two opinions in *U.S. v. Stein,* the court addressed a challenge to the cooperation extracted from a corporation because of the corporation's cutting off payments to employees and former employees for their legal expenses associated with defending themselves against charges associated with the government's investigation, notwithstanding the long-standing practice of the company to advance payment for such expenses.

Jeffery Stein and seventeen other former employees of the giant accounting firm, KPMG, were defendants under indictment brought by the USAO. The indictments came about immediately after KPMG entered into a DPA, which included, in part, that the indictment of the corporation would be deferred if the company stopped making payments to the former employees for their legal expenses. The employees had been dismissed earlier in the company's efforts to demonstrate its cooperation with the government and its willingness to correct matters that were coming under the investigation. KPMG had a long-standing practice by which it obligated itself to advance payments to its employees to pay their legal fees and expenses in connection with their work for the firm regardless of the cost and regardless of whether the personnel were charged with crimes. However, in order to avoid indictment of the firm, KPMG decided to enter into the DPA and in accordance with its terms, cut off such payments to its former employees.

Judge Kaplan held that the pressure applied by the government was so powerful and pervasive that it violated the rights of the former officers and

employees to be represented in a proceeding that required sophisticated counsel able to deal with the complexities of the case. The Bureau of National Affairs (BNA) carried a report on Judge Kaplan's subsequent explanation of his reasoning to the appellate court. In that report he laid out how the very complexity of the case necessitated that the defendants have sophisticated, technologically capable counsel in order to mount a defense worthy of the term.

> This case has been described as the largest criminal tax case in history. The indictment contains forty-five counts. Eighteen defendants await trial. The issues are complex. The evidence is mountainous. According to the latest account, the government has produced over 22 million pages in discovery, much of it in electronic form that may be used effectively only with the assistance of electronic evidence consultants. No end to the document production is in sight. In addition, the government has named 68 trial witnesses and identified 5,024 trial exhibits amounting to over 128,000 pages. Estimates of the duration of the trial range from a low of four to a high of eight months or more. The cost of a minimally competent defense quite plainly is beyond the means of all but the wealthiest individuals. The need for funds to defend this case properly therefore is exceptional and perhaps unprecedented.

Up against having to defend themselves against charges of this magnitude and scope, the court found that the Fifth and Sixth Amendment rights of the KPMG defendants had been violated precisely because of the application of the Thompson Memorandum. BNA reported Judge Kaplan concluding as follows:

> The Thompson Memorandum's treatment of advancement of defense costs no doubt serves the government's interest in obtaining criminal convictions in complex business cases. So too the actions of the USAO in this case. But the government's proper concern is not with obtaining convictions.
>
> As a unanimous Supreme Court wrote long ago [in *Berger v. U.S.*], the interest of the government "in a criminal prosecution is not that it shall win a case, but that justice shall be done." Justice is not done when the government uses the threat of indictment—a matter of life and death to many companies and therefore a matter that threatens the jobs and security of blameless employees—to coerce companies into depriving their present and even former employees of the means of defending themselves against criminal charges in a court of law. If those whom the government suspects are culpable in fact are guilty, they should pay the price. But the determination of guilt or innocence must be made fairly—not in a proceeding in which the government has obtained an unfair advantage long before the trial even has begun.

Those questioning the application of the Thompson Memorandum have included not only such likely objectors as the criminal defense bar and the association of corporation counsel, but also Edwin Meese, former U.S. Attorney General in President Reagan's administration and now affiliated with the Heritage Foundation. Mr. Meese testified last year before the Senate Judiciary Committee then-chaired by Senator Arlen Specter (R-PA). He favorably reviewed the opinion of Judge Kaplan in the *Stein* case mentioned above, specifically testifying as follows:

> The Thompson Memorandum understandably sought to achieve the effective prosecution of white-collar crime and to prevent companies from deliberately or inadvertently obstructing the investigation and prosecution of criminal offenses by misusing the attorney-client privilege or through the payment of employees' attorney fees. Nevertheless, experience has shown that the Memorandum has resulted in the dilution of essential rights encompassed by the attorney-client relationship.

The McCallum Memorandum

Even before the opinions in *U.S. v. Stein* were issued, the Department of Justice initiated steps to make the impact of the Thompson Memorandum more discretionary and suggest some form of deliberate review including review by the central office in Washington, DC. In a memorandum issued October 21, 2005, Acting Deputy Attorney General Robert McCallum addressed the matter:

> [T]o ensure that federal prosecutors exercise appropriate prosecutorial discretion under the principles of the Thompson Memorandum, some United States Attorneys have established review processes for waiver requests that require federal prosecutors to obtain approval from the United States Attorney or other supervisor before seeking a waiver of the attorney-client or work-product protection.

Because the McCallum memo failed to prescribe an alternative, opting instead for reference to a "best practice" approach, it did not quiet calls from Abramowitz and Bohrer (2005) among others, for reform of the Thompson Memorandum's prescriptive elements:

> Without commenting on the relative propriety of seeking such waivers in any given circumstance, the McCallum Memorandum simply directs that "consistent with this best practice" used by some United States Attorneys'

offices, each individual office should "establish a written waiver review process" for their respective "district or component."

Specter's Proposed Legislation

Following up on the Judiciary Committee hearings referenced above, on December 7, 2006, Senator Specter produced legislation that would effectively overturn key elements of the Thompson Memorandum. He pledged to introduce the bill in the new Congress in order to prohibit government prosecutors from considering, as part of any cooperation determination, the waiver of the attorney-client or work product privilege:

> In addition, the bill would eliminate as factors considered in determining cooperation a company's decision to:

- provide legal counsel for an employee under investigation;
- contribute toward payment of an employee's attorneys' fees;
- enter into a joint defense agreement with an employee;
- share information with an employee; or
- fail to terminate the employment of an employee under investigation.

The McNulty Memorandum

After testifying before the Senate Judiciary Committee, and seeing Senator Specter's developing legislation, Deputy Attorney General Paul McNulty produced a memorandum that scaled back some of the more controversial elements of the Thompson Memorandum (2006). Under this memorandum, prosecutors are required to obtain prior senior supervisory approval—starting at the level of the U.S. Attorney and rising to the Deputy Attorney General—before requesting that a corporation waive its attorney-client and work product protections. Now prosecutors must hurdle a two-step process, first seeking purely factual information, which may or may not be privileged, related to the underlying conduct. If that information "provides an incomplete basis to conduct a thorough investigation," the next step is for the prosecutor to request "attorney-client communications or non-factual attorney work product," after having obtained approval of the Deputy Attorney General.

Thus, the culture of waiver, which developed to attack the culture of corruption, may be unraveling but only after persistent complaints from the legal and business communities and threatened legislative action to undermine its authority.

Issues for Public Managers: Confront a Culture of Waiver or Build a Culture of Compliance?

Against the backdrop set out above, managers open to public oversight face new complexities as they manage with an aim of avoiding entanglements in a culture of waiver versus renewing their commitment to build a culture of compliance: *to investigate or not to investigate.* Historically, responsible managers have investigated suspected wrongdoing and regulatory noncompliance by using internal and outside auditors and counsel to help ferret out wrongdoing. In the culture of waiver, the individuals who perform these interviews, as well as the officers and employees who are interviewed in connection with internal investigations, can find the notes and reports of their interviews forwarded to a federal prosecutor. Then the prosecutor can examine whether the interviewers and the interviewees have given substantially confirming or conflicting testimony. The manager distancing herself from the culture of waiver may choose not to investigate and thereby avoid having those efforts turned back against her.

On the other hand, in building a culture of compliance, the public manager will actively use the auditing function to continually vet the organization's operations against professional standards of conduct that are likely to protect corporate resources from being siphoned off to pay penalties and install corrective measures. Further, the simple, proven, and established practices of managerial rotation and worker cross-training prevent supervisors from developing entrenched power that can be misused and provide early warning detections of wrongdoing as employees gain loyalty to professional performance. Building this allegiance to professionalism will replace the now endangered loyalty between employer and employee.

Moreover, the public manager must use the tools available to her, keeping in mind that when questioned by the government, employees can simply assert the Fifth Amendment, whereas when questioned by their employer, they risk being fired if they refuse to disclose what they know. Because the questions in an internal corporate investigation are asked by an agent of the corporation and not the government, no protection against self-incrimination is effective against the adverse consequences of making disclosures to an employer. The clarity of a written report, as well as its unsanitized or discredited iterative drafts, may become work product waived of its protections and turned over to the federal prosecutor. Without such written reports, outside auditors will be unable to attest to the adequacy of internal controls; with the reports, the manager is one disgruntled employee's phone call away from turning it over to the federal prosecutor.

To actively cooperate or not? The public manager, as illustrated by the

examples outlined above, will have very little choice about whether to direct her company to actively cooperate with a federal investigation. The main question will involve timing. Here, the public manager will decide, in the words of KPMG's outside counsel hired to help avoid indictment, whether the objective is "to be able to say at the right time with the right audience, we're in full compliance with the Thompson Guidelines." If active cooperation means waiving all attorney-client privilege and work product protections, the organizations producing vital goods and services for this country may find themselves controlled by appointed monitors, thereby calling into question the need for, and redundancy of management; and, private attorneys and accountants producing the company's analyses and investigations may effectively become deputized to perform the work of the prosecutor.

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7

Ethics Management and Ethical Management

Alan Lawton and Michael Macaulay

It is a truism that putting in place an ethics framework does not guarantee ethical conduct. Many organizations, in both the public and private sectors, have, for example, well-crafted, comprehensive codes of conduct, or sophisticated corporate governance requirements. Too many of those same organizations still manage to create cultures within which unethical behavior is practiced, or at least condoned. Thus, it is argued that compliance mechanisms are not enough and that ethics training, leadership, and culture change program need to be introduced to ensure that ethics frameworks are implemented and embedded within the fabric of the organization. Often these different approaches to organizational ethics are presented as opposite ends of a compliance-integrity continuum; at one extreme is a reliance on regulatory mechanisms, at the other a reliance on the personal integrity of individuals to act ethically. In one sense our initial distinction between ethics management and ethical management mirrors these polar opposites. Ethics management will include all the control mechanisms that we are familiar with including the creation of ethics agencies, codes of conduct, and sanctions for breach of a code. In contrast, ethical management is about how individual managers behave with integrity, how they may set a personal example, and how they treat others both within and without their own organizations. However, our argument is that ethics management finds its expression through ethical management. Ethical frameworks are mediated through the actions of individual managers who treat others with respect. Of course, many managers will do that anyway, but ethics management makes it more likely that it will become the norm. Ethical management is ethics in action; ethics management is ethics in organizational context and control. The two are neither directly opposite nor different ends of a spectrum of possibilities. Rather, ethical management is where ethics is practiced. It is practiced in a number of ways including, first, in personal behavior as in setting an example for others to follow and,

second, in terms of the treatment of others. Of course, ethics management and ethical management do overlap. Thus, ethical management expresses itself in the day-to-day practices, in the minutiae of organizational life. Ethics management focuses on the organization as a whole rather than the day-to-day practices of individual managers.

At the same time, business literature commonly makes distinctions between *management* and *leadership.* On the one hand managers are caricatured as concerned with administration, with a focus on systems and controls. They are likely to take a short- term view with an eye out for the "bottom line." A leader, on the other hand, is depicted as inspirational, creating visions and missions and inspiring followers. Leaders have a long-term people-focused approach and develop personal bonds within an organization. Similar distinctions can be made in regard to ethical leadership, although the lines become noticeably more blurred. Minkes, Small, and Chatterjee (1999, 328), for example, argue that management, invariably, concerns itself with "ought" questions, which are never clear-cut and are beyond simple regulations, law, and profit and necessarily entail leadership qualities, not least in persuading others of the merits of the decision.

Furthermore, within the management and leadership perspectives there exist more subtle gradations of difference. This chapter will outline these by mapping the management/leadership dimensions against the compliance/ integrity dimension to provide an ethical leadership matrix. It will do so after a discussion on the roles of the individual within the organization and organizational purpose. Too often discussions on ethics lack a theory of individual agency (i.e., what motivates individuals ethically?), a theory of organizational design and purpose, (i.e., do structural arrangements address the ethical issues at hand?), and a theory of leadership that might help in reconciling individual agency and organizational purpose.

Individual Agency and Organizational Purpose

A number of positions can be taken regarding the moral nature of individuals within organizations, reflecting different views on the relationships between individuals within it and with the organization as a whole. One view sees individuals as morally neutral, allowing the organization to imprint its own goals, targets, and values on the individual. The ends of the organization are of supreme importance and were we, for example, to judge its performance ethically, we might wish to call upon some version of utilitarianism. The classical version of public administration accords with the morally neutral bureaucrat implementing policy formulated by others, and judged on its effectiveness or impact. In contrast to this view, it is argued that as long as

officials have discretion and choice, as they invariably do, they cannot escape from making moral decisions.

Another view might see organizations not just as purposive enterprises designed to achieve a set of rationally determined ends, but also as cooperative enterprises where individuals are recognized as the organization's greatest asset, and within which individuals find fulfillment. In reality we know that managers manipulate others and are, in turn, themselves manipulated. In the pursuit of predetermined ends, however, we do have expectations of our public officials and we require them to always act out of a sense of duty, acting to further the public interest.

Organizations themselves also will have rules, both formal and informal, that circumscribe the actions of individuals. Some of these rules will demand ethical behavior; others will be neutral with regard to ethics. At the same time, public service organizations, in particular, are expected to respond to the interests of citizens, clients, and customers and some of these expectations will be concerned with the standards of conduct of both elected and appointed officials.

The relationship between the individual, ethics, and organizational life is, therefore, contested. Bauman (1993) for example, contends that ethics cannot be located within organizational life. He sees ethical phenomena as inherently nonrational, insofar as they precede the considerations of purpose and the calculation of means-ends. Thus, according to this view, there is no role for ethics in purposive organizations.

> Reason cannot help the moral self without depriving the self of what makes the self moral: that unfounded, non-rational, un-arguable, no excuses given and non-calculable urge to stretch towards the other, to caress, to be for, to live for, happen what may. Reason is about making correct decisions, while moral responsibility precedes all thinking about decisions as it does not, and cannot care about any logic, which would allow the approval of an action as correct. (Bauman 1993, 247–48)

It is, from this perspective, inappropriate to assess any ethical action against some notion of correct or incorrect behavior, organizational purpose, or ethical performance. MacIntyre (1985) offers a similar critique, that bureaucratic management lacks a moral base. This is because, for MacIntyre, the bureaucratic approach is about means rather than ends: efficiency over outcome; performance over ethics. Managerial knowledge is seen as a form of emotivism, which broadly holds that all moral perspectives are equally admissible and that moral debate is, therefore, not over what is right or wrong, but is restricted to persuading people that one point of view is preferable:

> [Managers are] seen by themselves, and by those who see them with the
> same eyes as their own, as uncontested figures, who purport to restrict
> themselves to the realms in which rational agreement is possible—that is,
> of course, from their point of view to the realm of fact, the realm of means,
> the realm of measurable effectiveness. (MacIntyre 1985, 30)

Contrast this with the view presented by Shotter and Cunliffe (2002): "The
basic practical-moral problem in life is not what *to do,* but *what kind of person*
to be" (20). In "seeking to make a difference," the relationship with others is
particularly significant for public officials:

> It is in small individual acts expressed through a set of relationships that
> the public service ethos comes to light. The manager gives expression to
> the ethos through dealing with people in terms of care, diligence, courtesy
> and integrity. The public service ethos is best perceived through the quality
> of these face-to-face relationships, through processes as much as results.
> (Lawton 1998, 69)

The issue is further complicated for public servants who, by definition,
take on certain responsibilities and duties arising from their office (see Uhr
1999). Uhr argues that the obligations of role give rise to two levels of public
service responsibility:

- as an agent of the public with duties and obligations toward the public;
  and
- as an agency employee with duties and obligations flowing from the
  specific mission of the agency in question.

This view assumes that there is agreement in organization purposes, goals,
values, and clarity of duties and responsibilities. It is not always obvious that
agreed-upon values obtain in practice.

However, it is a mistake to see organizations purely in terms of a means-
ends logic. Institutions are both practical and normative and organizational life
shapes, and as such are shaped by ethical values. The nature of the organiza-
tion and our understanding of it are clearly important. The organization may
be the most efficient and effective way of delivering a service, but the issue
is that, for public services, this service is both technical and personal. For
example, the quality of health care that people experience is both dependent
upon the technical skills of the surgeon or doctor and the personal relationship
between the doctor and the patient based upon trust, obligations, and respect.
Of course, there are different types of organization, the social club, the sport-

ing club, and so on. An organization brings people together in pursuit of a common purpose and these purposes will differ greatly. Therefore we need to recognize that purpose is important. However, we might disagree on that purpose and on the means to achieve it. Purpose is not static and will reflect the views of key stakeholders. Public sector organizations fulfill purposes. These purposes will be more or less clear, and more or less multiple, reflecting the interests of the different stakeholders that are involved. What then, for example, is the purpose of a local authority? It could be multiple and could have as its purpose:

- to turn political choices into practical services;
- to implement central government policy at the local level;
- to be a vehicle for community engagement;
- to be a body that represents local interests;
- to deliver public services efficiently and effectively; and
- to promote the public interest.

Organizations can have multiple purposes and the issue of control becomes a problem as does the concept of performance; that is, which group of stakeholders, and what interests, should be privileged and how do we choose between them, and whose criteria of success is paramount? So what might the ethical purpose of an organization be?—deliver justice; promote equality, diversity, or choice? Ethical purposes are often expressed in negative terms such as "do no harm," or "do not bring the authority into disrepute," or "don't act corruptly." These are much more modest ambitions. Thus, a less grandiose aim might be to make sure that public funds are spent wisely and according to the wishes of the majority of the population.

The link between organizational purpose, individual agency, and organizational design is often not made clear. Certainly in the United Kingdom, for example, ethics management is often introduced as a knee-jerk reaction to the corrupt behavior of either high-profile individuals or organizations and is given legitimacy by a more general trend toward inspection and regulation across the public services as a whole. Whether the right problem is being addressed or whether the right solution is being proposed, is rarely considered. Thus if it is the case that large numbers of public officials are acting in a corrupt manner, then perhaps we should investigate our recruitment processes, financial reward systems, the level of discretion that public officials have and in what areas, or the nature of the activities that they engage in. Too often we reach for the legislative weapon as a first response rather then examining the organizational conditions within which corruption might arise.

If legal discourse comes to dominate organizational ethics, then it becomes more difficult for ethical discourse to find a voice. An overreliance on ethics management will not help. The danger is that ethics management provides a veneer of ethics without fundamentally affecting the ethical condition. It may provide a respectability of uniformity and consistency, but does not recognize diversity or allow for local discretion or the exercise of practical wisdom. In other words, context is ignored.

Ethics management is about purposive enterprise and focuses on stopping corruption and fraud and putting in place codes of conduct, registers of interest, perhaps a regulatory agency or an ethics officer. These are clearly important. However, while we might need, for heuristic purposes, to distinguish between organizations as cooperative ventures or as goal oriented, people are concerned about the terms on which objectives are being pursued. Institutions are both practical and normative—they are the means of our own moral development, along with other institutions such as the family.

As Johnson (1994) argues, it is relationships that hold us together far more than the goals to be achieved: "It is not so much goals that we pursue as the maintenance of relationships" (31). However, insofar as institutions act as means of social regulation, a theory of human nature does not begin with isolated individuals but interdependence. This is not to say that neither the importance of individual judgment, nor the need for individual responsibility, should be downplayed. As Johnson (1994) argues in his discussion of Vickers's concept of "appreciative judgment," our ethics is governed neither by impulse nor by a strict code of conduct.

What has an impact upon the role and duty of public servants is the organizational context and the demands made upon individuals by those organizations. Whether an organization itself can have a conscience and can be ascribed moral responsibility is a moot point. Maclagan (1998) takes the view that it is ultimately down to individual responsibility. At the same time, DiMaggio and Powell (1991) identify how public organizations conform to external values in their environment through isomorphism and it may well be that judgments about right and wrong are as much community decisions as individual ones. At the same time as organizational factors, the landscape is shaped by external factors such as, in the English local government case, central government legislation and the implementing body The Standards Board for England (who offer guidance to individual local authorities, revise the code of conduct, carry out investigations). The ethics officers within these organizations themselves will belong to informal and formal networks of colleagues and have their own professional bodies. However, an institutionalist approach reveals:

- Coercive isomorphism, which focuses on how the state can enforce common understandings. Ethics management assumes that in order to be managed, ethical issues are a given. It does not allow for different types of ethical issues to emerge. It is static. It is impersonal insofar as it assures impartiality and rule following.
- Normative isomorphism, where standards and practices are spread by the professions.
- Mimetic isomorphism, which involves the attempt to copy the successful practice of others.

Thus, ethical issues in public service organizations are a mixture of individual motivations, organizational imperatives, and societal values (see Lawton 2005).

Leadership

Ethical management is not necessarily the same as ethical leadership, although elements of the latter are of undoubted importance to the former. So far we have avoided that term even though we recognize that it is often considered to be a key principle of public service. The main reason for our reticence is that the literature generally focuses upon the characteristics of the individual leader, whereas our concern is with the minutiae of organizational life, with the day-to-day relationships between colleagues, between public officials and their clients, customers, and citizens.

If ethical discourse in organizations revolves around the relationship between individuals, values, and environment, then leadership can be seen as a distillation of these factors within an individual. Leadership is seen as an inherently ethical task: "Leadership is morality magnified" (Ciulla 2006, 17) and the ethical expectations on leaders is naturally higher (see also Ciulla 2001). Unethical leadership cannot foster a virtuous organizational culture and does not have the moral authority to sit in judgment on the individuals within the organization (Sims 2000). A key question then becomes, "Who speaks with authority in ethical discourse?" The politician will be reluctant to concede authority and legitimacy to an unelected official, such as an ethics officer. They may look to them for advice, not least in, for example, interpreting the requirements of a code of conduct. Ethics officers, where they offer legal advice, gain credibility from their expertise and status as legal officers, not because of any moral authority. They may have a clear view of what is and is not acceptable legally, rather than exhibiting some quality of moral goodness. Their authority may depend upon a certain status within the organization. Previous research has identified status within the organization as a key variable in determining the success of the ethics officer role in UK local government (Macaulay and Lawton 2006).

In contrast, truly ethical leadership consolidates legitimacy and credibility to the purpose and vision of the organization, creating trust and developing personal relationships (Mendonca 2001). Trust is particularly significant, of course, during periods of change and uncertainty, in which the members of organizations can become suspicious and demotivated (Thomas, Schermerhorn, and Dienhart 2004).

Ethical leadership has become so closely associated with transformation (Bass 1985; Parry and Proctor-Thomson 2002) that models have been developed, reflecting degrees of integrity. Bass and Steidlmeier (1999), for example, distinguish between *authentic* and *pseudo-transformational* leadership. The former demonstrates genuine outward-facing concern for the needs and good of the organization (public or private), whereas the latter is geared toward self-interest (glory, personal power, individual financial reward, etc.). Authentic transformational leadership ignores the self and is always ultimately concerned with the development of followers and the needs of the organization: "With this approach, leaders transform their followers by activating higher order needs, emphasizing the value of certain outcomes, and influencing their followers to put the organization before their own self-interests" (Carlson and Perrewe 1995, 4, cited in Parry and Proctor-Thomson 2002, 79)

This distinction, of course, is not clear-cut due to inevitable disagreements over ends. History is littered with charismatic leaders who had an outward-facing view of the good, yet still managed to commit terrible atrocities. It is crucial, however, to avoid the "strong (usually) man" argument to which much leadership literature is prone: the abilities of charismatic individuals to create an all-encompassing vision. Ethics, as we know, involves shades of gray, and the moral perspectives of a strong leader may not resonate with his or her followers. Ethical management must operate within the parameters of respect for others and recognition of different perspectives.

Care needs to be taken, then, over the values of the leader (Grojean et al. 2004; Lord and Brown 2001; Sosik 2005) and exactly *how* these influence the values of the organization and its members. The *Perceived Leadership Integrity Scale* (PLIS; Parry and Proctor-Thomson 2002) measures the relationship between the perceived ethical behavior of a leader with his or her effectiveness in the role and demonstrates a correlation between perceived levels of integrity and commitment to the leadership. This relationship is perhaps best summed up by Ciulla (2001): "A good leader is an ethical and effective leader" (315).

What, then, does an ethical leader do that other leaders do not? Trevino, Brown, and Pincus Hartman (2003) identify seven characteristics of ethical leadership:

- an outward-oriented people focus that seeks to develop followers;
- high visibility of good conduct by leader;
- open communicators and good listening skills;
- set standards of themselves and others while lapses in conduct are not tolerated;
- strong accountability;
- the decision-making process is highlighted as an end in itself; and
- a broader understanding of issues and a greater ethical awareness of concepts such as the common good (an element that may have particular resonance for public managers).

Our concerns with ethical management, however, are not in fixing leaders within a particular framework but in understanding the relationships involved in the daily activity of managers. To this end Lawton (1998) has argued for the importance of relationships and the requirements of trust, obligations, duties, and promises that oil these relationships. Recent developments in the ethical leadership literature reflect these growing concerns and herein lie more potential spheres of convergence between management and leadership through the models of collaborative action and distributive leadership.

The collaborative action model, for example, emphasizes the collective and collaborative processes of building relationships, networks, and connections: "Leadership involves collaborative relationships that lead to collective action" (House and Adtja 1997, 457). Individual competencies and behaviors are meaningless unless they can enhance the collective capacity to accomplish goals. The collaborative action model further suggests that all organizational members must take some leadership responsibility, through conjoint, synchronized agency and actions (Yukl 1999). Distributed leadership is characterized by interdependence and the complementary overlapping of responsibilities, and coordination and the management of interdependencies (Gronn 1999). Distributed leadership can be delegated leadership, coleadership, or peer leadership. In both models it can be argued that leaders are not solitary figures, but rather are members of a community of practice (Drath and Palus 1994).

As Maak and Pless (2006) argue, all leadership is ultimately concerned with sustaining relations and as a result the leader needs to play a variety of roles: the moral individual, the servant, the steward, the coach, and so on. This is evidenced by Crosby and Bryson (2005) who show that ethics is crucial to relational leadership in terms of deciding between legitimate competing interests, adjudication and education of people in a collaborative team.

Mapping Management and Leadership

The line in organizational ethics, then, is somewhat blurred between management and leadership. Clearly the inspirational aspects of leadership are crucial and can be seen to foster the relationships needed for a culture of trust and openness. Then again, it also must be appreciated that the majority of ethical policies and frameworks both come about as a *reaction* to events (and therefore not as a result of leadership), and are brought to life through regulatory frameworks (and therefore require a more traditional managerial approach).

Figure 7.1 maps the relationship between management and leadership perspectives against the spectrum of compliance and integrity systems.

- *Ethics Minima* (low compliance/low integrity) occurs in an organization that does not see ethics as particularly relevant and is no more than an add-on to core business. Leadership is strictly reactive and only minimum legal standards are maintained. There is no personal commitment to ethics and it is not part of organizational culture.
- *Ethics Management* (high compliance/low integrity) occurs in organizations that see ethics as important but not necessarily part of the culture. Emphasis is on accountability: updating rules and regulations, codes of conduct, and so on. After legal/institutional requirements are satisfied, however, ethical issues take a backseat. Style may be characterized as the organization doing the right *thing.*
- *Ethical Management* (low compliance/high integrity) occurs in organizations in which the ethical framework has strong commitment with one or two members. These members champion the ethical agenda and may even be seen to personify ethics in the organization. Leadership in this organization may be so individually strong, however, that the necessary frameworks and infrastructure are neglected, leading to ethical problems if/when leadership changes. Style may be characterized as the organization doing the *right* thing.
- *Ethical leadership* (high compliance/high integrity) occurs in organizations that have strong personal commitment and the necessary infrastructure to ensure that ethics is embedded into organizational culture. Leaders are proactive and seek to develop all individuals for outward facing goods allowing for accountability, transparency, and individual moral agency to flourish. The organization may be characterized as *doing* the right thing.

The matrix highlights that management and leadership in organizational ethics is about relationships between individuals and institutions. Personal

Figure 7.1   **The Management/Leadership Matrix**

		INTEGRITY	
		Low	**High**
COMPLIANCE	**Low**	Ethics minima	Ethical management
	High	Ethics management	Ethical leadership

qualities are not enough to ensure a strong ethical culture and require a strong organizational framework in which to succeed. As argued at the beginning of this chapter, organizations do not have to make either/or choices: organizations need to be adaptable and take a holistic approach for ethics to flourish.

We may question the extent to which systems of management might get in the way of ethical conduct and the exercise of practical wisdom. To what extent does ethics management ensure accountability, transparency, and impartiality? To what extent does ethical management focus on leadership, honesty, selflessness, integrity, compassion, benevolence, and so on? To what extent is ethics management achieved through a panoply of tools developed by different groups for individuals with whom they have no direct contact? To what extent is ethical management practiced face-to-face? We have sought to pose these questions as appropriate ones to raise.

Conclusion: Combining Management and Leadership

Although ethical management is not necessarily the same as ethical leadership, then, the two are inextricably linked and to place too great an emphasis on either is to lose sight of the bigger picture. Organizational literature often focuses upon the characteristics of the individual leader, which, though important, fails to take into account the minutiae of organizational life, with the day-to-day relationships between colleagues, between public officials and their clients, customers, and citizens. The matrix demonstrates four potential organizational perspectives for management and leadership, although we accept that the boundaries between these are not set in stone. The relationship between management and leadership for organizational ethics is thus both more subtle and outward facing than much of the ethical literature suggests. It links organizational purpose to the terms upon which that purpose is focused.

It focuses on nurturing the relationships that sustain organizational purpose and give it its ethical character. It elucidates that character through a discourse that is ethical, not simply legal, political, or even managerial.

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III

International and Comparative Perspectives

The concept of comparative administration has evolved over the last five decades. In its earliest form it represented a statement of method; that is, public structures and processes of administration were compared. Much of the early work took on something of an ethnocentric cast in taking the American model of governance and administration as the basis for comparison. Others were judged by how close they hewed to that American model. The pioneering efforts of scholars such as Fred Riggs and Ferrel Heady changed how we viewed the field. Researchers in comparative administrative began to explore the processes and practices of countries to uncover shared assumptions and common frameworks so that lessons could be learned in other settings. This permitted scholars to examine the political and social structures that influence administration and management, not to "judge" those influences, but rather to create a taxonomy of influences that can be applied regardless of the setting. The two deceptively simple questions that are being asked are: what beliefs, processes, and practices do we have in common, and to what extent do the beliefs, processes, and practices that are not shared affect our understanding of ethics? Comparative administration scholars thus have an array of tools and approaches from which to draw. These include:

- cross-national comparisons;
- organizational taxonomies;
- political/social descriptions of administrative methods;

- analyses of internal processes in a single country (cases); and
- empirical and normative examinations of administrative practices.

It is in this context that we should understand the discussion of international and comparative perspectives on ethics. All of the above tools and techniques are on display in the chapters that follow. Chapters 8 and 14 are bookend pieces. Both ask important questions about governance and ethics. Chapter 8 asks the how the numbers and statistics are generated by which we assess and rank countries with regard to internal ethical performance. Chapter 14 focuses on "the divergence between global and local views on corruption." Taken together these chapters provide insight into the two ways to understand ethics, one as a failure of processes and institutions and the second as a reaction to personal or individual behavior. These dichotomous views affect both the popular understanding of public sector ethics and the limited effect of structural change on public perception of the scope and extent of unethical behavior.

This theme is extended through the examination of ethical reforms and policy initiatives in Italy. Again through the lens of two divergent techniques of analysis we get a fuller understanding of the political activities in support of an anticorruption agenda. In the first study we see how the clash between the normative understandings and definitions of corruption that are constructed on the world stage may come into conflict with the attitudes and perspectives on corruption in a single nation. This theme mimics that of the Chapter 8, but extends it by providing us the depth and insight of the experience in a single country. The second "case" also comes from Italy. It works well as a companion to Chapter 10, because it asks the question left from that chapter; that is, what do we do in an operational and behavioral sense about corruption. That chapter introduces the important question of the role of organizational leadership in the face of corruption.

Beginning with Chapter 12, we shift gears to apply other techniques for exploring public sector ethics. That chapter follows the most traditional of methods—a straightforward cross-national comparison—in this case a comparison of the attitudes of senior municipal managers in the Netherlands and the United States. This particular study will ultimately be a part of a broader, multinational comparative analysis, but even as a two-nation study it is a reminder of how much attitudes and behaviors are influences by the sociocultural setting. The understandings of ethics in the sample were not all that dissimilar yet there were distinctly "Dutch" and "American" organizational attributes that showed through.

Chapter 13 also follows in the comparative "tradition," a cross-sectoral analysis. While at one level it has been accepted for several decades that,

like other aspects of public organization theory and practice, public sector and private sector ethics are different, such comparisons remain instructive because of the push to make manage public organizations "like a business." The lesson from this study is that the differences in the sectors remain and that ethical performance, as with other elements of public operations, must be judged using methods that reflect those differences.

Finally, Chapter 14 fittingly describes a program that seeks to explore training and education techniques for developing ethical competence. The training effort must juggle all the sociocultural and political variables discussed above to convey a consistent and useful message about ethical behavior.

8

Politics and Numbers

The Iron Cage of Governance Indices

Tero Erkkilä and Ossi Piironen

> *I often say that when you can measure what you are speaking about,*
> *and express it in numbers, you know something about it; but when*
> *you cannot measure it, when you cannot express it in numbers, your*
> *knowledge is of a meager and unsatisfactory kind. . . . If you cannot*
> *measure it, you cannot improve it.*
>
> —Lord William Thomson Kelvin (as quoted in a World Bank
> Working Paper by Kaufmann, Kraay, and Massimo 2005)

Since the early 1990s there has been a surge of international efforts to calculate the performance of states in terms of various activities. New internationalized statistical activities have been perhaps most apparent in the attempts at measuring economic performance and competitiveness of the state. Similarly, whereas before ethical standards of administration were largely set in national political contexts and analyzed by academics, we are now increasingly witnessing a new rise of international standards and assessments of administrative performance, put forward by supranational actors. *Good governance* has become a token of responsible rule in contemporary governing. Yet we seldom come to think what it entails and offers us as a virtue. In this chapter, we will open up the notion of good governance by focusing on the new numerical objectifications of governance virtues put forward by the World Bank Institute, World Economic Forum, Transparency International, and Freedom House. These objectifications seem to carry certain normative implications that are not always readily apparent. There are undercurrents of economism in the conversation, which link the solid and reliable institutions to success in the global economy.

We draw on two differing theoretical leads in our analysis of the numerical objectifications of governance. In the first place, we will make use of certain Foucauldian insights linked to the concept of governmentality. We attempt to show how, through the use of statistics and index data social issues, phenomena and entities are conceptualized, framed, and brought into discussion, and consequently, made governable. Since our intention is not to engage in a full-blown analysis of power at this point, we pick out tools from the governmentality pack, only so as to be able to make the points we are here interested in. In short, applying such concepts as "technologies of government" and "governing at a distance," we begin by looking at the political character of numbers and statistics, arguing that they serve a function in problematizing new issues, making them also governable.

Second, and even more important considering our aims, we analyze the political function of what we call governance measures. We feel that being too general and lacking any clear understanding of actorness, governmentality thinking must be complemented with a more structured analysis of the "politics of numbers" (Desrosières 1998). Indeed, our arguments are based on a very specific, although rather common, understanding of "the political." We follow—in the line with Max Weber—a tradition that, in one way or the other, identifies the meaning of the political with societal conflict or opposition. For Weber, politics was the means for opposing modern bureaucracy, consisting of fixed hierarchies, rules, and calculative measures, which Weber (1968) saw to favor efficiency and instrumental rationality over values and ethics.

In Palonen's (2007) terminology, "*policy* refers to the regulating aspect of politics, *politicking* alludes to a performative aspect, *polity* implies a metaphorical space with specific possibilities and limits, while *politicization* marks an opening of something as political, as 'playable'" (55) An issue, whether or not subject for governing, cannot become political before it is politicized, interpreted as being potential for struggle and thus opened for politicking—"there is no politics 'before' politicization" (Palonen 2007, 66). We argue that numerical objectifications of governance, although serving as "technologies of governance"—though they can be used for politicking within an existing polity, and though they can potentially function as instruments for politicization—are also powerful instruments of *depoliticization*. According to Palonen (2007, 41) this kind of reinterpretation either can be active, "an extremely intensive form of politicking" and "a movement towards closing a horizon," or it can be passive, "based on exhaustion or on a diminishing interest in the horizon of politicking." Instead of or along with the term depoliticization, one could use such constructivist terms such as "naturalization" or "institutionalization" of ideas. We believe that certain powerful objectifications

of governance are both representations and instruments of constructing and maintaining an economist understanding of good governance.

Numerical index data partly functions as a mechanism through which room for debate is narrowed by framing the meaning of good governance. We intend to show this, first, by taking a short and general look at the shifts in the measuring of governance performance and, second, by assessing four prominent indices and what we perceive to be their interrelations. We take a critical stance toward the content of standardized normative categories such as *good* governance, regulatory *quality,* or *sound* institutions that, combined with the technical nature of measuring, help to shift the attention away from what is actually measured, and effectively depoliticize issues that are potentially political. This can, somewhat paradoxically, make the new international governance rankings appear like the Weberian Iron Cage, a bureaucratic construct based on calculative measures, which leave no room for ethics and politics (Weber 1968).

Numbers and Governance

Numbers often seem to bring clarity to large issues, allowing us a concrete grasp of abstract phenomena. We are governed through figures that allow us to pass judgment on political issues, as well as to adopt measures to deal with them, be it a health policy, environmental issues, or military budget that we are to decide upon. The figures themselves often appear innocent in terms of politics. The French language is telling when it comes to the political character of numerical objectifications of things. The Latin word *computare* (to count) is the root for two French words: *compter* (to count) and *conter* (to tell a story, to talk nonsense), both having a similar pronunciation. Another word for numerical objectification is *indicator* or *indices,* which come from Latin: *indicare* (*in:* toward; *dicare:* make known). Numbers tell a story.

In politics and administration, figures usually take shape in statistics. The statistical practices and institutions were developed in Europe around the seventeenth century, although the development took different courses in different countries. In the Anglophone world, the term used to describe this developing practice and its institutional forms was "political arithmetic." Yet it was the German term *Statistik* that proved most enduring, getting transformed into English language as "statistics." The original German term *Statistik,* meaning "descriptions of the State," is revealing in the close relations that this new numerical objectification of governmental issues had with the building of the modern state (Desrosières 1999; cf. Anderson 1991).

The early forms of statistical institutions were not necessarily initially part of the state. For instance in France, the statistical institutions, inspired by the

theories of Enlightenment, rose to oppose the absolutist state (Desrosières 1999). Nevertheless, over time, statistical institutions became an integral part of national bureaucracies (Desrosières 1999). Their scope grew along the growth of the domain of state, albeit also making it possible to begin with. For example, the new issues of population such as demography and health were the first domains in which the use of statistics was institutionalized (Miller and Rose 1990). This created new issues of concern, also making these new domains of daily life governable. Moving toward the present day, the welfare state programs in Western Europe, not to mention the scientific management of socialist states, were largely built on the calculus of various social domains. Anthony Giddens (1985, 14) has described the nation-states as surveillance states, in which the public authorities know the subjects they govern in great detail.

Statistics and numerical objectifications can be seen as a source of power in two senses. First, they allow those who make or possess the figures to grasp abstract phenomena and see their scope and limits (Miller and Rose 1990). This is often seen to have enabled the building of European nation-states, whose sovereignty was partially reliant on the means of calculative techniques (Sheehan 2006, 9). Second, they also allow for political use of statistics. In other words, what we make statistics out of, how, and why is a highly political choice since this constructs abstract entities upon which we can politicize, debate, and make decisions (Porter 1995; Desrosières 1999). Would we be able to debate unemployment without statistics on it? In fact, would this phenomenon even exist to us as a political question if it were not for statistics?

Statistics, and numbers, also give us a firm stance of argument, since they are highly trusted and also difficult to prove wrong (Porter 1995). According to Nikolas Rose, this is why most contested matters in politics are usually dealt with through numbers and statistics—the more likely the issue is to provoke criticism and debate, the more likely it is that we see a statistic to back up the stance that is put before us (Rose 1999, chap. 6). Why are we, then, now looking at the rise of international statistics in administrative ethics? According to Rose and Miller, the use of these calculative techniques in the international context hastened in the turn of 1980s and 1990s, when the NPM ideology gained ground. During that time, organizations such as the Organisation for Economic Co-operation and Development (OECD) were actively promoting performance-driven thinking in Europe, which was backed up by the first competitiveness rankings among countries. In a sense, one could see the shift toward the measurements of administrative ethics as an heir to these activities, only now going into more detail on the performance of countries.

This change has coincided with, or followed, a change in the means of

governing that favors statistical or numeric methods for controlling the administrative functions of state (Miller and Rose 1990). Moreover, in order to make new domains of the state—such as "performance" of public institutions—governable, new information on this domain has to be acquired. As to the rise of statistics as a "science of state," new statistical measurements that were previously unattainable now are being produced on state activities in order to give character, problematize, debate, and regulate them. This gives statistical measurements, such as indicators and rankings, a new instrumental nature. Referring to Foucault, Miller and Rose (1990) call these technologies of government, "ways of entering reality into calculations of government by means of inscription techniques and rendering it amenable to interventions" (168). They are instruments for making operable new concepts of governing, which bring new issues to the fore, allowing these to become desired goals, guidelines, or deficiencies of governing, but also narrowing the room for debate (Hopwood and Miller 1994; Miller and Rose 1990; Rose 1999).

One explanation could be the need for creating new sovereign actors. Shore has described this in terms of making new domains of European Union (EU) policies governable through the conceptual and calculative objectifications that create governable spaces (Shore 2006). As Shore proposes, we should see governance in the EU as a new form of governmentality, rather than "governance" or "government" (Shore 2006, 710). Shore claims that the EU is best understood as a political unit, characterized by mentalities and technologies of governing described in the framework of governmentality, often cited as "conduct of conducts." As an example he uses the concept of European governance, which was originally defined in the EU Commission's White Paper (2001). In order to govern a political unit, one needs to have relevant and trustworthy information on it, giving it form and character.

Even though supranational actors such as the World Bank, the World Economic Forum, or Transparency International pursue no sovereign power, their actions and the use of calculative technologies in defining issues of concern bear remarkable resemblance to that of the activities of the EU described by Shore, or to historical attempts at making the modern state calculable. From the viewpoint of governmentality, the style of governance flowing through these organizations can be interpreted in terms of "governing at a distance" (Miller and Rose 1990; Rose 1999). It remains, however, unclear who exactly does the governing. Nevertheless, the fact that the numeric data created by these actors cover a majority of the world's countries and population—that is, the knowledge produced is virtually global in nature—can be interpreted as indications of some form of global governance (Zanotti 2005, 464–67). New governance indices, paradoxically, while serving as instruments of expanding the domain of governance, simultaneously function as mechanisms

for depoliticizing these enlarged domains of governance. This is what we now turn to.

From Democracy to Good Governance

We believe that it is impossible—and useless—for a social scientist to escape normative aspects always present in social inquiry (cf. King, Keohane, and Verba 1994, 14–15). It is no accident that many political and administrative studies concentrate on questions that revolve around such potentially conflicting values as equity, legitimacy, and efficiency of decision making and governance. Research on democratization is a paradigmatic example of value-laden social science steered, according to Sartori (1962), by a "deontological" concept: "What democracy is cannot be separated from what democracy should be" (cited in Whitehouse 2002, 20). The same however, is true with many other concepts—accountability, transparency, absence of corruption, rule of law, and so on—used to benchmark different aspects of administrative performance. Assessing administrative virtues in empirical cases is never only descriptive but also prescriptive. This seems especially true when considering scientific efforts for constructing evaluative indices.

Munck and Verkuilen (2002, 7–14) have distinguished among three "challenges that are sequentially addressed" in the construction of measures for democracy, which can be applied also to other measures of good governance. The three challenges are those of conceptualization, measurement, and aggregation. First, the researcher must identify "the attributes that are constitutive of the concept under consideration." Thus a scholar trying to measure the level of competitiveness must first clearly define what the concept stands for: what is the best possible instance of competitiveness and what is the worst. The second challenge pertains to the measures themselves. The researcher must—drawing from the lowest level of abstraction—choose the relevant indicators. This operationalization involves developing a set of observable variables that are assumed to tell something about the unobservable reality. In technical terms the selected indicators should be as valid and as reliable as possible: they should rigorously and without bias measure the occurrence of the abstract concept (such as some aspect of governance in our case). As Munck and Verkuilen (2002, 18) point out, however, it is important not to conflate validity and reliability. All aspects of validity cannot be tested simply by looking at the extent to which different measures produce similar results. Such tests may exclude the possibility of nonsystematic biases in measurement, but fail to say anything about the concept validity of the measurement. Indeed, measuring contested concepts can—and should—never be insulated from conceptual critique. In such a case the problem may be less technical

and more theoretical. Thus we find it sometimes misleading and even trivial that analysis of measurement validity is limited to the operational level without questioning the more fundamental presuppositions framing the whole measurement endeavor.

The third and last challenge distinguished by Munck and Verkuilen (2002, 22–27) is that of aggregation, which can be understood as reverse to that of conceptualization and operationalization. At this point the researcher has to decide in which form the raw data should be presented. Should the variables be kept separate (possibly emphasizing the multidimensional nature of the object under scrutiny) or should the raw data be aggregated for the sake of parsimony and applicability? There cannot, of course, be any single answer to this. The main point is that both the developer and user/reader understands how and why the aggregation is made: What is lost or included in the aggregation? Which of the attributes are stressed and which are given less emphasis? Different decisions concerning aggregation may lead to different results, perhaps, leading to changes in country rankings. It is especially problematic if an otherwise agreed-upon conceptualization (as a certain set of attributes) is distorted in the process of weighing.

Without accessible and clear documentation, it is almost impossible for a user to assess the essence of the end product. As a result, indices of freedom, good governance, corruption, and competitiveness often appear more as facts than interpretations of reality. Without underestimating the intellectual capacity of laypeople, it is possible that in many minds indices and index values shape not only how the units of evaluation are seen (e.g., Finland as a democracy, Zambia as a corrupt country), but also how abstract concepts themselves are understood (e.g., elections, individual rights, and rule of law as democracy). Returning to Sartori's insight, seemingly descriptive conceptualizations—objectified in the process of quantification—often do have normative effects.

Since World War II and in conjunction with a growth in the number of independent nation-states (and the general proliferation of social scientific research), various different types of studies gauging the quality of state decision making, governance, and administration have been planned and executed with methods varying from international citizen surveys to qualitative case studies. We are primarily interested in studies striving for international comparability between states—studies whose outcome is an index of some aspect of governance—because we believe, as do others (Morse 2004), that such methods are potential instruments of power. Before going to a more theoretical discussion, let us take a short look at the past and present of measuring normative aspects of governance (Table 8.1).

The first empirical governance studies enabling comparison between coun-

Table 8.1

Types of Governance Assessments

Type of assessment	By whom? For what?	Normative standards	Representation
Single-case assessments	Academic scholar in cooperation with governmental agencies; politico-administrative development/improvement	Democracy: ranging from liberal to participatory and deliberative ideals	Political nature of assessment acknowledged and documented
Democracy indices	Academic scholars (in co-operation with NGOs); research and comparison	Democracy: ranging from minimalist electoral democracy to liberal democracy	Political nature of assessment acknowledged, but attention on methodological level
Governance indices	IGOs, INGOs, private firms; politico-administrative development/improvement, private and public resource allocation criteria	Various administrative virtues: "good governance," "institutional soundness," quality of regulation, and policies	Depoliticization of assessment, seeming neutrality, technical discourse

tries were attempts to assess the degree of democracy in state-level decision making. Such measurement methods were scientific in the sense that they were developed by political scientists for the purposes of quantitative causal analyses—the indices allowing simple comparison were merely by-products of producing variables for testing hypotheses. For their developers they were "scientific" also in the sense that the logic of their inquiry followed closely positivist and behavioralist methodological guidelines. Although the methodological debate has softened during the years and scholars carrying out quantitative research have become more conscious of the caveats concerning their approach, the methodological bases for measuring social and political variables have remained much the same. The researchers seem to have quite a restricted range of movement when creating their data sets—the sequences, challenges, and viable solutions are much the same as those described by Munck and Verkuilen (2002).

Practically all the early measures of liberal democracy were based on a Schumpeterian minimalist definition of democracy reducing it to more or less "free and fair" elections (Cutright 1963, 255; Lipset 1959, 71; Neubauer 1967, 1004–5). From 1970s onward, the minimalist measures of democracy got more substantive indices alongside them when attributes of freedom

were included in some of the new measurements (Bollen 1980; Freedom House 2006; Gasiorowski 1990; Hadenius 1992; Smith 1969). Still, almost all of the conceptualizations behind the indices of democracy have more or less remained within the paradigm of the liberal Anglo-American tradition of democracy; substantive participation, democratization of the "economic sphere," and ideas of individual development have remained almost non-existent. Since the 1970s, nevertheless, more nuanced justifications for the preferred definitions had to be offered together with the indices (Held 1996, 233–73). Those who claim to measure democracy must today be prepared for severe criticism from those who take a different view on democracy, or, for some other reason, dread the (perhaps unavoidable) essentialism inherent in such indices. Perhaps connected to this critique, more substantive methods for assessing democracy have been developed in recent years, alas, often at the expense of comparability. Despite the often deceptive "scientification" evident at the methodological level, the political nature of democracy research has remained visible inside academia.

As if to counter this, a rather different development has taken place largely "outside" the universities. During the last twenty years, traditional methods for assessing aspects of good governance have found semi- and nonacademic competitors who give democratic values no privileged position among other "virtues" of good governance (Drechsler 2004; Knack and Manning 2000; cf. Zanotti 2005). Most of these new indicators are developed and marketed by international organizations for the purposes of improving policy planning and implementation—not primarily for the purposes of causal research. Often the focus in the case of the developed world has been on steering public administration toward greater efficiency, whereas in the case of developing countries both the descriptive and prescriptive efforts have been more nuanced, dealing with administrative and political issues of various kinds. In addition, organizations providing information for investors have included such measures as social stability, political participation, administrative transparency, and level of corruption in their indices. All in all, the overall picture looks fragmented and multidimensional at first sight. We argue that this image is somewhat misleading.

Although the new governance indicators may share a policy oriented motive with the frameworks for assessing the quality of democracy, namely a conviction that information collected through systematized monitoring can be used for improving the performance and conditions of governance, they differ both in substance and in presentation, and thus legitimization (see Table 8.1). Whereas the political nature of governance research is usually acknowledged and more or less appropriately treated by academic scholars, this is not so with the indices produced by non/semiacademics, who base

their work on "self-evident" criteria such as "*good* governance," "*sound* institutions," or "regulatory *quality*." It is not easy to question or criticize sets of values, procedures, or practices that are defined as good or sound; to treat an idea as the ultimate truth, reason, or good may serve to dispel its normative, contested, and thus political nature. To advocate certain policies is one thing; to put them under the rubric of quality is another. Such standardization of the sought-after outcome combined with the technical nature of measuring, tends to shift the attention away from what is actually measured, and effectively depoliticize issues that are highly political (cf. Zanotti 2005, 480).

The concept of good governance has been pervasive in the jargon of internationalizing governance for the last two decades or so, and the conceptual change can be observed by looking at the evolution of governance indices, as we have done. The origins of the concept can be found in the Development Economics of the World Bank and other international finance institutions (Drechsler 2004, 389; Seppänen 2003; Tiihonen 2004; Zanotti 2005, 468). Whereas the notion of "governance" has become somewhat neutral, referring to a standardized set of "steering mechanisms in a certain political unit," "good governance" has not (Drechsler 2004, 388). It is a normative concept that puts emphasis on reducing the reach of the state and on adopting the logic of private enterprise in terms of how governance is conducted; the ethics of the good in "good governance" can be traced to free-market economics, which formed the core political ideas of international financial institutions since the late 1980s (Argyriades 2006, 158–60; Doig, Mcivor, and Theobald 2006, 241; Drechsler 2004; Seppänen 2003, 114; Zanotti 2005, 470). Many of the standards of good governance are identical to the policy prescriptions of NPM initiatives that were launched in the Western world around the same time (Drechsler 2004). Several other international organizations also grew interested in administrative ethics. The OECD, which through the late 1980s and early 1990s had been active in promoting NPM in Europe, notes that in the EU, the European Commission's White Paper of European Governance defined the good governance that was to be expected from the EU institutions and member states alike (European Commission 2001). This is especially evident in the emphasis put on efficiency and performance as key concerns of governing.

Apart from political science and administrative studies, the question of the most plausible institutional design for a country has been addressed by scholars of economics. The NPM reforms and, as Drechsler argues, initial perceptions of good governance have been centered on the ideas of limited domain of state and public of institutions. To an extent, this can be seen in the policies of international financial institutions. From the economics point of view, the

picture is more mixed, though. The increased interest in the administrative performance in "ethics," that is, seeing transparency, accountability, and low corruption as virtues of governing at present, bears close comparison to the patterns of thought and doctrines of contemporary economic theory. Starting from the late 1970s, information economics has gained ground among economists, and in the last two decades also, well-performing institutions and the rule of law have been firmly focused on economic agenda. Indeed, should we decide to see the field of politics somehow separately from that of economy, this seems contradictory to the common notions of ultraliberalism (where politics is subsumed under economy).

In the field of economics, for example, George A. Akerlof, A. Michael Spence, and Joseph E. Stiglitz have recently brought up issues concerning imperfect information, corruption, and their transaction costs. As Joseph Stiglitz has put it, this has marked a slight shift in the economics paradigm (2002). As a result, the problem of information asymmetry is considered particularly relevant for the market efficiency (Stiglitz 1998, 3). Also here, the hard-core liberal economic policies are under attack for failing to see the particular circumstances of countries, which makes the doctrinal adoption of stability and growth pacts difficult (Stiglitz et al. 2006). Marking a division in the ideal role of institutions in a given country, the new emphasis on the institutionalism also has brought their endogenous nature to fore. Institutions matter, but can they be exported or engineered (Przeworski 2004)?

Even if economists would disagree on whether institutions can be exported, or on their ideal role and scope, it is obvious that for them governance and public institutions are not simply a matter of democracy but particularly of economic performance. Furthermore, the institutional economic literature merges these two without much hesitation; what is left of democracy is seen to amount to increased (market) transparency and lowered tariffs and transaction costs (Kono 2006; Libich 2006). Previous assessments of the possibly contradictory dichotomization of democracy and efficiency are virtually neglected. In other words, whereas the scholars of political science and administration previously have seen these two to be potentially at odds with each other (Stoker 1998), the newly emerging ideas of political economy of institutions seem to bypass this trade-off.

When looking at the new numerical objectifications of administrative virtues, it seems apparent that the plausible and sought after qualities favor economic performance over traditional ideas of democracy or administration. In the following we will look at four different indices, which, with possibly one exception, in our opinion are based on a common core understanding of good governance.

Measuring and Standardizing Governance

Thus far we have discussed both the shifts in the meaning of governing and governance and the shift in the type of data produced by them. Assuming that ideas matter (cf. Marcussen 2000, 23–26), we next look at the bases of four measures claiming to gauge different governance virtues, namely "good governance," "political rights and civil liberties," "competitiveness," and "pervasiveness of corruption." Two of our indices—Freedom House's *Index of Political Rights and Civil Liberties* (FH) and the World Economic Forum's *Global Competitiveness Index* (WEF/GCI)—use original data that (both method and data) others borrow. Indices using data/indicators that others have generated are sometimes referred as "indices of indices" or "composite indices." World Bank Institute's *World Governance Indicators* (WBI/WGI) and Transparency International's *Corruption Perception Index* (TI/CPI) represent such indices in this sample.

Our intention is not to conduct a deep analysis of the multitude of background assumptions on which the indices are founded. Indeed, we focus primarily on the WGI and the conception of good governance that it promotes. The point of the empirical exploration is not only to show the conceptual (and material) closeness of the four measures, but also *to point out in which way good governance is conceptualized, standardized, and objectified through statistical technologies*. All our chosen indices share several sources of data, and consequently correlate strongly with each other. The reason for this, we suggest, lies partly in their shared underlying normative assumptions. The set chosen—sort of a quasi-comparative setting—enables us examine how good governance is constructed in international discursive space and *how* certain economism has entered into the institutional analysis, which once was almost exclusively dealt with by political scientists.

There are at least three different ways to examine the normative assumptions or aspirations behind the governance indices. First, we can study how the organization (or knowledge producer) defines the concepts they attempt to measure. As we already noted, this is often not entirely satisfactory, since much can be left unnoticed (and since general descriptions can, in principle, be given multiple different interpretations). Without going too deep into analysis of the knowledge they produce, however, something can be said about the main causal and normative ideas of such data producers as Freedom House (liberal democracy, formal freedoms) and the World Economic Forum (neoclassical economics, market liberalism). The second possibility goes deeper by examining the attributes and indicators that are employed; only this can help us to unpack ambiguous adjectives like *effectivity* and *soundness* in WBI's definition of good governance. Often it is just this operational level at which

we begin to observe more specific value judgments, which bear both ideational (or indirect) and material (or direct) implications. Finally, and getting back to the critical tradition, we could focus our analysis more clearly on the actors, their connections, interests, and intentions. This, being theoretically and empirically much more demanding, is largely out of the scope of this chapter. Without totally ignoring the first and last analytical directions, we are content with having our focus mainly on the second one.

Before examining the interrelation between our four indices, let us first take a look at the one interesting us most, the World Bank Institute's World Governance Indicators. The WGI consists of six components (or attributes), each of which depicts different aspects of governance: (1) political stability and lack of violence, (2) government effectiveness, (3) regulatory quality, (4) rule of law, (5) control of corruption, and (6) voice and accountability. Each of these, in turn, is operationalized into a number of indicators borrowed from several different data producers. The selection of relevant attributes and their respective indicators and aggregating them into index values depicting each of the six attributes are done by the scholars at WBI (for a list of indicators and data sources, see Kaufmann, Kraay, and Massimo 2006, Appendices). A look at the attributes and the indicators reveals that, indeed, democracy is not emphasized too heavily in the conception of good governance promoted by the WGI; from its six components only "voice and accountability" measures clearly democratic aspects of governance.

Figure 8.1 (see page 140) shifts the focus on the interrelations between the four indices. Underneath the name of the information-producing organization, we have listed and opened up the measurements that interest us to show what kind of attributes are actually measured (FH, GCI) and whose data is included into the composite indices (WGI, CPI). One can immediately see how close these seemingly independent measurement efforts are at the operational level. Both the WGI and the CPI borrow much from the same data sources. Covering conceptually much more ground, the number of WGI's indicators is naturally far greater and varied than that of the CPI. Indeed, comparing the indicators at the most concrete level of abstraction the CPI effectively corresponds with only one of WGI's six components, "control of corruption." Nevertheless, from eleven sources included in the CPI, only three cannot be found at WGI's repertoire of indicators. Furthermore, both of our composite measures borrow indicators from data produced by Freedom House and the World Economic Forum. There seems to exist a limited, although not necessarily closed, universe of data producers and refiners, who regularly borrow indicators, data, and concepts from each other.

It comes as no surprise, then, that all four governance indices correlate strongly with each other (Table 8.2). Taking the WGI—the aggregate of all its

Table 8.2

Spearman's RHO Correlations Between WGI, CPI, and Other Governance Indices

	WGI Aggregate Score[d]	WGI Voice and Accountability[d]	WGI Regulatory Quality[d]	Corruption Perception Index (CPI)
Freedom House: Political Rights and Civil Liberties (FH)[a]	.83	.98	.75	.70
Global Competitiveness Index (GCI)[b]	.85	.67	.89	.87
Corruption Perception Index (CPI)[c]	.94	.74	.90	

Notes: All correlations are significant at the .001 level. Spearman's rank order correlation was preferred because of a slight non-linearity in certain correlations.

[a] The FH aggregate score was produced by summing Political Rights and Civil Liberties raw points from 2005 so that they got equal weight; data from *Freedom in the World 2006* (Freedom House 2006).

[b] The GCI data is directly from *The Global Competitiveness Report 2006–2007* (Lopez-Claros 2006); survey data collected in early 2006.

[c] The CPI data is from *Corruption Perceptions Index 2006* (Transparency International 2006), which draws on several different polls and surveys from various independent institutions.

[d] WGI component scores are from Kaufmann et al. (2006). In the WBI documents the WGI data is presented in the form of six component scores that range from –2.5 to 2.5. In order to make these more manageable we have added 2.5 to each of the variables, and constructed an aggregate score with equal weight given to each component. The WGI Aggregate Score is an arithmetic mean of the six component scores.

six components—as the point of reference, since it explicitly ranks countries in relation to their governance performance, we find it correlating strongly with all other indices and especially with the CPI. Thus, if a country has good governance performance, it is very likely that it fares well also in democracy ($r = 0.83$), competitiveness ($r = 0.85$), and corruption ($r = 0.94$) rankings. But why is it so, even though we know that democracy's republican and participatory principles—possible features of good governance if so decided—can be at odds with market-liberal values inherent in the WGI and the GCI? We propose that the measures correlate to a significant extent because they are based on similar surrounding normative and causal assumptions; that is, the conceptions they claim to measure are—through the conceptualization and operationalization—constructed in a corresponding way. Although WGI includes components, such as "voice and accountability," which are more in line with conceptions of democracy that are grounded on political and administrative science traditions, they are more or less overwhelmed by the economic dimensions of governance.

The fact that the correlation between WGI's "voice and accountability" component and FH is much stronger ($r = 0.98$) than that between FH and the rest of the WGI components (e.g., the "regulatory quality" component [$r = 0.75$] containing direct policy recommendations) is a suggestive way of hypothesizing that democratic virtues, at a minimum, are not the defining properties of good governance, but that economic virtues might be.

All of the indices, excluding FH, seem to put economic aspects of governance (such as cost-effectiveness) before even nominally democratic aspects. In the case of the GCI—the World Economic Forum being an outlet of big multinational corporations—this should be obvious: political and administrative institutions are judged according to their capability to ensure as market-friendly conditions as possible. Even though it is clear that even the "institutions" component of GCI (see Figure 8.1) is based on pervasive economism, only looking at its other components can further qualify it. In particular, examination of the "market efficiency" component reveals the underlying free-market understanding of economics. Transparency International's economist ideas can be traced by looking at the conceptualizations of corruption and the CPI indicators. TI's worldwide attempts at uprooting corruption can be linked to the "political economy of corruption." In other words, corruption is not only a matter of legitimate and just rule in the eyes of the public, but also it is costly in terms of economics and carries investment risks for the companies willing to set up businesses in particular countries. Similar to World Bank's governance indicators, TI sets accountability and access to information as global priorities, even if these might not be present in the actual composition of their CPI index.

The case of WGI is most striking since four of its six criteria—Government Effectiveness, Rule of Law, Control of Corruption, and Regulatory Quality—treat governance as an instrument for ensuring functioning markets. Although it is curious that indicators in each of the components are based on judgments of business people or analysts at commercial risk rating agencies, we do not consider this the gravest defect. The major problem lies in how the problem field is constructed, concepts defined and indicators chosen; for it is the framework and standards, not only the judgments, that define which policies or institutions are presented as desirable and which are not. In effect, the results of measuring produce policy prescriptions comparable to those regularly published by the OECD and IMF. The conceptual unity in understanding what good governance is about results into the loss of plurality in the analytical knowledge of which the figures are derived, which according to Hummel (2006, 75) could lead to mismeasure, a divide between the technique of counting and the human concerns that it is supposed to solve.

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Figure 8.1 **Operational Cross-References in Governance Indices**

Data producers

Freedom House
- Freedom in the World: Political rights, Civil liberties
- Nations in Transit: The Democracy Score
  - National democratic governance
  - Electoral process
  - Civil society
  - Independent media
  - Local democratic governance
  - Judicial framework and independence
  - Corruption
- Freedom of the Press
- Countries at the Crossroads

World Economic Forum
- Global Competitiveness Index, GCI (Executive opinion survey and hard data)
  - Institutions
  - Infrastructure
  - Macroeconomy
  - Health and primary education
  - Higher education and training
  - Market efficiency
  - Technological readiness
  - Business sophistication
  - Innovation

CPI's own sources
- Information International
- The International Institute for Management Development
- Multilateral Development Bank

Composite indices

World Governance Indicators (WGI)
- World Bank Institute

Corruption Perception Index (CPI)
- Transparency International

Other common sources for WGI and CPI
- The Business Environment and Enterprise Performance Survey (EBRD, World Bank)
- Columbia University's The State Capacity Survey
- The Economist Intelligence Unit
- Merchant International Group
- The Political and Economic Risk Consultancy
- Gallup International (on behalf of TI)

WGI's own sources
- African Development Bank
- Afro-barometer
- Asian Development Bank
- Bertelsmann Foundation
- Business Environment Risk Intelligence
- World Bank
- European Bank for Reconstruction and Development (EBRD)
- Global Insight's Global Risk Service; Business Conditions and Risk Indicators
- Heritage Foundation
- IJET Country Security Ratings
- Institute for Management Development
- International Research and Exchange Board
- Latinobarometro
- Political Risk Services
- Reporters Without Borders
- U.S. State Department
- Amnesty International

Anyone unfamiliar with the world of governance indices may get the impression that all these are somehow independent of each other. This is, as we have suggested, a misplaced belief. In addition to the direct sharing of data, the conceptual consensus in the background of objectifications of good governance results in a range of activities: joint conferences, seminars, workshops, and publications. Articles written in one organization might be published by other organizations. Developers of indices also use other indices to validate their own products: more than disqualifying the other, this relatively soft contrasting in effect serves to legitimate them both (see Kaufmann et al. 2003).

In relation to expert knowledge, Peter Haas (1992) has argued that "control of knowledge and information is an important dimension of power and that the diffusion of new ideas and information can lead to new patterns of behaviour and prove to be an important determinant of international policy co-ordination" (see also Cogburn 2005). In studying the emerging policy coordination networks of early 1990s, Haas, among others, has proposed approaching the phenomenon through a concept of "epistemic communities," a "network of professionals," which has evolved to cope with the technical uncertainties and complexities of globalizing policy coordination. In our opinion, this conceptualization of the organization of global policy networks is fitting to describe the new knowledge creation processes forming around the governance indicators.

In this chapter, however, we have merely provided information on the nature of one discourse—economism—and its production. It is not our intention to deny the efforts of the World Economic Forum, the World Bank, and Transparency International or deem them wrong. However, what we wish to point out is that these actors base their actions on certain shared premises that, as we have argued, tend to cover the political nature of their activities.

Conclusions

We have examined the political aspect of numbers and measurements in the field of governance research. Influenced by the Foucauldian concept of governmentality, we described how numerical techniques are utilized as instruments of making new domains governable by objectifying specific interpretations of reality. We continued then to analyze more specifically the methods for measuring and ranking countries according to their "governance performance." As a whole, we noted, there have occurred clear shifts in field of measuring governance: If the main interest lay previously in ranking countries in terms of their democratic quotient, is the emphasis now on other aspects of governance? If it used to be almost exclusively academics who constructed such indices, today measurement efforts are more often than not

made by non-academics in international organizations, NGOs, and private companies. The motives for measuring have changed from providing variables for scientific research to informing policy planning, facilitating resource allocation and investment.

It is no news that the concept of good governance is now at the center of governance debate. Like the concept of democracy, nevertheless, it is neither neutral nor apolitical, although both its vocabulary ("sound policies," "regulatory quality," etc.) and the apparent objectivity of its central methods (numbers and figures) appear to suggest otherwise. Our analysis of four indices and their interrelations clearly shows how they fix the substance of potentially political concepts. They institutionalize certain causal beliefs and normative goals into "self-evidences" or "truths"; they construct consensus on standards and—in Palonen's terms—depoliticize domains previously (or potentially) open to politicking.

In a Weberian sense, the new calculus of governance performance has the potential for creating an "iron cage" of fixed standards and instrumental rationalization that leaves no room for ethics or politics. Whereas Weber saw these threats in the development of bureaucracy in the modern state, we are now facing similar dilemmas on an international level of governance. The World Bank Institute's World Governance Indicators can be interpreted as instruments for depoliticizing the notion of good governance (and perhaps the notion of governance altogether) and there seems to be quite a strong consensus between international administrative experts what good governance is about: institutional engineering now emphasizes economic virtues partly linked to certain market liberal values. Indices produce country rankings, which seem to carry the potential of measuring economic performance perhaps more than aspects of democratic rule. Producing measures of governance virtues is political, and believing in the results obtained is an implication of such a political act.

Acknowledgments

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9

Fighting Corruption Globally and Locally

Kalin Ivanov

This chapter explores the divergence between global and local views on corruption. A global anticorruption agenda, itself driven by competing values and interests, construes corruption as a quantifiable problem in need of remedies such as deregulation, liberalization, institutional reform, and nongovernmental organization (NGO) activism. Popular views of corruption, by contrast, often focus on the punishment of officials whose wealth is automatically regarded as suspect. Popular outrage at corruption is linked to resentment and anxiety about economic inequality. Corruption's elusive definition and emotive charge mask the discrepancies between global and local agendas. At both levels, the policy and politics of anticorruption remain joined at the hip.

The Advent of Global Anticorruption:
Deliverance or False Dawn?

Once a taboo in international affairs, corruption came under the spotlight after the Cold War. A global agenda against corruption emerged in the mid-1990s, propelled by the U.S. government, multinational corporations, multilateral lenders, and NGOs such as Transparency International (TI). Informed by surveys and econometric research, the global campaign sponsored numerous projects and attracted media attention. Fighting corruption became a condition for obtaining loans from the World Bank and the International Monetary Fund (IMF).

Supporters of the anticorruption "movement" see it as a success story. Global efforts have raised unprecedented awareness about the problem, galvanizing citizens and governments into action. Previously unthinkable international conventions have come into force under the auspices of the

Organisation for Economic Co-operation and Development (OECD), the Council of Europe, and the United Nations (UN). Admittedly, corruption is far from being eradicated, but further efforts can restrain this global scourge.

A smaller but growing number of skeptics, including some initial enthusiasts, harbor misgivings about the anticorruption "industry," its motivations and unintended consequences (Naím 1995, cf., e.g. 2005). According to detractors, global activism has yielded more rhetoric than concrete benefits, distracting attention from more pressing problems. Raising awareness of corruption has discredited fragile governments and bred cynicism about any future attempt to curb corruption. In some cases, anticorruption provided a pretext for the elimination of opponents and the concentration of power. Externally funded NGOs purport to speak for "civil society," but many appear detached from grassroots concerns and needs. More radical critics denounce anticorruption as a neoliberal conspiracy to delegitimize the state or to interfere in the domestic affairs of developing and transition countries (Brown and Cloke 2004).

Polemics aside, the debate on anticorruption raises crucial issues. On the one hand, there is a good case for international cooperation against corruption as its tentacles reach beyond state borders. Moreover, "corruption," whatever we mean by this term, is not evenly distributed. The ranking of countries according to their (perceived) levels of corruption is now customary. Despite the conceptual and methodological flaws of such rankings, it is evident that some countries are better governed than others, providing potential models and sources of assistance. Indeed, many citizens of developing and transition countries welcome external pressure to clean up domestic politics.

On the other hand, the post–Cold War flurry of international activity against corruption is not merely a response to popular grievances and the need to share best practices. The relationship between global and local efforts against corruption is more complex. It reflects patterns of economic and political power that help to explain why some countries are cast as beacons of good governance, while others find themselves on the receiving end of scrutiny and conditionality.

Global Movement or Industry?

The term "agenda" is used here for its neutrality instead of "movement" or "industry"—two labels preferred by enthusiasts and skeptics, respectively. Nonetheless, anticorruption *is* both a movement and an industry, driven by both values and interests. It is also a discourse, aptly labeled "anticorruptionism" by Sampson (2005).

As an industry, anticorruption has an estimated global market size of well

over $100 million according to one estimate (Bryane 2004). Like other aid industries, anticorruption entails both competition and cooperation among donors, development agencies, and NGOs. It also is characterized by professionalization, with a growing number of individuals pursuing careers as sought-after anticorruption practitioners. It was partly competition for the newly discovered anticorruption "niche" that led TI, the World Bank, and the OECD to develop and publish their own rankings and indices of corruption, in order to signify their involvement and position themselves on the "cutting edge." This development is part of a broader trend since the 1990s of growth in indicators that attempt to measure aspects of good governance.

The agenda's sponsors have been the U.S. government, with its commercial and security interests, reputation-conscious multinational corporations, and multilateral aid agencies and NGOs pursuing their own plans. These actors have supported the global anticorruption agenda on the basis of both interests and values, which are closely intertwined (Dimitrakopoulos 2005; Finnemore 1996). Such a complex interaction of interests and values motivated the first measures against cross-border corruption in the United States in the late 1970s, and their subsequent "globalization" after the Cold War.

In the Beginning: The United States and Multinational Companies

The first attempt to criminalize cross-border corruption came with the 1977 Foreign Corruption Practices Act, adopted anonymously by Congress in an atmosphere of moral outrage at the Watergate and Lockheed scandals. Americans were appalled to learn that U.S. companies had made illegal contributions to the Nixon campaign through foreign connections. Further investigations revealed that Lockheed and other firms had paid enormous bribes to Prime Minister Kakuei Tanaka of Japan in exchange for contracts. In the United States, combating cross-border bribery was framed as a "valence issue" over which everyone expressed agreement, at least in public (Stokes 1963).

Contrary to President Carter's expectations, other countries did not follow suit in banning the bribery of foreign officials. Finding themselves at a competitive disadvantage, U.S. companies lobbied Congress to repeal or dilute the Foreign Corruption Practices Act. However, Congress had no face-saving way of accommodating business pressure, given the issue's moral overtones. The only other way to eliminate commercial disadvantage was to convince other OECD countries to adopt similar legislation. The United States attempted to do so, citing arguments of economic efficiency and fair competition, which met little enthusiasm. U.S. officials had nearly abandoned efforts at a multi-

lateral ban on foreign bribery when the Clinton administration picked up the issue with new vigor.

Transparency International: Values and Interests

The archetypal anticorruption NGO is Transparency International (TI), founded by Peter Eigen who left the World Bank in frustration over the bank's ban on speaking out against corruption. TI was instrumental in the adoption of the OECD convention by proclaiming moral ideals but also with the support of large U.S. corporations, which had an interest in leveling the playing field. "The participation of two distinct groups allowed TI-USA to deploy a dual political strategy, showing an "interest" or "value" face depending on its audience" (Abbot and Snidal 2002, 173–74). For example, during the OECD negotiations TI was careful not to appear too closely aligned with U.S. commercial interests, in order not to jeopardize its value-based power of normative persuasion (Glynn, Kobrin, and Naím 1997).

Divergent Voices

The global anticorruption agenda stems not only from altruistic concern about the deleterious effects of corruption, but also from the post–Cold War economic and security interests of the United States, from World Bank and IMF efforts to remain relevant, and from NGOs clamoring for attention. The global anticorruption movement brings together disparate elements, which share a "definite social construct of what corruption is about and how to challenge it" (Krastev 2000, 390). The global agenda is premised on the understanding of corruption as a measurable problem requiring technocratic solutions, including a smaller (or redefined) role for the state and a larger one for "civil society."

Civil society is an essential element of the global anticorruption agenda, through TI and its eighty-five national chapters, as well as additional advocacy NGOs funded by the United States Agency for International Development (USAID), the World Bank, and others. Critics view such NGOs as more responsive to the concerns of their donors than to those of their presumed constituents. Anticorruption NGOs transmit the global discourse into their local political environments.

Such transmission can be traced through the English phrases imported by NGOs into their local languages: "corrupt practices," "integrity," "transparency," and so on. TI's chapter in Italy directly uses "la rule of law" and "good governance" within the Italian text of its Web site (www.transparency.it). In Bulgaria, NGO activists speaking informally among themselves also use such

English phrases. On more formal occasions, the literal Bulgarian translations are substituted. In Romania, TI introduced *transparenţă* and *integritate* into the public vocabulary. *Integritate* had previously been used in the sense of "territorial integrity" rather than "moral soundness." This continues to be the case in Bulgaria, although USAID did support a project on the *интегритет* (integritet) of the financial sector, seeking to make it more *прозрачен* (transparent) (http://bulgaria.usaid.gov/74/page.html). The imported vocabulary indicates that the ideas of anticorruption NGOs—like their funding—are mostly of foreign extraction.

In fact, one of the skills that NGOs value most in their staff is the ability to craft project proposals in language that is currently fashionable among donors. According to Ivan Krastev (2000), "Prior to becoming a buzzword in [World] Bank proposals, 'corruption' was already a buzzword in its reports" (32). Donors are aware of the problems entailed by recipients second-guessing donor preferences, not least the PR problems for donors wishing to be seen as responding to local needs. An official at USAID Bulgaria, for example, insisted that Bulgarian NGOs had spontaneously decided to form a broad anticorruption coalition—even though donors had advocated such coalitions earlier.

Separately from the Bretton Woods institutions, NATO placed some focus on corruption in the Central and East European countries it admitted—Hungary, Poland, and the Czech Republic in 1999, and a further seven countries invited in November 2002. One justification given was that "corruption's highly corrosive effect on public confidence and trust can undermine democracy, which is essential to NATO membership" (Bradtke 2002). More relevant, however, was the danger that classified NATO information may fall in the wrong hands. The NATO candidate countries, especially those from the second wave, were urged to strengthen their judiciaries, improve enforcement of existing laws, and adopt new legislation on conflict of interest. However, in the end corruption was not a decisive factor. Arguments for and against eastern enlargement focused on Moscow's reaction, military interoperability, and alliance cohesion. In the second wave, the dominant concern was Washington's need for a broad coalition to legitimize the war on terror. The extent to which candidates were successful in fighting corruption was a minor detail in the context of a grand geopolitical decision to enlarge NATO.

Fighting Corruption: A Shared Goal?

Global and local visions of corruption are often at variance. The global anticorruption agenda construes the problem as primarily a technocratic one,

calling for liberalization, deregulation, and institutional reform. By contrast, local publics in transition and developing countries insist on the punishment of *nouveau riche* officials and politicians. At the popular level, corruption forms part of an all-embracing narrative that explains inequality and channels social resentment.

The vague and emotive nature of the term "corruption" has long allowed various actors to project their own values and interests onto efforts against corruption. Promoters of liberalization and privatization prescribe such policies as a remedy against corruption. Opponents view privatization itself as inherently corrupt. Democratizers call for greater openness and accountability to curb corruption. Would-be autocrats use corruption as a pretext to consolidate power and eliminate rivals. Military coups are almost invariably justified by reference to the corruptness of the previous regime and the need to impose discipline. Hitler himself once riled against corruption in the Weimar Republic, whose democratic institutions he considered innately rotten. Even if we exclude dictatorial hijackers of the anticorruption cause, it spans a remarkable variety of values and interests, sometimes enlisting unlikely allies. For example, in postcommunist Romania, the two most outspoken critics of corruption were at one point the U.S. ambassador and a nationalist ex-communist politician.

W.B. Gallie (1962) coined the term "essentially contested concept" in reference to open-ended, value-laden ideas (such as "art"), whose very meaning is subject to debate. Corruption is a prime candidate for an essentially contested concept because its definition is deeply problematic. The recent increase of scholarly attention appears to have exacerbated rather than resolved definitional disputes (Mény 1996). Paradoxically, many contemporary scholars agree on the grave consequences of corruption, but they cannot agree on what is corruption. The vagueness and negative connotation of the concept have concealed discrepancies between the values and interests that animate anticorruption at global and local levels.

Many others also have pointed to the elusiveness of a universally valid definition. In the words of Lancaster and Montinola (1997), "'Corruption' essentially denotes deviation or perversion from some ideal state or natural condition, and scholars appear to have different notions of what that condition is" (27). Bull and Newell (1997) phrase the problem thus: "If I characterize a given action as 'corrupt' and you refuse to accept such a characterization, there is no means by which we can resolve our disagreement" (174). Some definitions have attempted to avoid such relativization by listing specific acts but they have proven impractical, in addition to overlooking fundamental issues of morality and justice in society at large, including representation, deliberation, and accountability (Dobel 1978; Johnston 1999). Some scholars

and activists appear to assume that they know corruption when they see it, adapting Justice Potter Stewart's test for identifying pornography (*Jacobellis v. Ohio,* 378 U.S. 184, 197 [1964]). There is even a degree of impatience among scholars who think it is time to move on from definitions to solutions (Andersson and Heywood 2006).

At both the global and local level, the concept's nebulous and emotive nature makes it difficult to fight corruption without arousing suspicions of partisanship. In his short-lived tenure as World Bank president (2005–2007), Paul Wolfowitz attracted controversy by using his discretion to suspend loans to developing countries on grounds of corruption. Wolfowitz's critics saw the decisions as arbitrary or even biased. Such suspicions were linked to Wolfowitz's prior role in the 2003 U.S. invasion of Iraq. Criticism also reflected the fact that the loan suspensions had not resulted from "the transparent and consistent application of objective and valid evaluation methods in a structured review process" (Biller 2007). However, if the board had been involved, it may have continued to downplay charges of corruption, given its reluctance to politicize the multilateral institution. One of the complexities of dealing with corruption is the difficulty of being (seen as) both decisive and impartial.

Anticorruption Policy and Politics

Many languages use the same word for "policy" and "politics" (*politique, politică, политика*). In English, the distinction can be one of hierarchy—"You do the policy, I'll do the politics," as U.S. Vice President Dan Quayle once instructed an aide (Broder and Woodward 1992)—or one of moral contrast (politics is an unscrupulous game for the power-hungry, while policy is the duty of neutral experts). Calls for policy "free" of politics may be understandable, yet they are difficult to reconcile with electoral democracy.

In the case of anticorruption, the distinction between policy and politics is especially problematic. Anticorruption policies advocated by the global agenda are supposed to be unpartisan, combating corruption regardless of its political hue. Yet even a genuinely evenhanded anticorruption policy may lead to lopsided political repercussions. It would have to target disproportionately officials belonging to current and former ruling parties who have had greater opportunities to err. Anticorruption policy may bring popularity to its architects, it may be shrugged off with cynicism, or it may backfire. To paraphrase Clausewitz, anticorruption can become the continuation of politics by other means. The use of anticorruption campaigns as a pretext to purge rivals has a long tradition in (post) communist societies and elsewhere. The politicization of anticorruption is not surprising, given that the definition of corruption is inseparable from assumptions about the "naturally sound condition" of poli-

tics (Philip 1997, 446). Therefore, the technicalities of anticorruption policy cannot be understood outside their political context.

Conclusion

Given the decline of ideological alternatives to the global market, anticorruption rhetoric has become a conduit for resentment and anxiety about economic inequality. In Germany, a series of corporate corruption scandals has followed widespread indignation at the widening pay disparity between the boardroom and the workforce. German denunciations of corruption reveal frustration with the declining salary, security, and status of professions once held in high regard but now undervalued by the global market. Trends of this kind are even more pronounced in transition and developing countries where inequalities are starker, social trust weaker, and corruption accusations more rampant. Such popular disgruntlement is far removed from the proponents of the global market who have spearheaded the anticorruption agenda at the international level. Ostensibly universal consensus about the need to fight corruption reflects corruption's vague definition, rather than a convergence of underlying values or interests.

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10

Global Versus Local Perspectives of Anticorruption Reforms in Italy

Maria Laura Seguiti

There is no definition of corruption that is equally accepted in every nation. The qualification of some practices as "corrupt" and their possible moral reprobation by public opinion vary from country to country and do not necessarily imply that they are criminal offenses under national criminal law. However, numerous international organizations, by pulling to the surface the phenomenon of corruption, have discussed possible definitions for a number of years. Agreements have been reached on the definitions of "active" and "passive" corruption, as well as of the most common forms of corruption that are now contained in worldwide international conventions, and in national legislations.

Today, an increasing number of nations agree that certain political, social, or commercial practices are corrupt, and provide sanctions and other measures to prevent and combat corruption. This chapter shows how the efforts of international organizations encourage a continuing global discussion over the phenomenon of corruption for a better understanding of its various manifestations, its causes and effects in the global sphere, and constitute an effective agent of institutional anticorruption reforms at national levels. However, the implementation and enforcement of anticorruption mechanisms has not yet delivered satisfactory results in many parts of the world. This is the case with Italy, where the experience of anticorruption reforms shows an implementation gap also reported by international organizations such as the World Economic Forum (WEF) and Transparency International (TI). The gap between the rules on the books and the rules in action needs to be explained through a closer investigation within the country, taking into consideration the Italian domestic environment, which includes the deleterious influence of organized crime, and focusing on governance reforms. This chapter aims further contribute to the discussion on the argument that the success of governance

reforms in fighting corruption depends not only on the historical and cultural environment of the country (Burghava and Bolongaita 2004; Seguiti 2006), but also on the government capacity to implement them (Caiden, Dwivedi, and Jabbra 2001; Rose-Ackerman 1999; Tanzi 1996).

The first part of this chapter discusses the issue of corruption at a global level by focusing on international action in controlling corruption, especially in the area of public administration. Particular attention is given to major governmental organizations, namely the Organisation for Economic Co-operation and Development (OECD), the United Nations (UN), and the Group of States Against Corruption (GRECO), as well as to major nongovernmental organizations (NGOs), that is, the WEF, TI, and the Center for Public Integrity. In recent years, both types of organizations have been increasingly cooperating with one another. The ongoing dialogues among them and with the states have transformed the different concepts of corruption into a commonly accepted typology of corruption, deepening and improving the analyses of this phenomenon, and strengthening the efforts and results of the fight against corruption. The analyses regarding Italy by the above organizations with respect to governance, corruption, and integrity show that Italy is a country where major governance reforms and numerous anticorruption mechanisms have been adopted, but their effectiveness in controlling corruption is unsatisfactory. The second part of the chapter examines the case of Italy by considering the history and culture of the country and making a deeper investigation into administrative corruption. Special attention is given to the connection between corruption and organized crime.

The Global Leadership of Major International Governmental Organizations

Among governmental organizations, relevant action has been taken by the UN, the OECD, the Organization of American States (OAS), and the Council of Europe, which instituted the GRECO, the Asian Development Bank (ADB), and the African Union (AU). In addition, the World Bank Institute has been very active in developing internationally comparable measures of governance or corruption (Elliot 1997). In this chapter particular attention is given to the UN, the OECD, and the GRECO because they have exercised particular influence over the enactment of Italian reforms.

The leadership role in anticorruption reforms is played by the UN in the global arena. The UN, conscious of the serious problems posed by corruption and the conviction that corruption is a phenomenon that crosses national borders and affects all societies and economies, urged the adoption by the member states of the 1996 "International Code of Conduct for Public Of-

ficials" as a tool of international cooperation to guide their efforts to prevent and control corruption. The UN Secretary General was asked to distribute the International Code of Conduct to all states and to include it in the "Manual on Practical Measures Against Corruption," to be revised and integrated with the intent of offering these two tools to the states in the context of advisory and technical assistance activities. Along the same track, in October 2003 the UN General Assembly adopted the "Convention Against Corruption for the Prevention, Investigation and Prosecution of Corruption and to the Freezing, Seizure, Confiscation and Return of the Proceeds of Offences" (UNCAC), which went into force in December 2005. This is the first world agreement to fight corruption as a transnational phenomenon. There is a rapidly growing number of countries that have become parties to the convention. Italy, despite its declared support for the convention, has not yet concluded the domestic legislative procedure of ratification. The convention requires countries to establish as criminal offenses (when committed intentionally) a range of acts of corruption, if these are not already crimes under domestic law. In addition, it defines and criminalizes not only basic forms of corruption, such as bribery and the embezzlement of public funds, but also the trading in influence and the concealment and laundering of the proceeds of corruption.

The convention defines first the active and then the passive bribery of a public official as: "(a) the promise, offering or giving, to a public official, directly or indirectly, of an undue advantage, for the official himself or herself or another person or entity, in order that the official act or refrain from acting in the exercise of his or her official duties; (b) the solicitation or acceptance by a public official, directly or indirectly, of an undue advantage, for the official himself or herself or another person or entity, in order that the official act or refrain from acting in the exercise of his or her official duties."

An entire chapter of the convention is dedicated to prevention, with measures directed at both the public and private sectors. In particular, within the United Nations Office on Drugs and Crime (UNODC), the UN Anticorruption Unit (ACU), whose task is to implement the Global Program Against Corruption (GPAC), has the primary goal of providing practical assistance in building technical capacity to implement the UNCAC and support member states in the development of anticorruption policies and institutions. This includes the introduction of preventive anticorruption frameworks such as the establishment of anticorruption bodies and enhancement of transparency in the financing of election campaigns and in political parties. GPAC has initiated and supported the International Group for Anticorruption Coordination, which coordinates the anticorruption efforts of donors, multilateral anticorruption enforcement officials, and NGOs, and supports the Judicial Integrity Group (an association composed of chief justices and senior judges) in the

development of standards and policies to strengthen judicial capacity and integrity. These bodies have recently adopted "the Bangalore Principles" on judicial integrity and the program will be helping justices implement those principles. The UN also has been active in transnational organized crime. The "UN Convention Against Trans-National Organized Crime," adopted by the General Assembly in November 2000, is the main international instrument in this field. It opened for signature by member states at a high-level political conference convened in Palermo, Italy, in December 2000 and went into effect in September 2003. The convention is further supplemented by three protocols, which target specific areas and manifestations of organized crime: the "Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children"; the "Protocol Against the Smuggling of Migrants by Land, Sea and Air"; and the "Protocol Against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition." Countries must become parties to the convention itself before they can become parties to any of the protocols.

The "Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children" was adopted by General Assembly Resolution 55/256 and went into force on December 25, 2003. It is the first global legally binding instrument with an agreed-upon definition of trafficking in persons. The intention behind this definition is to facilitate convergence in national approaches with regard to the establishment of domestic criminal offenses that would support efficient international cooperation in investigating and prosecuting cases of trafficking in persons. An additional objective of the protocol is to protect and assist the victims of trafficking in persons with full respect for their human rights. The "Protocol Against the Smuggling of Migrants by Land, Sea and Air," adopted by General Assembly Resolution 55/256, went into force on January 28, 2004. It deals with the growing problem of organized criminal groups who smuggle migrants, often at high risk to the migrants and at great profit for the offenders. A major achievement of the protocol was that, for the first time in a global international instrument, a definition of smuggling of migrants was developed and agreed upon. The protocol aims at preventing and combating the smuggling of migrants, as well as promoting cooperation among state parties, while protecting the rights of smuggled migrants and preventing the worst forms of their exploitation, which often characterize the smuggling process. The "Protocol Against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition" was adopted by the General Assembly Resolution 55/256 of May 31, 2001. It entered into force on July 3, 2005. The objective of the protocol, which is the first legally binding instrument on small arms that has been adopted at the global level, is to promote, facilitate, and strengthen

cooperation among state parties in order to prevent, combat, and eradicate the illicit manufacturing of and trafficking in firearms, their parts and components, and ammunition. By ratifying the protocol, states make a commitment to adopt a series of crime-control measures and implement in their domestic legal order three sets of normative provisions: the first one relates to the establishment of criminal offenses in connection with the illegal manufacturing of, and trafficking in, firearms on the basis of the protocol's requirements and definitions; the second to a system of government authorizations or licensing intending to ensure legitimate manufacturing of, and trafficking in, firearms; and the third to the marking and tracing of firearms.

States that ratify this convention commit themselves to taking a series of measures against transnational organized crime, including the creation of domestic criminal offenses (participation in an organized criminal group, money laundering, corruption, and obstruction of justice); the adoption of new and sweeping frameworks for extradition, mutual legal assistance, and law enforcement cooperation; and the promotion of training and technical assistance for building or upgrading the necessary capacity of national authorities. The connection between corruption and organized crime is very important in the case of Italy, because in this country the two phenomena are strictly intertwined, as is explained later on in the chapter.

As for the OECD, in November 1997 this organization adopted the "Convention on Combating Bribery for Foreign Public Officials in International Business Transactions" (also known as the Anti-Bribery Convention), which was signed in Paris in December 1997. It defines active corruption as the act by which any person intends "to offer, promise or give any undue pecuniary or other advantage, whether directly or through intermediaries, to a foreign public official, for that official or for a third party, in order that the official act or refrain from acting in relation to the performance of official duties, in order to obtain or retain business or other improper advantage in the conduct of international business." The convention imposes criminal penalties on those who bribe foreign public officials to obtain business deals. It also indicates a monitoring process by peers to ensure effective implementation of the convention's standards. To this end, the Working Group on Bribery in International Business Transactions carries out systematic country monitoring of the implementation of the convention. The Working Group is composed of government experts from the participating countries.

Subsequently, many other initiatives were undertaken by the OECD: for example, the 1998 "Recommendation on Improving Ethical Conduct in the Public Service and the Guidelines for Managing Conflict of Interest in the Public Service" issued in 2003; the 2005 review of governance arrangements for preventing conflict-of-interest situations involving officials who left public

office (post–public employment) and for improving transparency in lobbying. In November 2007, the international celebration of the tenth anniversary of the OECD Anti-Bribery Convention provided an important opportunity to foster broader public understanding and support of the convention. It also highlighted the important changes over the last decade, demonstrating that the nations have strengthened their antibribery legislation and increased foreign bribery investigations and prosecutions, thereby improving the business environment. This meeting was the occasion for discussing the report of the OECD Directorate for Public Governance and Territorial Development that underlined the progress made in managing conflict of interest in the public service of the signatory countries. Several countries, including the Czech Republic, Spain, and Italy, passed new legislation, mostly focusing on standards. However, according to the report they still lack effective mechanisms to put the rules into practice, including adequate sanctions in case of breaking the rules. New directions were given to put forward proposals for tightening restrictions and simplifying rules, as well as strengthening implementation and enforcement of mechanisms.

In Europe, the "European Union Convention on the Fight Against Corruption Involving Officials of the European Communities or Officials of Member States of the European Union" (Council Act of May 26, 1997) deserves special attention. This convention defines active corruption as "the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official for himself or for a third party for him to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties" (Article 3). Passive corruption is defined along the same lines. In addition, noticeable merit is recognized regarding the efforts of the Council of Europe, which adopted a resolution in 1998 authorizing the establishment of the GRECO, based in Strasbourg, France. It was set up in May 1999 with the mission to improve its members' capacity to fight corruption by identifying weaknesses of national mechanisms against corruption, and providing the necessary legislative, institutional, and practical reforms in order to better prevent and combat corruption. GRECO is responsible, in particular, for monitoring observance of the "Guiding Principles for the Fight Against Corruption" and implementation of the international legal instruments adopted in pursuit of the Program of Action Against Corruption (PAC). A number of instruments have been adopted by the Council of Europe: the 1999 "Criminal Law Convention on Corruption" and "Civil Law Convention on Corruption," the 2000 "Recommendation on Codes of Conduct for Public Officials," the 2001 "Convention on Cyber-Crime," and the 2003 "Additional Protocol to the Criminal Law Convention on Corruption." GRECO comprises forty-six member states

(forty-five European states, including Italy, and the United States of America). GRECO has granted observer status to OECD and to the UN represented by the UNODC. Italy joined GRECO in June 2007 and will soon be scrutinized in loco by the organization so they can issue an evaluation report on anticorruption mechanisms in Italy with specific recommendations.

Global Analyses of Major International Nongovernmental Organizations With Specific Reference to Italy

Among the international NGOs, a prominent space is held by Freedom House, the WEF, TI, and the Center for Public Integrity. Although Freedom House deserves a special credit in promoting the expansion of freedom, democracy, and the rule of law around the world, this chapter focuses on the activities of the WEF and TI because of the particular influence that these nonprofit organizations exercise on Italy. To a lesser extent, the analysis of the Center for Public Integrity is considered, although their latest report uses a different methodology than previously and the list of the countries considered does not include Italy. According to the 2004 Public Integrity Index, Italy is a "strong" country where numerous anticorruption mechanisms have been adopted. Over the following years, the Italian anticorruption measures have been expanded and improved, reinforcing the 2004 results. However, the WEF and TI analyses show that the effectiveness of these mechanisms is not satisfactory in controlling corruption.

World Economic Forum

From a prevalent economic standpoint, the WEF is an independent nonprofit international organization incorporated as a foundation in 1971, and based in Geneva, Switzerland. The WEF issues the "Global Competitiveness Report" (GCR), which is the most comprehensive and credible assessment of the comparative strengths and weaknesses of national economies, used by governments, academics, and business leaders in order to establish priorities and make progress in their countries. It has been considered a sort of comprehensive research program on the fundamental drivers of prosperity of the nations. It uses both global data published about the economy of nations and a survey ("Executive Opinion Survey" [EOS]) of more than 10,000 business leaders and entrepreneurs in many countries. The objective is to reveal what really matters for economic growth and motivate change accordingly.

The GCR includes the Global Competitiveness Index and the Business Competitiveness Index. The first examines the broad national context, such as the macroeconomic policy, the political system, and the legal system of

single countries. The second focuses on the microeconomic factors that are critical to the business community, by measuring the sophistication of company operations and strategy, as well as the quality of the national business environment. The number of countries under investigation has been increasing over the years (117 in the 2005–2006 report, 125 in the 2006–2007 report, and 131 in the 2007–2008 report). The scores go from zero to seven, where zero indicates the weakest position and seven the strongest.

Among the many variables employed by the WEF, corruption is considered a significant obstacle to economic growth. The 2005–2006 GCR discusses the expansion of the concept of corruption and observes that corruption is no longer confined to the public sphere, but includes both public and private actions and behaviors. In addition, corruption includes not only illegal actions, but also increasingly unethical activities not necessarily against the law (Kaufmann 2006, 81–98).

The Global Competitiveness Index: General Approach

The Global Competitiveness Index is composed of nine pillars grouped into three subindexes: (1) basic requirements (institutions, infrastructure, health, and primary education), (2) efficiency enhancers (higher education and training, market efficiency, technology readiness), and (3) innovation factors (business sophistication and innovation). The GCR is supported by the EOS, which covers several dimensions of governance and corruption in both private and public spheres, including: judicial independence; favoritism in decisions of government officials; diversion of public funds; bribery involving private firms, multinationals, and public officials; and determinants of governance at the city level. The Business Competitiveness Index is also extrapolated from the results of the EOS.

The Global Competitiveness Index: Italy

The 2005–2006 Global Competitiveness Index ranking of Italy is 38 (out of 117 countries), with an overall score of 4.47. However, looking at the first pillar of the index, namely "Institutions," which is relevant for the present study, the ranking is 55, with a score of 3.77. The opinion of the business community in the EOS shows particular concern for the high cost imposed by organized crimes on Italian business, for the lack of competition in public procurement due to the perception that government favors well-connected firms and individuals, and for the weak independence of the judiciary. According to the 2006–2007 ranking (which includes 125 countries), Italy falls to 47 with a score of 4.46. With reference to the Institutions pillar, the ranking falls

to 71, with a score of 3.66. Organized crime is viewed as a major pernicious virus that depresses the dynamism of the economy. The downward trend of Italy continues in the 2007–2008 ranking (which includes 131 countries): Italy ranks 46 with a score of 4.36 (the United States is at the top with a rank of 5.67 and Chad is at the bottom with a ranking of 2.78). Among the European Union (EU) countries, Italy ranks low (while the Nordic countries, the United Kingdom, and Germany are among the top ten) because of poor management of its public finances and increasing public debt. In addition, the Italian public institutions are considered weak in transparency and fairness, and independence of the judiciary.

Transparency International

Established in 1993 in Berlin, TI promotes ratification and implementation of relevant conventions against corruption, advocates policy reform, and monitors compliance in both private and public sectors. To this end, it develops quantitative diagnostic tools to measure the levels of transparency and corruption in various countries. TI operationally defines corruption as "the misuse of entrusted power for private gain."

The annual TI Corruption Perception Index (CPI), first released in 1995, is the best known of TI tools. In addition TI has developed, among other indexes, the Global Corruption Barometer (GCB) and the Bribe Payer Index (BPI).

TI has been active in laying down general industry antibribery principles, by publishing, in partnership with Social Accountability International, the "Business Principles for Countering Bribery" in 2002. Subsequently, these principles were revised and expanded by a multinational task force working with the WEF, TI, and the Basel Institute of Governance (Partnering Against Corruption [PACI]). It is a business-driven global initiative with commitment from the top. The PACI principles are intended to provide a framework for good business practices and eliminate bribery. The first PACI Country Signatory Network was launched by the American Chamber of Commerce in Romania on July 2006. The signatory countries commit themselves to the adoption of a zero tolerance policy on bribery and the development of a practical and effective internal program for implementing that policy. This document has received a widespread international consensus. The World Bank, the Inter-American Development Bank, the European Bank for Reconstruction and Development, and the Asian Development Bank will require, among other things, an "Antibribery Certificate" from bidders on large contracts. In 2007, more than 120 companies had signed on. As for Italy, they include Atlanta s.p.a., Enel s.p.a., and the Falk group.

The Corruption Perception Index: General Approach

The CPI aggregates the perceptions of well-informed people with regard to the extent of corruption (bribing of public officials, kickbacks in public procurement, embezzlement of public funds). The CPI is a composite index since it relies on multiple data sources of different institutions that provide a ranking of nations in measuring the overall level of corruption. Methodological upgrades and innovations are introduced continuously. An example is the expansion of the index from 143 countries in 2003 to 146 in 2004, 159 in 2005, 163 in 2006, and 180 in 2007. Comparisons with the previous years' results should be based on a country's score, not its rank. The countries' scores are determined on a scale of zero to ten, with zero signifying highly corrupt and ten highly clean. However, year-to-year comparisons on a country's score result not only from a changing perception of a country's performance, but also from a changing sample and methodology.

The Corruption Perception Index: Italy

According to the 2003–2007 TI Corruption Perception Index, Italy performed relatively poorly. In 2003 the score was 5.3 and the ranking 35. In 2004 the score was 4.8 with a ranking of 42. In 2005 the score was 5.0 with a ranking of 40. In 2006 the score decreased to 4.9 and the ranking to 45. In 2007 the score went up to 5.2 with a ranking of 41 (the first position was held by Denmark, Finland, and New Zealand with a score of 9.4, while the seventy-ninth position was held by Somalia and Myanmar with a score of 1.4). Over the whole five-year period, Italy should have felt the benefits of governance reforms and anticorruption measures adopted over the previous decade, but that does not appear to be the case, since its rank oscillates between 4.8 and 5.3, an observation supported by public perception.

The Global Corruption Barometer: General Approach

The Global Corruption Barometer, which first appeared in 2003, performs a public opinion survey of perceptions, experiences, and attitudes toward corruption. It explores the issue of petty bribery, identifying the sectors most affected by corruption and highlighting people's personal experience of bribery, its frequency, and how much individuals must pay. It also asks how people see corruption evolving in the future and how effective they rate their governments' efforts to fight it. It is prepared for IT by Gallup International, as a part of their "Voice of the People Survey." The barometer is based on interviews of general public in a number of countries (forty-five countries in 2003, sixty-four countries in 2004, sixty-nine in 2005, sixty-two in 2006,

and sixty in 2007). The 2007 barometer shows a gloomy picture of corruption globally speaking. In particular, over the past five years the general public's expectation of the development of future corruption has become more pessimistic. Expectations that corruption will worsen in the future have risen to 54 percent of respondents, compared to 43 percent in the first barometer in 2003. Only one-fifth of citizens polled expected change for the better. Governments, in citizens' overwhelming view, do not do enough to fight corruption. Political parties, parliaments, and the judiciary on average are seen as the most corrupt sectors of society. This has been the case for the past five years. Public opinion on the integrity of civil society organizations, although they were considered fairly clean compared to other sectors, dropped in 2007.

The Global Corruption Barometer: Italy

As for Italy, during the same five-year period the majority of those interviewed believe that their personal and family life is not affected by corruption. This appears to be inconsistent with the rest of the results of the questionnaire, where a large majority thinks that politics, administration, and the economy are adversely affected by corruption and that this situation is here to stay in the future. As a result, a sort of feeling of resignation emerged from at least part of the Italian population with respect to corruption, as if it were a physiological defect of the Italian society rather than a disease to be cured, and because of that, over time Italians have learned how to handle it in some way. Expectations that corruption will worsen in the future have risen to 61 percent of respondents in 2007 compared to 40 percent in the first barometer in 2003. Only 16 percent expects a decrease in 2007 (21 percent in 2003). As for the assessment of the government's fight against corruption, the 2007 report shows that 70 percent of the Italians interviewed (73 percent in 2006 when the question was first asked) responded that the efforts are not effective (including those who believe that government does not fight corruption at all), while 21 percent (14 percent in 2006) think that they are effective in combating corruption. The 2007 results offer an alarming scenario for Italy. Political parties, legislators, the media, and the judiciary system are perceived as the most corrupt. No surprise, then, if the government's efforts against corruption are ineffective. From these data, one may capture a sense of better understanding of the situation and an increasing frustration against the action of the government.

The Bribe Payers Index: General Approach

The Bribe Payers Index (BPI) evaluates the supply side of corruption, which is the propensity of firms from industrialized countries to bribe abroad. It ranks

corruption by source country and sector of industry. The scores go from zero to ten, where zero is the worst score, indicating rampant corruption, and ten is the perfect score, indicating no corruption. So far, TI has released the 1999 BPI, the 2002 BPI, and the 2006 BPI. The 2002 BPI considered twenty-one leading exporting countries. The results were not encouraging since out of 835 business experts interviewed in leading emerging markets, 23 percent responded that corruption had increased, 27 percent responded that it had decreased, and 37 percent responded that it had stayed the same. Very high levels of propensity to bribe in developing countries were found in corporations from Russia, China, Taiwan, and South Korea, as well as in numerous leading industrial nations like Italy, the United States, Japan, France, and Spain. The 2006 BPI shows that overseas bribery by companies from the world's leading exporting countries is still common, despite the fact that, following the prescriptions of the UN and OECD conventions, domestic legislation has been introduced to criminalize this practice in most of these countries. As a result, this negative practice of developed nations is undermining the best efforts of governments in developing countries to improve governance and reduce poverty.

Bribe Payers' Index: Italy

In the 1999 BPI, Italy ranks sixteenth out of the selected nineteen leading exporting countries with a score of 3.7, where Sweden ranks first (the least corrupt) with a score of 8.3 and China ranks last (most corrupt) with a score of 3. In the 2002 BPI, Italy's rank is seventeenth with a score of 4.1 out of twenty-one countries, where Australia is the first with a score of 8.5 and Russia is the last with a score of 3.2. In 2006, Italy ranks twentieth out of thirty countries with a score of 5.94, where Switzerland is the first with the score of 7.81 and India is the last with the score of 4.62. The performance of Italy over the years shows that, despite the fact that Italy has ratified the OECD Anti-Bribery Convention and is in the process of ratifying the UN Anti-Corruption Convention, bribes are used frequently. In particular, respondents from lower-income countries in Africa considered Italian companies, as well as the French ones, among the worst perpetrators of bribes.

Center for Public Integrity

A contribution on public policy and governance reforms has been developed by the Center for Public Integrity, an international nonprofit organization founded in 1989 and based in Washington, DC. Its major task is to conduct analyses on public policy issues in the United States and around the world.

The Center has developed a Public Integrity Index and issued reports on openness, accountability, and the rule of law in various countries (Public Integrity Reports).

Public Integrity Index: General Approach

The 2004 report provided a quantitative scorecard of governance practices in twenty-five countries, the choice of which was made to create a global sample with geographic, economic, and political diversity. The index assessed the national governance framework without taking into consideration local authorities. It involved qualitative country studies of integrity systems whose findings were then transformed into scores and ranking. The scores were diagnostic and served as a useful information tool for both governments and civil society to act for improvement with particular attention to anticorruption reforms. The 2006 Global Integrity Report indicates that legislative accountability at the national level is uniformly weak around the world. This weakness also has manifested itself in weak budget oversight, opening the door to abuses by the executive branch.

Public Integrity Index: Italy

According to the 2004 report, Italy was considered a "strong" country, meaning that an overall strong system of integrity mechanisms was in place. The 2006 report, which does not include Italy, shows important findings that appear to be also applicable to Italy. First, it confirms the TI findings by stating that corruption scandals around the globe continue, while the number of countries enacting legislation and signing up to international anticorruption conventions is increasing. This suggests that some systems are working effectively to tackle the problem, but in many cases implementation and enforcement of anticorruption mechanisms is slow. In other words, an implementation gap continues to exist in many nations. Second, weak legislative accountability threatens to undermine anticorruption reforms. Only lawmakers can pass the necessary legislation to protect whistle-blowers, enable access to government information, regulate the flow of money into the political process, and adequately fund and staff key government anticorruption institutions. Political financing is clearly a central driver of corruption in many countries.

The Relevance of Global Reports

The Center for Public Integrity in 2004 represented Italy as a strong country for the adoption of a coherent regulatory system to control corruption and

enhance transparency and accountability. This system has been integrated and reinforced during the following years along the same lines. However, Italy does not seem to be as strong in relation to the effectiveness of this system, especially in controlling corruption, according to the analyses conducted within the WEF and TI. In Italy the perception by experts and the general public is that, despite reforms, corruption is still strong and widely diffused. The implementation gap is a common characteristic detected in the countries analyzed. The 2006 Global Integrity Report confirms this result: while a great effort is needed in convincing countries to include governance and anticorruption reforms in their political agenda, major challenges are encountered in the implementation of these reforms.

A comparison among the scores of the above reports is obviously limited, given the different approaches and methodologies used. The WEF utilizes an economic approach, and considers corruption as one of the numerous subvariables that affect the competitiveness of the countries considered. Therefore, it does not score and rank countries according to corruption. TI, instead, focuses specifically on corruption in its various forms and scores and ranks the selected countries ranging from ten (clean) to zero (not clean); the Center for Global Integrity uses a different approach, because it does not analyze corruption itself but the various integrity mechanisms, and therefore labels a country very strong, strong, weak, or very weak.

However, all reports complement each other by providing a range of different perspectives in analyzing governance and corruption, which have been widely proved by scholarly studies to be significantly correlated. They all have weaknesses due to the difficulties of conducting a supranational level of analysis and to the prevalent reliance on perceptions exposed in opinion surveys and not on objective data (Caiden et al. 2001). However, recent studies within single countries have confirmed the international evidence (Glaeser and Sacks 2006; Golden and Picci 2002).

On the other hand, all of these efforts are very useful because they serve the purpose not only of spreading the awareness that corruption is bad and needs to be addressed seriously and effectively, but also of offering a more distinct picture of the various components and implications of this phenomenon for the countries considered. They also allow a comparison among countries within the same ranking, thereby inducing pressure for a domestic dialogue and action for improvements. These comparisons may guide further research on implementation of specific measures applied to combat corruption. For instance, it has been argued that rather than being deterred by penalties, corrupt actors are more influenced by the danger of acquiring a reputation of unreliability (Lambsdorff 2007). Preventive measures are widely discussed and applied.

As for Italy, since the good score in the quality of governance does not entail a good level of integrity, the question arises: why is there an implementation gap? Several studies have shown that culture plays a significant role (Burghava and Bolongaita 2004; Caiden, Dwivedi, and Jabbra 2001; Rose-Ackerman 1999). Therefore, it is critical to look at the nature and the depth of corruption in Italy, because the more serious the corruption problems are in the country, the stronger the interests are in countering reforms. Moreover, the quality of governance cannot be measured only in terms of a general assessment of the quality of regulation, but also by examining the specific details of the rules and, most of all, the enforcement of the rules. The rest of the chapter, after summarizing the Italian cultural environment, discusses governance and anticorruption reforms.

An Overview of the Italian Cultural Environment: Transformism, Clientelism, and the Mafia

In Italy, since the birth of the state in 1861 the societal divide between North and South has been the most prominent feature of the country. This goes back to the medieval age when a number of communal republics (city-states) were active in the Center and the North and a powerful feudal monarchy dominated in the South. The South remained a landed aristocracy endowed with feudal power and a hierarchic structure during successive foreign dominations. In the North, instead, communal republicanism progressed, becoming more liberal and egalitarian. Cooperative movements and mutual-aid societies proliferated. The North relied less on vertical hierarchy and more on horizontal collaboration; public administration was professionalized and civic engagement became widespread. The profound divide between North and South was complicated by the presence of the Papacy. In fact, by the thirteenth century the pope had acquired temporal power. He ruled his lands as a feudal monarch, but with less centralization. The papal territory expanded over time in the Center of Italy and included territories with republican tradition and territories organized in a feudal fashion. The influence of the Papacy produced differing degrees of republicanism and autocracy (Putman 1994).

After the unification in 1861 and the end of papal domination in 1870, the Italian industrialization in Italy did not start with the agricultural revolution of the more advanced countries (England) and the consequent elimination of feudalism. Feudalism survived and, in the absence of capital accumulation in agriculture, the banking system with the support of the state was the engine of industrialization (Bonelli 1978; Furlog 1994; Gerschenkron 1962; Zamagni 1993). At the grass roots of Italian politics, the situation was the following: in the North and part of the Center, besides the labor unions, so-

cialist and Catholic movements (social Catholicism) became very active; in the South, instead, the vertical patron-client networks called *clientelism* were the sociopolitical feature that persisted long after World War II. The political scene was characterized by "transformism," a governing strategy used to form the widest possible coalitions of interests. It was a way of maintaining governments in office through temporary majorities and piecemeal reforms rather than radical changes. All that ultimately prepared the way for the advent of fascism (Clark 1984; Di Scala 2004; Gramsci 1971; Sarti 2006). The experience of fascism and World War II was traumatic. After World War II, the Christian Democrats (DC) governed the country while the rest of the political spectrum was dominated by the Communists. The DC, under the influence of the United States, structured the political system so as to ensure for themselves the majority of parliamentary seats. They governed the country for more than forty years through a variety of alliances with small parties (center-left and center-right governments) and through a compromise that co-opted the Communists into the machine of power: both government parties and opposition parties were guaranteed a share of office. At the same time, through inducements directed to prevent social upheavals and through political patronage and corruption, the DC built a stable constituency (Carocci 1975; Di Scala 2004; Zamagni 1993). Public bureaucracy was filled for the most part by people of the economically underdeveloped South who enjoyed job stability and career advances based on party affiliation. This phenomenon of "meridionalizzazione" (Southernism) of the public administration created a long-lasting problem of disconnection between public bureaucracy and civil society in Northern Italy (Cassese 1983).

In the 1990s, after the end of the Cold War and the collapse of the Soviet Union, social movements grew as a reaction against the overwhelming and corrupt power of the state and political parties. Various segments of civil society demanded reforms and supported a group of courageous determined magistrates to prosecute the widespread public mismanagement of funds (*Tangentopoli* [Bribesville]) due to political corruption (clean-hands investigation). The Italian anticorruption revolt caused the demise of the political establishment that had been running the country since the end of World War II. The two non-Communist mass parties, the DC and the Socialist Party (PSI), disappeared, while others split and changed their names (Mattei 2005). A new party, Forza Italia (Go Italy), entered the political scene under the leadership of Silvio Berlusconi, a media magnate. His center-right coalition won the elections in 1994, but his government lasted only eight months. The next three governments were headed by center-left prime ministers before the return to power of Mr. Berlusconi after the 2001 elections. In his election campaign, Berlusconi promised major promarket reforms to improve the

country's economy. However, a great number of his efforts have been diverted to defending himself in the legal cases brought against him because of the conflict of interest regarding primarily his ownership of Italy's three main private television channels (Mediaset television). The general elections of 2006 resulted with the victory of Mr. Prodi's center-left coalition by a very small majority. Italy showed itself to be split equally between the two coalitions. One of the problems that Mr. Prodi has been facing since he took office is an unprecedented increase of petty criminality in the South of Italy, especially in Naples, which adds up to the existing perverse and long-lasting action of organized crime (*camorra*). When interviewed, the young criminals respond that they trust the mafia more than their government and are able to obtain from the mafia what they need and what their government does not provide (Brandolini and Saraceno 2007; D'Antonio and Scarlato 2007).

The long Italian tradition of transformism and clientelism is strictly connected with the phenomenon of the mafia (Cosa Nostra, Camorra, and Ndrangheta). The mafia is composed of powerful organized crime groups that have been connected with politicians in exchange for votes for illicit enterprises, and have sought to corrupt law enforcement officials to obtain immunity for criminal violation of the law in exchange for payments. Their action often is taken with the aim of gaining monopoly power in the illegal market and using the resulting profits to infiltrate legal business (criminal infiltration) and win public contracts (Rose-Ackerman 1999). The South of Italy, characterized by individualistic and family centered civic structure—where people suffer from a high level of unemployment, low productivity, scarce entrepreneurial spirit, and poor economic performance in general—has always been a favorable environment for corruption and organized crime (Forti 2003; Lodato 2006; Lupo 2004; Stille 1995, 1996).

The presence of the mafia is a very serious problem in Italy, especially in the South. However, a new spirit of rebellion is growing in public schools. Students have started to demonstrate in the streets and other public places against the mafia and criminality in general (Addio pizzo). They are claiming their right to a safer life and are demanding a more incisive action by their government in combating any form of crime and ensuring a better system of justice. Prodi's government, hand in hand with local governments and other components of civil society, has started a coordinated plan to combat this phenomenon not only by focusing on repressive measures, but above all by adopting educative methods and techniques in order to spread the culture of legality in all corners of Italian society. In Palermo, a few municipalities adopted the "Ethical Codes of Public Works" to control corruption and organized crime. Numerous symposia have been organized to encourage public institutions to design and implement effective mechanisms to ensure

the legality and transparency of public administration. What is mainly called for is the diffusion of a culture of legality. Also, the private sector has started a new course of action. In Sicily, along the lines of student demonstrations and under pressure by the Confederation of Italian Industries (Confindustria), entrepreneurs, businesspeople, and ordinary citizens created the first organized antiracket association, called "Free Future," which has laid the foundation for a culture of participation and cooperation on the island. This remarkable event, guided by the local Confindustria, took place in an overcrowded theater in Palermo in November 2007. For the first time, a real, concrete, and organized action against the mafia has been undertaken by civil society. The rule of law and the initiatives of civil society are considered the two major vehicles to achieving good results. Recently, the Confindustria issued a code of ethics for its members and decided to expel all entrepreneurs judicially convicted of corruption and connection with the mafia, and those who did not stop paying the bribes. The powerful association of entrepreneurs that represents the economic fabric of Sicily can be no longer undervalued by the government or by the mafia. This action should be emulated by other professional associations, such as lawyers, doctors, engineers, architects, and so on.

In addition, new songs have been composed and new books have been written on the mafia winning the support and the preference of the people and the media. A recent book titled *Gomorra* and written by Saviano (2006), which unveils names, activities, and networks of Camorra people and clans, has been widely read and publicized around the country, and translated into several languages. Another book, titled *La Casta* and written by Rizzo and Stella (2007), which gives a detailed picture of the privileges, waste, and abuses of power of Italian politicians, is also at the top of the most-read-book list in Italy.

Organized crime in Italy is a problem that government has never resolved. Today civil society is taking the lead, but without serious and determined action by national and local governmental institutions, the prospects of a change are very slim. The mafia could be defeated by cutting back the connection between organized crime and politics, institutions, and civil society, and by spreading the culture of the rule of law. Government and civil society should work together to do just that. As Giovanni Falcone, the judge who lost his life combating the mafia, said, the mafia is made of men and therefore is mortal.

Governance and Anticorruption Reforms in Italy: Strengths and Weaknesses

Under pressure by globalization and international organizations (especially the EU commitments), since the beginning of the 1990s Italy has undertaken

substantial institutional and administrative reforms to privatize government assets, enhance competition, decentralize government activities, reduce bureaucracy and the discretion of bureaucrats, bring simplicity, transparency, and flexibility to administrative procedures, and monitor and punish corruption (Maor 2004; Seguiti 2000).

Among the major pieces of legislation, the Administrative Procedure Act of 1990 established innovative provisions to bring simplicity, transparency, and flexibility to administrative procedures. In particular, it (1) imposed a time limit for the completion of administrative procedures—after the expiration of time, the silence of the administration is to be considered as consent; (2) required the identification of an accountable officer for all procedures; (3) imposed the communication of the start of the procedure to the interested parties, in order to ensure their right to intervene, and to appeal if these rules are not applied; (4) recognized the right to access to public documents; and (5) required motivation of administrative decisions.

In 1993, a process of privatization of the status of civil servants was introduced and merit-based recruitment and promotion have been reinforced and expanded to shield the civil service from political patronage. However, it is well recognized that the contract-based recruitment of top managers in public administration has increased connections between politics and administration, instead of reducing them. In addition, the weakness of the public personnel evaluation system has diluted the concept of merit and opened more opportunities for political influence and corruption.

Following international conventions, a set of rules has been adopted forcing senior officials to declare their personal incomes and assets, follow codes of conduct, and attend ethics training. However, conflict-of-interest regulations are not sufficiently and properly designed to prevent and combat rent seeking and corruption. In addition, a system of whistle blowing is totally absent.

In public contracts, measures taken include debarment of companies found guilty of fraud and corruption, stricter procurement guidelines, and improved financial management and oversight. Monitoring of activities is conducted by the National Independent Authority for Public Works (Autorita' di vigilanza sui lavori pubblici), instituted in 1994 with the specific task of guaranteeing the quality of public works and ensuring efficiency and effectiveness in the sector. However, the results are still unsatisfactory. Numerous illegal mechanisms have been put in place to overcome the restrictions imposed by the rules in order to protect the interests of certain bidders favored by politicians. In public works, political influence and the infiltration of the mafia have progressively corroded the already narrow space of clean transactions. Sporadic opposition by courageous private entrepreneurs has resulted in closed activities or attacks to their physical integrity. Recently a new mechanism was introduced by a

few local governments in Northern Italy (Milan and Bergamo), namely "the Integrity Pact." It is a contract between government offices and companies bidding for particular projects. It prohibits bribery, ensures transparency, and foresees sanctions in the case of violations. It may also include private investors and consultants. Since the adoption of this instrument, the municipality of Milan has excluded tens of bidding companies from a number of public works contracts. In many cases, there have been reports of collusion between rival bidders.

In several government programs, major weaknesses are detected with respect to monitoring, control, and accountability. First, instances of obscure, overlapping, and conflicting provisions in legislation or executive decrees have been very frequent, thus opening the way to amplifying corruption instead of reducing it. Coalition governments often delay and degrade courageous necessary proposals to the level of a shortsighted compromise among the narrow interests of single parties. In addition, there is the practice by the new coalition government of the left of rewriting reforms adopted by the previous government of the right and vice-versa, regardless of the good that these reforms may have done. For example, the reform of the university system was changed radically three times in a row during three succeeding governments, generating confusion and complexity for both students and academics, and lowering the level of the universities' products and outcome. This phenomenon, coupled with the spread of nepotism and exchange of favors in the university environment, is causing deterioration in the prospects of the future of our country, where knowledge and education should be the engine of secure and safe development.

Second, the extensive reduction of *ex-ante* control over public administration activities in the absence of strong and effective ongoing or *ex-post* control mechanisms has weakened accountability and reinforced the incentives for imprudent and often illicit administrative behavior. With regard to Italian municipalities, the Italian Parliament, by enacting the Constitutional Law No. 3/2001, eliminated all forms of regional *ex-ante* control over the acts of municipalities (including the budget and other prescribed supporting financial documents), leaving a vacuum that could not be (and is not) filled by the newly established system of internal and external managerial evaluations because of the lack of capacity (and often because of the unwillingness) to implement them. As a result, in many cases municipalities do not even deliver financial programming documents required by law because they know that this misconduct would not be sanctioned by either the internal and external managerial controls. When scrutiny is not conducted and sanctions are not enforced, a culture of impunity expands and corruption and unethical behavior are alimented.

To overcome major weaknesses related to public personnel evaluation, to management controls, and to accountability, a legislative proposal was introduced in January 2007. Among other provisions, the proposal institutes the Authority for the Evaluation of Public Personnel and Organizational structure, an autonomous body composed of a president and two other members designated by the executive and approved by the Parliament. Members' mandates last four years and can be renewed only once. The major tasks assigned to the Authority are the following:

1. To ensure a proper undertaking of evaluation methods and techniques within public administration to be performed by qualified experts (evaluation units).
2. To guarantee an annual "public review" whereby the findings of the evaluation units operating within each public organizational structure are compared with those of civic associations, researchers, specialized journalists, and trade unions. To be accessible to all citizens, the annual public review would be shown on the Web. Maximum publicity would be given to the work done and results obtained. The Authority would be the central organism that receives and considers all information and inputs coming from civil society regarding any kind of pathology detected within public administration. The approach is all-inclusive, participative, and collaborative and focuses on a public discussion of the evidence found by evaluation experts; it promotes a moralization of public administration with the active participation of civil society.

The legislative procedures for implementing this proposal are still far from being completed, a delay that may be attributed to the absence of coordination between the existing authority of the investigator and the forthcoming authority for the evaluation of public personnel. It seems that new and encouraging proposals are presented when a moment of crisis occurs and/or the pressure by exponents of civil society is so high that government intervention becomes inevitable. However, when public resentment and preoccupation diminish, the proposals often freeze until new opportunities arise, a recurrent problem in the area of corruption and organized crime. In the chaotic and frenetic era of information technology, despite the advantage of access to more and more information, people are overwhelmed by the abundance of that information to a point that they can be easily distracted from a particular illicit event. As time goes on people are inclined to forget or forgive.

For the specific purpose of preventing and controlling corruption, Italy ratified and executed the 1995 Convention for Protecting Financial Interests

of the European Community, the 1997 Convention Against Corruption Involving Officials Either of the EU or of the Member States, and the 1997 OECD Convention Against Corruption by enacting a single law, No. 300/2000.

Through the prescription of this legislation, several modifications of the criminal law have been adopted. In addition, Italy joined the GRECO in June 2007 and the legislative procedure for the Italian ratification of the UN Convention Against Corruption has been initiated.

However, following the UN convention, a major innovation was introduced before the convention was ratified. In 2004, the position of "High Investigator Against Corruption" (Alto Commissario per la prevenzione e il contrasto della corruzione) was instituted within the prime minister's office and entrusted with investigative and monitoring responsibilities within the realm of public administration. The creation of a central authority for coordination of various anticorruption efforts (including antimafia activities) within the executive branch was a patent recognition of the crucial importance of tackling the problem of corruption and undertaking constructive initiatives. However, the practical activity of this Authority was often impeded by numerous obstacles, and it did not deliver the expected results. The instrument created proved to be ineffective. Under the current Berlusconi government, the Office of the High Commissioner was suppressed following the prescriptions of the Law No. 133/2008. A new office called "Servizio Anticorruzione e Trasparenza" (Anticorruption and Transparency Service) was created in August 2008 within the Ministry of Public Administration and Innovation. The major functions of the office are preventive rather that repressive and are based on intelligence investigations and operations throughout public administration. The office will be the core of a technological information network that will be connected with central and local authorities, law enforcement agencies, and other public entities. It has a "hub and spoke structure" intended to group and coordinate the other public subjects and networks institutionally responsible for transparency and corruption prevention issues. The aim is to discover the hotspots where corruption proliferates, to ensure transparency of operations and reliable flows of information. The office performs analysis and suggests proposals that are included in their periodical reports to Parliament and the Executive.

The High Investigator is nominated by the president of the republic after designation of the Council of Ministers. Previously, with particular reference to fraud and financial corruption, the tasks of prevention, search, and denunciation of illegal activities were (and still are) entrusted to the National Tax Police (Guardia di Finanza). This agency's work is effective and its officials are recruited strictly on the basis of professionalism and physical criteria. The High Investigator is entrusted with investigative and monitoring responsibilities within the realm of public administration. He also can conduct analysis

on current laws and regulations and propose changes. Every six months he reports to the prime minister, who informs the presidents of the two houses of Parliament on a yearly basis. In the case of administrative offenses, he reports to the appropriate administration for consideration of disciplinary action; he is obliged to report to the National Court of Accounts in cases of mismanagement of public funds and to the appropriate judiciary authority in cases of criminal offense. He is entitled to collaborate with departmental inspectors' offices and internal control's offices, as well as the National Police and the National Tax Police (Special Unit for Public Administration). His office is composed of the vice commissioner, the adjunct vice commissioner, the director, public administration managers and personnel, and a group of five experts.

The creation of a central authority for coordination of various anticorruption efforts (including antimafia activities) within the executive branch is a patent recognition of the crucial importance of tackling the problem of corruption and undertaking constructive initiatives. It also provides an institutional forum for public debate and a recipient mechanism for collecting and elaborating relevant information about the different manifestations of the phenomenon of corruption. However, one may question the autonomy and independence of the high investigator since the position is located within the organizational structure of the executive government and public administration, which is the object of the investigation. The credibility and effectiveness of the high investigator's action could be strengthened by recognizing his independence from the executive and thus reforming the procedure of his nomination, funding, and reporting.

On the occasion of the Italian celebration of the Global Day against Corruption, which was held on December 10, 2007, in the municipality of Rome, the mayor of the city of Rome and the high investigator gathered together representatives of public institutions and organizations, NGOs, as well as the media and businesspeople to discuss the promotion of transparency and better action by public administration. On that occasion the first map of Italian corruption, delineating the areas and sectors affected by corruption and the ones under risk, was presented to the representatives by the high investigator, Michele Serra. In his report, Serra illustrated, among other things, the criminal law typology of corruption in Italy and discussed the statistical analysis (divided by administrative areas, regions, and type of corruption) of police investigations (committed crimes and persons denounced) and of definitive criminal convictions by the judicial apparatus. Italian criminal law recognizes the following offenses: embezzlement, extortion, trading in influence, abuse of power, and corruption. Statistical analysis shows that most cases of embezzlement are reported in Sicily, Lazio, and Lombardy, while most extortion cases are reported in Calabria, Apulia, Sicily, and Lombardy. The area most

affected by corruption is health (especially in Calabria, Sicily, Lombardy, and Apulia), followed by construction and education. The high investigator recognized the weakness of this representation because it does not capture the underground corruption, which normally takes place in secrecy. He also highlighted the importance of preventive action in controlling corruption. With the specific intent of combating fraud committed against the European Union finances, in May 2007 a National Antifraud Committee was created within the executive branch. This body was assigned coordination, guidance, and consultation responsibilities for antifraud activities conducted at both national and local levels.

As for combating the mafia, among other measures the Parliamentary Commission for the Investigation of the Mafia and Other Criminal Associations was created in 1996. It was entrusted with judiciary powers to conduct investigations. Its activity is widely publicized on the Internet, where a specific window has been opened to allow a dialogue with civil society in spreading the culture of legality. In addition, in 1992 a National Antimafia Directorate (Direzione Nazionale Antimafia [DNA]) was instituted within the Ministry of Justice with the specific task of coordinating investigations against organized crime. The directorate is headed by the national antimafia attorney nominated by the High Council of Magistrates. With the help of expert magistrates, the attorney analyzes the investigations conducted by the Investigative Antimafia Directorate. The latest report, issued by the DNA in January 2008, indicates that a number of investigations in the South of Italy have found that the mafia has largely infiltrated not only the political arena, but also the area of public administration. Recently, the mafia in Sicily has been hit by the capture of a number of bosses in their secret hiding places. The discovery of their notes and communication devices (*pizzini*), as well as other documents and objects found in their hideouts (among them, the decalogue of the mafia) have added important investigative information for further action against the mafia. In Naples and Calabria however, the situation is seriously deteriorating. Here, since organized crime has represented the engine of the economic development of many towns, it has penetrated so deeply into the culture of the society that it is very hard to win any battle against it. Here, there is no differentiation between mafia and corruption.

With the purpose of combating the mafia and its economic interests, the mechanism for confiscation of its financial assets introduced in 1982 (Law No. 646/1982) was reinforced by subsequent legislation in 1996 (Law No. 109/1996), which allowed the utilization of these assets for social ends. The enforcement of this legislation, which was introduced under pressure from a social organization named Libera, has produced the effect that thousands of buildings sequestered from the mafia have been used for social interest. More

important, it has favored the construction of dynamic social forces acting as a deterrent against the mafia. However, despite the efforts of the law-enforcing officers and magistrates, the gap between the volume of the mafia business and that resulting from confiscation is still huge. To shrink the gap, an additional governmental effort along the same lines has been translated into a new legislative proposal, once again following the initiative of a civil society movement called *cittadinanzattiva*. The proposal directs that the same rules concerning the confiscation of mafia assets be applied to the cases of corruption and crimes against public administration. This provision allows the immediate freezing of the goods deriving from alleged serious illicit actions against public administration (in preliminary investigation). They would be confiscated and used for social needs in the case of definitive declaration of guilt of the perpetrators.

Conclusions

The fight against corruption conducted by international organizations has exercised a remarkable influence on Italy by encouraging the enactment of innovative rules and regulations to bring transparency, integrity, and accountability to public governance. However, international data and domestic observations show that although Italy has devised a good regulatory system of governance and anticorruption mechanisms, corrupt acts continue to perpetuate to a great extent. The same reforms introducing decentralization, privatization, and the market economy have enlarged the area of national and local officials' involvement in private businesses, creating new opportunities for more sophisticated types of abuse of power, corruption, and nepotism.

This chapter has provided some explanations by taking a closer look at the country and focusing on major implementation gaps. The success of government reforms depends on the cultural environment (political, societal, and administrative) where the reforms take place, and on the government capacity to design, decide on, and implement them.

Further research is needed at the local level for a better understanding of the discrepancies between a global and a local view of corruption in Italy and to develop useful and effective suggestions for preventing and combating corruption in the field of public administration.

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11

Ethical Management and Leadership

Is an Ethical Perspective a Necessary Component of Good Management and Organizational Leadership?

Alessandra Storlazzi

It is well known that since the second half of the 1908s a management model has been evolving in the main public administration systems whose principal trends can be seen to stem from the different approaches of New Public Management (Meneguzzo 1995). The need to achieve "good administration," understood in the context of being an efficient and effective managerial administration based on assessment of results, led at an international level to New Public Management.

New Public Management stands out for its decisive move toward organizational decentralization and for its introduction of a competitive approach through the adoption of contractual formulas such as contracting out and contracting in. All of this has fostered a real restructuring of the public administration, achieved through implementing a process of reengineering, which has brought about the adoption of managerial techniques and management systems that are typical of the private sector. This process of renewal of the public sector also has affected the Italian public system and has touched upon, to a greater or lesser extent, all sectors, from those of the nationalized industries to that of the central public administration.

At the level of nationalized industries, the IRI (a publicly owned Italian holding company) was abolished in 2000 and the majority of those companies that made up IRI was involved in a process of progressive privatization and undertook to separate the property of the network from the competitive management of the services.

At the level of the public administration, we have witnessed processes of

"business formation" involving local agencies, the health sector, the universities, and the schools. Even the apparatus of the central ministerial system has gradually been affected by this process.

The road to business formation, at least at the level of management procedures in the ministries, can be said to have started from the issuing of general directives on administrative and management activities. General directives on administrative and management activities are issued yearly by the minister and direct the running of the ministries according to a "managerial" logic. They are usually articulated in five sections: (1) political priorities of the minister, (2) administrative action objectives of the ministry, (3) defining a system of monitoring, (4) introducing a system of assessing managers, and (5) guidelines on training-type initiatives and activities during the coming year. These sections appropriated in the directives lead to the application, in the ministries, of a logical pathway in a management cycle, or rather, the classic phases of planning, execution, and checking. The application of managerial logic in the process of the reform of the Italian public sector raises, however, two kinds of problems:

1. Business formation has mainly been introduced though "decrees."
2. In the majority of cases, private sector management practices have been adapted to a public context, ignoring the unavoidable specific nature of the latter.

The legal approach and the rigidity of norms have sometimes appeared widely at odds with the need for flexibility and autonomy intrinsically connected to managerial choices. The specific nature of the public sector often has not been taken sufficiently into account in "decrees" on the reform of the public sector, thus making many actions difficult to achieve, particularly if they are introduced as obligatory by law.

The managerial process has brought about the introduction of new systems of assessment based, for example, on economic accounting. From an organizational viewpoint, explicit reference and use has been made of human resources with managerial competence as, for example, the director general in local councils or in health care administrations, and these same competencies also have been attributed to headmasters in school institutions. In addition, further use has been made of new patterns of engagement based, for example, on flexible forms of work and the possibility of introducing temporary contracts to meet specific professional needs. From the point of view of the relationship with the user, there is a growing conviction of the importance of satisfying the needs of the collective as one element qualifying the legitimization of the existence of public institutions themselves. The

obligation toward openness has been sanctioned in offices dealing with the general public and with the carrying out of periodic assessment surveys on perceived quality of service, as well as the issuing of documentation attesting to specific standards of quality.

In each case the majority of reform interventions in the Italian public sector can be traced back to the need to satisfy legal norms (business formation by decree). These processes of meeting legal requirements often have been eased due to experience gained in promoting reforms that have already been successfully implemented. At times it has been precisely the successful experience that has determined the issuing of legal provisions that aim to spread this success thanks to the application of good administrative procedures. This was the case in point of the Single Desk and the URP, which was introduced as an experiment in the Commune of Faenza and in the Commune of Bologna, respectively, and which have subsequently become obligatory by law.

Evidently however, all the reforms carried out in the public sector in Italy have been achieved through gradual and moderate modifications rather than through radical changes. Management choices almost always have taken into account preexisting patterns, resistance to change, and the political/client-based influences that have historically characterized the public administration. Clearly, the managerial approach adopted by the private sector cannot be replicated in the public sector simply by applying the same management procedures (market analysis techniques, management, or organizational control evaluations) in the private sector; every management choice is predicated by the need to optimize results as efficiently as possible. The creation of socioeconomic value has always been closely and intrinsically linked to the maximization of the outcome of the entrepreneurial activity concerned. In the public sector, the need to safeguard the interests of the public is a priority, and efficiency is instrumental in maximizing the social advantage. In essence, reducing the waste of resources leads to a maximization of the social utility of the service provided. In a situation in which, since the end of the 1982, public resources have been scarce, the need for reform interventions has become apparent. The direction chosen to achieve those interventions has been that of imposing, through the promulgation of laws, decrees, and regulations, the adoption of managerial procedures used in the private sector, with the assumption that by conferring practices from the private sector upon the public sector the result will be increased efficiency and effectiveness.

Undoubtedly the process of reform has succeeded in improving procedural conditions in many public bodies. The recognition of roles in managerial responsibility and conditions of greater autonomy in decision making has fostered the reengineering of processes and the consequent improvement in services provided.

The dynamics of change in society, of its values, of advances in technology, have inevitably accompanied the process of reform in the public sector in its more recent developments. In the last few years, the reform process in the Italian public sector seems to have taken a parallel course to that which until today has been followed. Although reforms pushing toward the acquisition of new techniques and management procedures, gleaned mostly from practices first experienced in private companies, have not been abandoned, the reform process in the public sector is currently focusing on aspects such as the common good, shared participation, a sense of morality, and the sharing and participation of human resources in principles of democracy contained within the common outlook of democratic ethics.

The New Relationship Between the Public Administration and the Citizen

Just as in the 1990s, numerous New Public Management reforms have been introduced, and since the beginning of the new century there has been a gradual diffusion of initiatives that emphasize a new role and a new involvement for citizens in the processes of government.

There is protection for the dignity, identity, and freedom of initiative of the citizen, all of which portend inertia in public institutions when they are unable to confront new social needs (Persico 1997). For too long, the public administration has been conceived as a pyramid with the government at the top, the apparatus of bureaucracy in the middle, and the citizenry at the bottom, who, in the best-case scenario, were passive beneficiaries of services and, in the worst-case scenario, were victims of an inscrutable and unmoving force of will (Tivelli and Masini 2002). Over time this pyramid has cracked so far open that today the conditions exist within our administrative system, side by side with the "traditional model" and based on a bipolar paradigm, that have made it possible for another model to develop, defined by "shared administration" and founded upon collaboration between the administration and the "citizens," who are regarded as active participants in the fulfillment of public value. Every administration, be it public or private, in order to create value must integrate harmoniously with its surrounding environment and therefore establish a network of relationships so as to know and interpret the expectations of its citizenry. This is necessary to define shared and viable objectives that are useful for the community. Transparency, communication, partnership, participation, and accountability are enabling conditions for the creation of value and good governance, and have found explicit legislative pronouncement in numerous directives and norms. In the last twenty years, a growing need has been manifested for balance and harmony with the ex-

ternal context. This aims to reestablish on a basis of trust the relationship between citizens and public institutions, creating conditions and instruments to strengthen civic-mindedness.

In order to enact a truly "holistic" management of public performance, it is necessary to think about an architecture of form that takes into account the complexity of the relationship between the community and public, overcoming the paradigms of New Public Management, which are certainly innovative with regard to the bureaucratic vision of a public but limiting in the sense that they are biased toward an excessively entrepreneurial vision of the public sector. In this scenario public governance assumes a certain importance in that it refers to overcoming or, better still, eliminating the logic of government in which the state is the main actor, and to the emergence of relationships of involvement and partnership between the state and society, marking, in other words, the passage from hierarchical forms in the planning of policy making to alternative, nonhierarchical forms, like those of the market, the community, and especially the network. Public governance is called for to try to give answers to deep needs emanating from society. It calls for the abandonment of a conception of a monolithic, static administration that imposes a unilateral relationship in favor of one that proposes a flexible, participating form of administration that is open and sensitive to the needs of its citizens.

The well-being of the people can be guaranteed only if the system of government responds to certain pivotal principles of governance: the openness of institutions to its citizens and to its forms of representation and self-representation; the participation of the citizens in the planning, management, and evaluation phases of the services from which they derive benefit; specific and widespread responsibility at an institutional and a civic level; the efficiency of actions, services, and projects; the coherence of actions with an overall model of socioeconomic development; proportionality; and involvement between the different social actors.

The development of the shared administration model is based on the principle of horizontal involvement and sanctioned by the second clause of Article 118 of the Constitution, which overrides both the principle that administrations alone have the monopoly on defining and satisfying the general interest and the notion of a unilateral relationship between the administrators and the administrated. Recent studies show that the relationship between public institutions and society is evolving more and more from a unilateral relationship to an interactive relationship. From a public administration–citizen relationship, which is based primarily on the transfer of information, there is ever more often recourse to forms of consultation and real citizen participation in public decisions. The citizen is the third pole of influence in the governing

Figure 11.1   **The Evolution of Relationships Between Public Administrations**
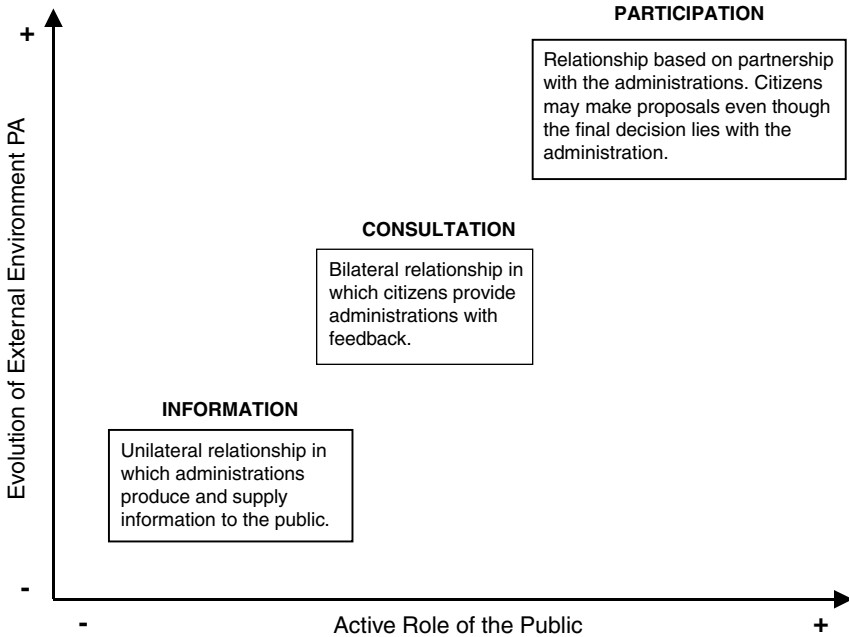
of the public administration together with politicians and local government managers (Figure 11.1).

Obviously, by passing from information to consultation and therefore to active participation, the influence of citizens on the decision-making process increases. Information is the basic element of knowledge and represents a fundamental requirement for the citizen in being able to intervene in social life. The new model of public government is characterized by real governance of citizens in that not only do the citizens offer information feedback to the administration but also they participate by offering proposals and suggesting solutions. In the light of a renewed trajectory of accountability to and involvement of the citizens, it would seem we are being given a glimpse of the possibility of improving the efficiency and effectiveness of the public sector, due in most part to the adoption of choices characterized by wider forms of participation.

This trend that is emerging in the government of the public sector corresponds to the phase of so-called interactive democracy, a phase characterized by a greater involvement of the citizenry through, for example, virtual town meetings, open meetings, voting, and community forums. Participative democracy, which is connected to the concept of new municipalism, represents that form that allows the citizens and local social representatives to feel they play an active part in administrative life. However, the pursuit of such a path is subordinated to a cultural change that must concern, in every area, all the public administrations involved and interested in the making of social, educational, and cultural policies. It is necessary to transform public administrations from places of self-referential administration to laboratories of self-government.

The European Commission defines the participation and involvement of stakeholders in decision-making processes as a "democratic imperative." The participation of the citizen in public life is associated with an action that expresses belonging; one participates because one is and feels a part of something; that is, it requires both feeling part of the collective that one wishes to govern and taking an effective part in its government (Raniolo 2002). This involves a passage from a condition in which the citizens are and feel like subjects (exclusion) to a situation in which the citizens ask for their rights of citizenship to be recognized and for full participation (inclusion). In the case in which the citizens ask for the recognition of their rights of citizenship and full participation in government, the public administrations must attempt to valorize this desire for participation, which assumes the characteristics of a tripolar government that is capable of responding to differing exigencies. Within this new pattern it is necessary to create the conditions that will enable the citizens to participate concretely in democratic life and to feel they are citizens. This presupposes the emergence of a consciousness of belonging that, in turn, depends on the level of political integration of the country. Public affairs must appear to the citizens as something that concerns their interests. The crisis in democratic models based on the exercise of delegated responsibility creates the need to give citizens more incisive guarantees about a crucial question. Whoever wins an election does not appropriate the institutions but is only legitimized to reside in them, to give life to them and enrich them with his or her intelligence, abilities, and passion, in the interests of the citizens. Those political institutions that do not enjoy vital, civic community cannot survive; they can only be consumed by internal strife leading to absenteeism, tax evasion, building without legal concessions, illegal labor markets, unjustified delocalization, environmental mistreatment, petty crime, and terrorism (Zoppoli 2006).

Toward New Patterns of Government in the Public Sector

The changes that have taken place in public administration—citizen relationship and the need for active participation by citizens—have contributed to upsetting these managerial patterns of the New Public Management model and led to an affirmation of patterns of governing that are shared and sensitive to dealing with collective requests. New Public Management's pattern itself leaves space for "managing publicly" (Bozeman 2005). Although it is difficult to define its main elements, New Public Management is based primarily on patterns of competition in the market (managing government like a business) while neglecting certain aspects of "managing publicly" (Figure 11.2). "Managing publicly" implies explicitly paying attention to public values, which are understood to be values of the collective that must be made to assume greater importance than the patterns and rules of the market itself. Through a comparison of New Public Management and managing publicly, it has been shown that New Public Management is firmly rooted in economic individualism and that managing publicly largely rejects it (Bozeman 2005).

The Reform of the Public Sector in Italy: Toward Patterns of Managing Publicly

Needs that pushed for greater public participation, demands for harmonization and, to some extent, the incapacity demonstrated by New Public Management processes to respond adequately to the multiple demands of the collective have brought about, in Italy too, new patterns in governing in the public sector. The patterns themselves of managing publicly models, as was verified in the 1980s and 1990s by the tide of New Public Management approaches, also are gradually being accepted in Italy. The direction that seems to be being taken and the one that best describes the process of managing publicly in Italy is defined by human governance. Human governance can be defined as the Italian proposal to changes in enactment at an international level.

Human governance does not restrict itself to formulation slogans like participation, coplanning, and dialogue, but rather identifies certain reference models and puts forward a sort of declaration addressed to all actors in the administrative process with the aim of uniting the efforts and interests of administrations, citizens, and organizations around certain pivotal points of social identity.

The "differing and innovative perspective" that seems to emerge consists in shifting attention away from the object to the subject itself of public adminis-

Figure 11.2   **The Comparison Between New Public Management and Managing Publicly**

The New Public Management | Managing Publicly

From focus on private sector and public control

To focus on self-responsibility and self-governance

From emphasis on rowing

To focus on steering

From focus on service delivery

To focus on citizen's participation
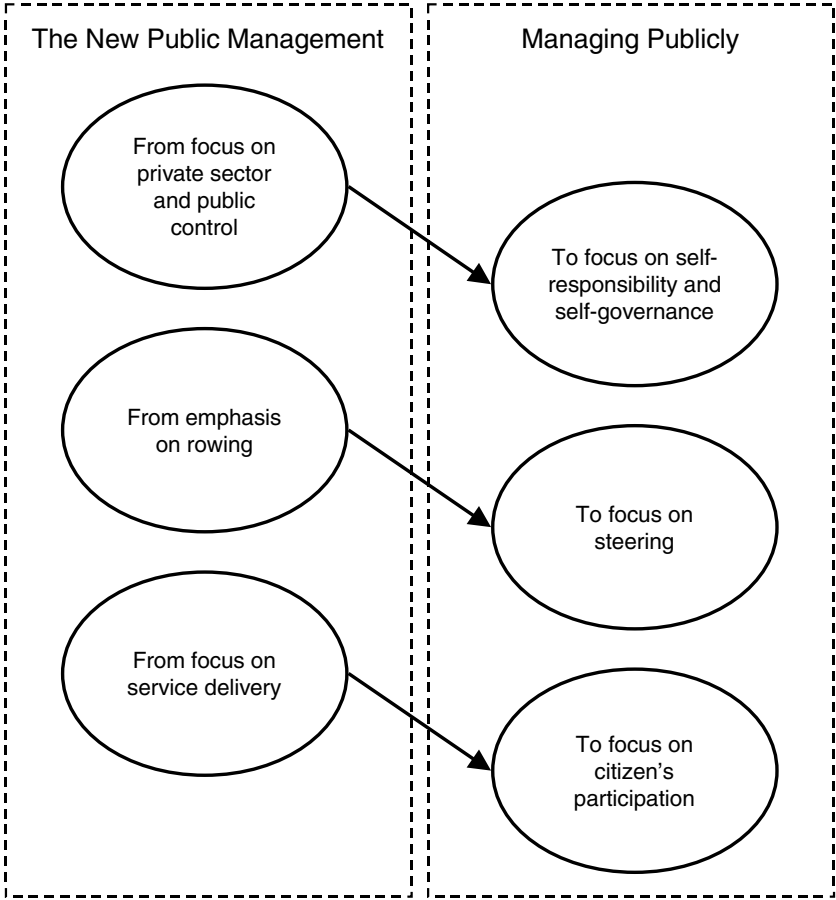
Source: Adapted from Bozeman (2005).

tration and renewing the manner itself in which the relationship between state and public is conceived. This would seem to be an apparently easy direction to take but it is, in fact, substantially complex, implying as it does the inevitable consequence of the giving back of centrality to the individual in its entirety, of fundamental values of democracy, pluralism, and respect for human rights. The public administration puts itself forward as a body with a human face that speaks the same language as the users, understands their needs, and has as its sole and exclusive goal the common good.

The "declaration" on human governance at the international level identifies certain principles of an ethical and cultural nature that may inspire individual states in their policies of innovation (Table 11.1). It is an actual "decalogue" whose key words would be social responsibility, education of the citizen, equality of freedoms, participation, sustainability, involvement, competitiveness at an international level, conformity of administrative performances, and trustworthiness, and whose basic aim is a more balanced relationship between the state and the citizen, based on dialogue and the establishment of a climate of mutual respect and trust and in which the administration has as its sole and exclusive aim the common good.

At a national level, the aim is for interventions that move in the direction of a process of different and innovative cultural renewal and that take on the patterns of managing publicly in the wake of the "declaration" on human governance. These are:

1. Focusing on the subject of organizational well-being (directive from the minister of Public Offices in 2004). Administrations are invited to assess and improve well-being within their own offices by surveying the opinions of employees on the dimensions that may determine the quality of life and relationships in the place of work. Administrations must also take appropriate improvement measures to valorize their human resources, increase the motivation of collaborators, improve the relationship between managers and employees, strengthen employees' sense of belonging in and satisfaction with their own administration, make public administrations more attractive for those with recognizable talent, improve their internal and external image and the overall quality of the services they offer, disseminate a culture of sharing as a presupposition toward achieving results rather than a task-based culture, and organize internal communication systems.

2. Focusing on the need to broaden the terms of reference with regard to public opinion through customer satisfaction surveys (directive from the Minister of Public Offices in 2004). The aim is to enable public administrations to become more capable of listening to and understanding in depth the needs of its citizens and to be aware of the public's perception of them (inclusive approach).

3. Moving in the same direction as the preceding initiatives and clearly with progressive intentions, we come to so-called accountability, a new form of account rendering for public administrations, through which they communicate in a transparent and accessible way to various interest groups the choices they have made, the resources

utilized, the results obtained, and the impact produced on the area of reference.

4. The bringing about of an Analysis on the Impact of Regulations (AIR) for normative and regulatory production mechanisms. Unlike simplification, which in its various interpretations concerns already-existing laws, the AIR consists in the analysis and estimated quantification of the effects of regulatory mechanisms. AIR compares the various options with the aim of finding the one that is least onerous for those affected either directly or indirectly. In any case, those who will be affected are consulted in order to reach a more complete analysis with information and points of view.

5. Focusing on the introduction of a system of multidimensional measurements of administrative performance so as to integrate information deriving from the use of funds to that regarding other facets of the activity as, for example, that pertaining to results and to the impact of the policies as well as the organizational processes. This new approach to measurement has come to be characterized particularly by the inclusion of different interlocutors' perspectives of the administration. This is because those who are affected by any administrative action, irrespective of whether they are for or against the action, are those who are best suited to singling out the really significant aspects of the performance of the administration with regard to respective values, need, and experience.

6. Focusing on the innovative policies of quality management based on self-assessment of organizational performance as an obligatory point of departure on the path of continuous improvement.

The conjecture is that administrations must innovate their processes, services, and policies coherently with a modification of needs and anticipated needs to be satisfied and interpret strategically their own mission as an institution. To this end each administration must know how to evaluate its own organizational performance, identify intervention priorities, and plan the necessary changes in an integrated and functional way with regard to its own needs, even taking advantage of the enormous potential offered by new technologies. By undertaking such a path, the essential role of the end users of the services and interest groups must be taken into consideration. Accountability, shared decision-making processes, participative self-assessment, customer satisfaction surveys, and the management of the complaints process are all useful tools in maintaining a path of continuous improvement, or rather, in completely satisfying the needs of the end users of public policies.

Table 11.1

Principles for the Declaration on Human Governance

1. Social Responsibility—understood as the enactment of socially responsible behavior by public administrations which is non-prejudicial to the rights and opportunities for well-being of the users, citizens and businesses.

The tools are accountability, dialogue and negotiation necessary for initiating a share in the process of planning and assessment of results and being capable of aiding the administrations in selecting intervention priorities.

2. Education of the Citizen—understood as the path of learning it is necessary to enact in the education system, having as its aim training, information, promoting greater responsibility, involving citizens in achieving the objectives of good governance, strengthening a sense of belonging within an international, national and local institutional framework and consolidating in each individual an awareness of the system of rights and obligations that this belonging involves.

The tools are awareness-raising campaigns as well as training programs.

3. Equality of Freedoms—understood as the necessity to guarantee to all, without any discrimination, equal opportunities of training and professional development, of aggregation, of democratic participation and use of free time and taking into particular account the problems connected to the ever more numerous presence of immigrants from different areas of the world with a view to fostering integration and strengthening intercultural dialogue.

The tool is emplacement, placing in individual administrations a professional who is an expert in promoting adequate policies for the management of every diverse situation, stimulating the relationship with society and an intercultural approach.

4. Participation—understood as the opportunity for dialogue between administration and citizen and the involvement of the public (citizens, businesses, organized associations) in administrative actions with the aim of improving the quality of services provided and guaranteeing the citizen the right of access to information and documentation which concerns him or her.

The tools are information policies, consultation and participation by citizens, businesses and associations in order to guarantee greater effectiveness in the process of democratic participation.

5. Sustainability—understood as those interventions addressing the improvement of the well-being of citizens within the sphere of their actual civil and professional activities, with respect for the environment, the territory and cultural heritage.

The tools are the availability of services, the perception of the public, anticipating needs, taking into account the "disabled," equality between the sexes, the needs of different age-groups and different social, cultural, linguistic and religious backgrounds.

6. Involvement—understood as the means of relations with users and providing services as close as possible to the needs of citizens and businesses so as to guarantee complete and satisfactory governance. In any case ensuring the constant quality of services in the general interest.

The tools are the strategies of service management, outsourcing, public-private partnerships as well as efficient techniques of privatization respecting different traditions and local regulations.

Table 11.1 *(continued)*

7. Competitiveness at an International Level—understood as the simplification and transparency of the normative system and improvement in the quality of administrative action in order to guarantee optimal conditions of productivity and competitiveness, with regard to sustainability and social and economic growth.

 The tools are the process of simplification and improvement in the quality of regulation, paying particular attention to the impact on those affected.

8. Conformity of Administrative Performance—understood as the objectives, in the short term, which governments should strive for, even with recourse to minimum quality standards so as to ensure for the public and for businesses the creation of an administrative space where services can be provided homogenously and with equivalent levels of efficiency and effectiveness.

 The tools are the creation of activities sustaining the process of modernization of the administrations at a national and international level.

9. Trustworthiness—understood as the outcome of a more balanced and equal relationship between the state and the citizen based on dialogue, consensus and the establishment of a climate of mutual respect and trust and the awareness that the administration has as its primary goal the common good for all.

 The tools are transparency in administrative activities, respect for promised quality standards and correct and complete information on results obtained, on the basis of an equal administration-citizen relationship regulated by principles of common law.

 Source: Baccini (2005).

Public Ethics as a Critical Element in Maintaining New Patterns of Public Governance

By shifting our attention to ethics as an element that is closely linked to the innovations and the so-called path of managing publicly by the Italian public administration, there seems to emerge one particular highly characterizing feature.

 In the course of reforms currently in enactment in the Italian public administration, there lies a connection with the Kantian categorical imperative that regards ethics as an element that is traceable to an "objective" sphere of action. An assumption of the objectivity of ethics goes against that strand of individual and cultural relativism that states that it is impossible to achieve a universally accepted truth because ethical principles are relative to specific cultures.

 In Italy, the set standard regulation makes explicit reference to respect for a moral code of conduct and supports, in a more general sense, the importance of ethical principles. Attention to respect for rules, principles, and values, as well as respect for the law ends up becoming ethical behavior.

 During the reform process of the Italian public administration, ethics as-

sumes a collective worth, starting from those moral obligations that must be respected individually (subjectively), by all public employees. Individual consciences are formed within a system of interrelations that embraces the history of the collective, training and communication systems, technologies and the mass media. It can be said that the individual conscience is powerfully conditioned by something that can be traced back to the collective image. Respect for the law becomes respect for the principles and values that go beyond specific regulated restrictions (prohibitions and obligations) and aim at generating a behavioral approach (culture of the public employee). Substantially, the regulated approach (management by decree) that has characterized the process of reform in the Italian public administration also has been present in the introduction of morally and collectively acceptable models of behavior for public employees (individual consciences). As Benedetto Croce wrote on more than one occasion, individual responsibility becomes a presupposition for public ethics, for the sense of using one's public role as a safeguard for the general interest. Tutelage and respect for the common good also fill our laws with ethical values, passing as an appeal to the conscience of the individual.

In this sense a definition is in progress for a plan for the ethics of public administrations that is supported at the highest political levels. Objectives for 2007 included the obligatory inclusion of ethics in initial training programs for entrance as public employees and in the subjects of state exams and their definition, external communications, and the dissemination between employees of a code of behavior that sets *standards* to uphold in the pursuance of duties connected to contractual tasks of the public administrations (tenders, supplies, etc.). The fiduciary nature of the relationship between public employees and the public administration is further emphasized by certain new proposals of law, which have recently been approved, on automatic dismissal for those public officials found guilty of corruption and collusion, even if they are convicted as a result of a case brought against them by a third party. The rebirth of collective responsibility passes from an assumption of this topic to continuous political agendas.

Under conditions of a crisis of collective democracy, the respect for ethical behavior becomes the fundamental element that allows for the initiation of mutual trust between the governing and the governed, between elected officials and the electorate. Even the citizen, and much more than in the past, is called upon to play an active and participating role. The road to reform currently under way, starting from decrees and pushing public employees to adopt an ethical stand, aims gradually at the emergence of an active role for the citizen-user. It therefore aims at promoting and developing in each individual an identifying sense of belonging to a political community, in which

one can freely strive for individual and collective well-being, undertaking shared strategic directions.

The aim is therefore to set upon a course that involves public employees and the citizenry, and which, through their behavior, promotes a sense of importance, of tutelage, and of the growth of collective well being.

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12

Measuring Integrity

A Dutch-American Comparative Project

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Menzel and Carson argued that empirical research into public administration ethics had a "short but vigorous history" (1999, 239). For example, prior to the 1990s only a handful of authors were engaged in ethics research that involved systematic collection and analysis of data, and those efforts were very limited compared to the effort put into ethics theory. The twenty-first century seems to break with this trend. The several initiatives of the Ethics Section of the American Society for Public Administration (ASPA) and the Study Group on Ethics and Integrity of Government of the European Group of Public Administration (EGPA) resulted in many fine research initiatives and publications, providing new possibilities for comparative research.

In this chapter, the results of a first comparative project in measuring integrity are presented. A questionnaire was sent to a group of Dutch and American city managers, asking them about the frequency and acceptability of integrity violations, the ethical climate, and the level of ethical leadership in their organizations. After describing the measurement instrument, the first results are presented and discussed. Suggestions for further research are given at the end of the chapter.

Ethics and Integrity in the Public Sector

The term *public ethics* refers to the collection of values and norms, of moral standards or principles that form the foundation of integrity. In general, ethics are a set of principles frequently defined as a code of conduct: that is, a framework for actions (Lawton 1998, 16). Whereas the moral nature of these principles refers to what is judged to be right, just, or good (conduct), integrity or ethical

behavior means much more than not being corrupt or fraudulent. Rather, integrity is a quality or characteristic of individual or organizational behavior that denotes the quality of acting in accordance with the moral values, standards, and rules accepted by the organization's members and society. Thus, integrity violations can be defined as violations of these moral values and norms.

For empirical purposes, integrity is here defined as *acting in agreement with the relevant moral values, standards, norms, and rules,* meaning that the research will focus on manifestations of behavior rather than intentions or underlying values. This focus conforms to the ethics triangle of Bowman, West, Berman, and Van Wart (2004), which recognizes the complementarities and interdependence of the imperatives of thought in different ethical schools of virtues, rules, and outcomes.

To improve or safeguard organizational integrity, many boards of profit and not-for-profit organizations have developed policies whose bottom line is to minimize the extent of unethical behavior in the organization. As Treviño, Weaver, Gibson, and Toffler stated, "Effective ethics and compliance management should be associated with less unethical and illegal behavior" (1999, 132–33). Therefore, the starting point for this study is unethical employee behavior in the organization, which becomes visible in the incidence and prevalence of integrity violations, defined as violations of social moral values and norms and the laws and rules resulting from them.

Thus, whereas corruption and fraud are a significant manifestation of integrity violations, so are discrimination and intimidation, stealing, and careless use of organizational properties. Based on such manifestation, and given its empirical purpose and conceptual framework, this analysis distinguishes among categories of integrity violation first used by the research group on integrity of governance at the Free University in Amsterdam (see Huberts, Pijl, and Steen 1999). The schema was developed based on an analysis of the literature on (police) integrity and corruption (Ahlf 1997; Anechiarico and Jacobs 1996; Heidenheimer, Johnston, and Levine 1989; Kleinig 1996; Punch 1985; Punch, Kolthoff, Van der Vijver, and Van Vliet 1993; Roebuck and Barker 1973; Sherman 1974). The categories are:

1. corruption, including bribing, kickbacks, (actions that benefit the individual, family, friends, or party);
2. nepotism, cronyism, and patronage;
3. fraud and theft of resources, including the manipulation of information to cover up fraud;
4. conflict of (private and public) interest through promises, gifts, or discounts;

5. conflict of interest through jobs and activities outside the organization (e.g., moonlighting);
6. improper use of authority toward citizens;
7. abuse and manipulation of information (unauthorized and improper use of confidential information; leaking confidential information);
8. discrimination and (sexual) harassment; indecent treatment of colleagues or citizens;
9. waste and abuse of organizational resources, including time; and
10. misconduct at leisure (such as domestic violence, drunken driving, use of drugs).

The Survey

For this research project, quantitative data analysis of survey material was selected as the most appropriate analytical method. To enhance the reliability and validity of the survey research, the questionnaire drew as much as possible on existing and already-tested variables and scales. KPMG's Integrity Thermometer (Kaptein 1998), a survey conducted in many public and private organizations in the Netherlands as well as the United States, was selected as the most appropriate (Lasthuizen, Huberts, and Kaptein 2002), albeit least explored, available data set for secondary analysis. Building on this secondary analysis, items were selected to measure the perceived frequency and acceptability of integrity violations that fit the typology outlined above. For every type of integrity violation (e.g., corruption or abuse of information), a number of specific behaviors were selected for the questionnaire of a large 2003 survey (Kolthoff 2007). Questions on ethical leadership (Treviño, Hartman, and Brown 2000) and ethical climate (Victor and Cullen 1987) were added and for the purpose of this comparative research a comprised questionnaire of 150 questions in total was derived from the large survey. This comprised questionnaire was tested in more than twenty municipalities in the Netherlands by the Office of Local Government Ethics before using it for the comparative project. Table 12.1 provides examples of the items for each type of integrity violation.

The Research Population

The questionnaire was distributed in 2006 among city managers of six midsize and small cities in the Netherlands and seventy-four mid-size and small cities in the United States. A total of 105 respondents from the Netherlands and 85 respondents from the United States were included in the research.

Table 12.1

Examples of Survey Items on Different Integrity Violations

Survey item	Element measured
Selling confidential information to external parties	Corruption
Favoritism by managers	Nepotism, etc.
Use of organizational resources for private purposes	Fraud and theft
Arranging private discounts from private enterprises	Gifts (conflict of interest)
Engaging in activities (including side jobs) that pose a conflict of interest	Jobs (conflict of interest)
Falsifying or improperly manipulating reports or policy documents	Improper use of authority
Consulting confidential files for former colleagues	Abuse of information
Racial discrimination among colleagues	Discrimination/harassment
Careless use of organizational property	Waste and abuse
Setting a bad example during private time	Misconduct at leisure

City Governance in the Netherlands

Municipalities form the lowest tier of government in the Netherlands, after central government and the provinces (www.overheid.nl). There are 443 of them (January 1, 2007). They all apply national legislation on matters such as social security benefits but they also can draft local legislation. Civil servants, councilors, and the municipal executive are all responsible for ensuring that things run smoothly in their area.

Municipalities derive more than 90 percent of their income from the central government. The municipalities are free to use this money as they see fit. They also receive earmarked funds for specific purposes, like public transport or youth social work. The amount they get depends on population and local circumstances. Municipalities also have the power to levy taxes. Property taxes on residential and business premises are the main source of independent income. Each municipal council sets these charges, as well as charges for services like the provision of legal documents and waste collection.

The municipal council acts as the school board for the publicly run schools in its area and is responsible for ensuring privately run schools have suitable premises. The remit of the municipality is now expanding to include activities in health care, social work, culture, sport, and recreation. The municipal council is responsible for deciding on after-school care and the management of

arts centers and sports facilities, for instance. In recent years, many central government powers and responsibilities have devolved to the municipalities.

Under the Dutch Constitution, the municipal council is the highest authority in the municipality. Its members are elected every four years. In principle, any resident aged eighteen or older may run for election. In practice, the political parties produce lists of candidates from whom the electorate can choose. The role of the municipal council is comparable to that of the board of an organization or institution. Its main job is to decide the municipality's broad policies and budget and to oversee their implementation. Each member of the municipal council has a vote and decisions are taken by majority.

The day-to-day administration of the municipality is in the hands of the municipal executive (college van burgemeester en wethouders, abbreviated to "B & W"), made up of the mayor and aldermen. Aldermen are elected politicians; the mayor is appointed by the Queen. The executive has many statutory powers, including the authority to acquire and sell property on behalf of the municipality. Each of the aldermen has his or her own portfolio or area of responsibility, but decisions on the use of certain powers have to be taken by the full executive. Decisions of the executive are taken by majority vote, with the mayor casting an extra deciding vote if there is a tie. The municipal council can call the executive to account for its policies. The council has no power to revoke any of the executive's decisions, but can urge the executive to do so. As an ultimate sanction, the council can suspend aldermen from their duties.

Civil servants are responsible for preparing decisions and for carrying them out. Apart from civil servants working at the town hall, many municipalities have their own environmental control officers with powers to investigate offenses and impose fines, and road workers and refuse collectors may be directly employed by the municipality. The head of the official hierarchy is the municipal secretary (*gemeentesecretaris*). The secretary serves as a channel of communication between the municipal executive and the official apparatus that he heads. He attends meetings of the executive and is responsible for ensuring the organization runs smoothly. The official apparatus is divided into departments or directorates, under which separate sections deal with particular areas of municipal policy, such as the environment, water management, land-use planning, the economy, recreation, wildlife, and transport. Secretaries, directors, and department heads were included in our survey. Civil servants officially do not have a political affiliation and they all are appointed.

City Governance in the United States

The political and organization milieu of American local governments is more complex and more diverse than in Holland. In contrast to fewer than 450

municipal governments, the United States has more than 19,000 in addition to a myriad of county, township, and special districts (Stephens and Wikstrom 2007, 14). Municipal governments are "creatures" of the states within which they exist. The forms and structures and the powers and responsibilities are the product of state constitutions and state laws. There are few certainties about the form and power of those governments, even within a single state. The power to levy taxes, which may devolve to specifying the type of taxes that may or may not be collected, is often controlled by a state constitution (Lorch 2001). The city "reform" movements of the first and fourth quarters of the twentieth century were designed to address the lack of authority to act and later the lack of capacity to act (Hill and Mladenka 1992; Lorch 2001). The first reform movement emphasized political reforms that strengthened the executive vis-à-vis the council or legislative body in the municipal government, as well as providing institutional independence for cities from control by counties and state legislatures. For our purposes, the more important change was the greater emphasis on the use of civil service systems and merit hiring for the vast majority of public employees and the introduction of the appointed, professional city manager as "CEO" as an alternative to the elected mayor. To this day these forms remain the dominant alternative forms of local government (Hill and Mladenka 1992; Lorch 2001; Stephens and Wikstrom 2007).

The first question then was how to introduce some level of comparability within an otherwise "lopsided" arrangement. The decision was made to focus on the city manager form of government for several reasons: first because this is a common form with midsize American cities (population 25,000 to 125,000); second because the relationship between the political and managerial/administrative arms of government were closer to the Dutch style; and third because of the long association of the city management profession and its ethics code, it was expected that the understanding of ethics as an aspect of management would be well understood in these municipalities.

As described by the International City/County Management Association (ICMA) Web site, the association and its members are committed to:

- representative democracy;
- the highest standards of honesty and integrity in local governance, as expressed through the organization's Code of Ethics;
- the value of professional management as an integral component of effective local government;
- the council-manager form of government as the preferred local government structure;

- the value of international association; and
- ensuring diversity in local government in the organization. (www.icma
  .org)

The classic model of city manager-led local government is the "council-manager form of government." While other formats and structures have evolved since the creation of the council-manager form in the first two decades of the twentieth century, the "form" is deeply imbedded in both the history and ethos of the city management profession (Cox 2004). According to the ICMA, 49 percent of all municipal governments in the United States use the council-manager form, or one of its variations (www.icam.org).

Under this organizational arrangement, the city council is the governing body of the city elected by the public, and the manager is hired by council to carry out the policies it establishes. The local council in this model is gen-eral quite small, often consisting of five to nine members including a mayor (or council president) who is either selected by the council or elected by the people as defined in the city charter. The size of the council is generally smaller than that of a mayor-council municipality, and council elections are usually nonpartisan (www.icma.org).

As noted above, in the council-manager form the city manager is the "CEO" of the local municipal government. The manager has responsibility for the selection of most department heads and is accountable to the council for the effective administration and management of the municipality.

The Results

In Table 12.2, the results on the observed frequency of integrity violations of the two participating countries are compared. In Figure 12.1, these figures are presented in a graphical way. The numbers on the horizontal ax of Figure 12.1 correspond with the numbers in the first column of Table 12.2. In Table 12.3, we present the level of acceptability of the integrity violations, and in Figure 12.2, again the same figures are presented in a graphical way. Table 12.4 presents the results of the ten questions that comprise the concept of moral leadership (Treviño, Hartman, and Brown 2000) on a scale of 1 to 6. The mean scores are 5.24 for the U.S. population and 4.37 for the Dutch one. The mean scores are presented in Figure 12.3.

The last data we present in this first assessment refer to the ethical climate. In this contribution, we do not analyze all the aspects of ethical climate; rather, we concentrate on communication aspects. In Table 12.5, the results of three questions in the ethical climate area are presented that have to do with com-munication. In Figure 12.4, the same data are presented in a graphical way.

Table 12.2

Observed Integrity Violations

Frequency	N US			N NL			
	Valid	Missing	Mean	Valid	Missing	Mean	Difference
1 Accepting bribes from external parties	82	3	1.02	104	1	1.07	0.04
2 Selling confidential information to external parties	82	3	1.06	105	0	1.03	-0.03
3 Favoritism by managers within the organization	82	3	2.66	105	0	1.85	-0.81
4 Favoring of friends or family outside the organization	82	3	1.88	103	2	1.27	-0.61
5 Taking business equipment home for private use	81	4	1.93	104	1	2.04	0.11
6 Incorrect handling of or cheating on expense claims	81	4	1.52	102	3	1.26	-0.25
7 Excessive use of e-mail, Internet, and telephone facilities for private purposes	81	4	2.94	103	2	3.20	0.27
8 Theft of business equipment by employees	82	3	1.43	104	1	1.76	0.33
9 Accepting gifts, favors, or entertainment (value less than 25) from external parties	79	6	2.61	100	5	1.72	-0.89
10 Accepting gifts, favors, or entertainment (value more than 25) from external parties	82	3	1.73	101	4	1.10	-0.63
11 Being active as a consultant after work hours	82	3	2.16	104	1	1.55	-0.61
12 Engaging in activities that pose a conflict of interest	82	3	1.50	102	3	1.10	-0.40
13 Conceal information for management or government	82	3	1.68	102	3	1.32	-0.36
14 Making false or misleading statements in reports or policy documents	80	5	1.48	100	5	1.23	-0.25
15 Deliberately slowing down decision-making process	82	3	2.23	99	6	1.51	-0.73
16 Careless handling of confidential information	80	5	1.86	101	4	1.92	0.06
17 Unauthorized use of colleagues passwords or access codes	82	3	1.46	103	2	1.42	-0.05
18 Discrimination based on gender, race, or sexual orientation	82	3	1.52	105	0	2.00	0.48
19 Sexual intimidation/harassment	82	3	1.51	104	1	1.62	0.10
20 Bullying (e.g., teasing, ignoring, or isolating individuals)	82	3	1.83	105	0	2.26	0.43
21 Gossiping about individuals	82	3	3.49	104	1	3.13	-0.35
22 Improper approaching of internal or external customers	81	4	1.81	105	0	1.90	0.09
23 Individuals falsely reporting sick	82	3	2.94	104	1	2.35	-0.59
24 Insufficient effort by employees	82	3	3.11	105	0	2.59	-0.52
25 Careless use of organizational property	81	4	2.52	104	1	2.05	-0.47
26 Setting a bad example at leisure	82	3	2.46	91	14	1.59	-0.87
27 Excessive use of alcohol at leisure	79	6	2.62	98	7	2.31	-0.31

Table 12.3

Acceptability of Integrity Violations

	Acceptability	N US Valid	N US Missing	N US Mean	N NL Valid	N NL Missing	N NL Mean	Difference
1	Accepting bribes from external parties	82	3	1.00	105	0	1.17	0.17
2	Selling confidential information to external parties	82	3	1.01	105	0	1.05	0.04
3	Favoritism by managers within the organization	81	4	1.49	103	2	1.15	-0.35
4	Favoring of friends or family outside the organization	81	4	1.28	104	1	1.14	-0.14
5	Taking business equipment home for private use	82	3	1.46	102	3	1.95	0.49
6	Incorrect handling of or cheating on expense claims	82	3	1.01	104	1	1.06	0.05
7	Excessive use of e-mail, Internet, and telephone facilities for private purposes	82	3	1.77	103	2	2.92	1.15
8	Theft of business equipment by employees	80	5	1.08	104	1	1.06	-0.02
9	Accepting gifts, favors, or entertainment (value less than 25) from external parties	79	6	2.23	102	3	1.91	-0.32
10	Accepting gifts, favors, or entertainment (value more than 25) from external parties	81	4	1.44	103	2	1.29	-0.15
11	Being active as a consultant after work hours	82	3	2.62	104	1	2.19	-0.43
12	Engaging in activities that pose a conflict of interest	82	3	1.11	105	0	1.30	0.19
13	Conceal information for management or government	82	3	1.26	105	0	1.25	-0.01
14	Making false or misleading statements in reports or policy documents	81	4	1.04	102	3	1.11	0.07
15	Deliberately slowing down decision-making process	81	4	1.83	100	5	1.33	-0.50
16	Careless handling of confidential information	82	3	1.11	102	3	1.16	0.05
17	Unauthorized use of colleagues passwords or access codes	81	4	1.07	105	0	1.18	0.11
18	Discrimination based on gender, race, or sexual orientation	82	3	1.01	105	0	1.08	0.06
19	Sexual intimidation/harassment	82	3	1.00	104	1	1.02	0.02
20	Bullying (e.g., teasing, ignoring, or isolating individuals)	82	3	1.06	104	1	1.09	0.03
21	Gossiping about individuals	82	3	1.44	104	1	1.58	0.14
22	Improper approaching of internal or external customers	80	5	1.05	105	0	1.15	0.10
23	Individuals falsely reporting sick	82	3	1.20	104	1	1.17	-0.02
24	Insufficient effort by employees	82	3	1.39	105	0	1.33	-0.06
25	Careless use of organizational property	80	5	1.11	104	1	1.12	0.00
26	Setting a bad example at leisure	82	3	1.44	95	10	1.35	-0.09
27	Excessive use of alcohol at leisure	80	5	1.51	97	8	1.54	0.02

Table 12.4

Moral Leadership Compared

Moral leadership	N US		Mean	N NL		Mean
	Valid	Missing		Valid	Missing	
My manager makes fair and balanced decisions	76	9	5.08	101	4	4.47
My manager defines success not just by results but also the way that they are achieved	77	8	5.00	103	2	4.06
My manager listens to what employees have to say	77	8	5.30	103	2	4.11
My manager sets a good example in terms of ethical behavior	76	9	5.54	105	0	4.38
My manager can be trusted	76	9	5.51	104	1	4.64
My manager acts in his or her private life in an ethical responsible way	76	9	5.30	80	25	4.49
My manager has the best interests of employees in mind	76	9	5.14	104	1	4.68
My manager disciplines employees who violate ethical standards	77	8	5.14	113	21	4.56
My manager discusses ethics and values within his or her department	76	9	4.84	97	8	3.77
My manager is eager to act in an ethical responsible way	76	9	5.50	100	5	4.53
Mean Score			5.24			4.37

Table 12.5

Ethical Climate: Communication

	Ethical climate: communication	N US			N NL		
		Valid	Missing	Mean	Valid	Missing	Mean
1	Within my work entity colleagues address each others unethical behavior	80	5	3.80	102	3	3.97
2	Within my work entity integrity dilemmas can be discussed openly	81	4	4.52	103	2	4.12
3	Within my work entity personal opinions can be expressed freely	81	4	4.91	105	0	4.50

Figure 12.1   **Observed Frequency of Integrity Violations**
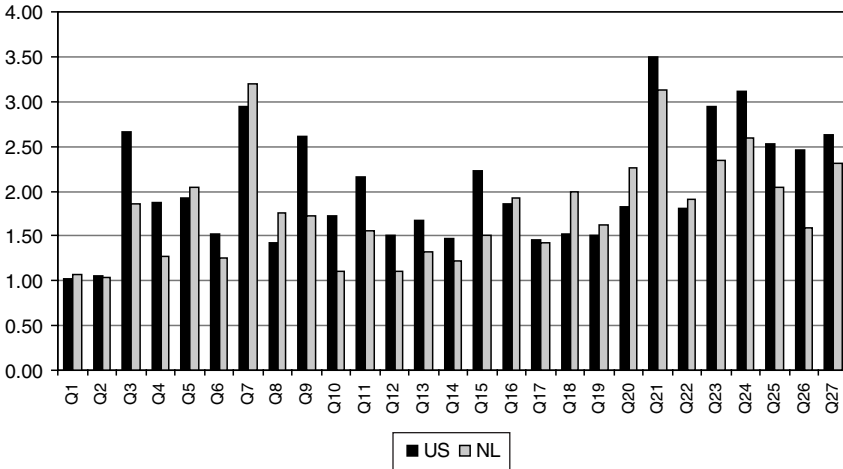
Discussion

The data presented here raise some interesting questions. The trends concerning the frequency and the acceptability of integrity violations are more or less the same in the United States and in the Netherlands. What is remarkable is that the frequency of integrity violations is somewhat higher in the United States than in the Netherlands, while most of the integrity violations are considered a bit more acceptable in the Netherlands than in the United States. This could

Figure 12.2   **Acceptability of Integrity Violations**
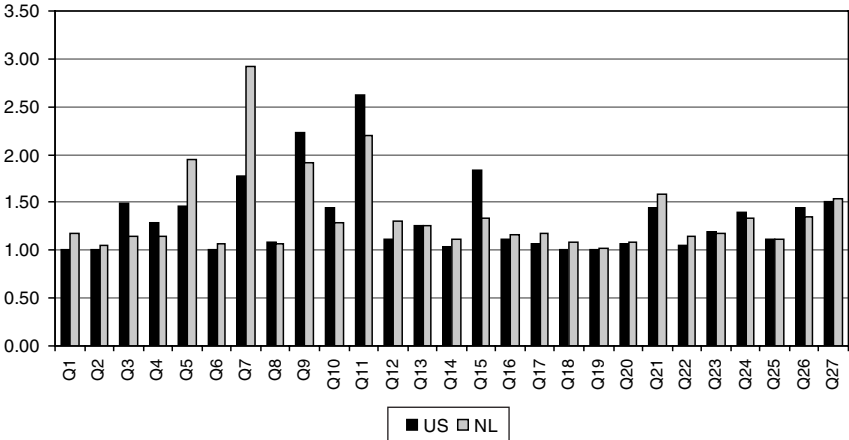
Figure 12.3   **Mean Scores of Moral Leadership**
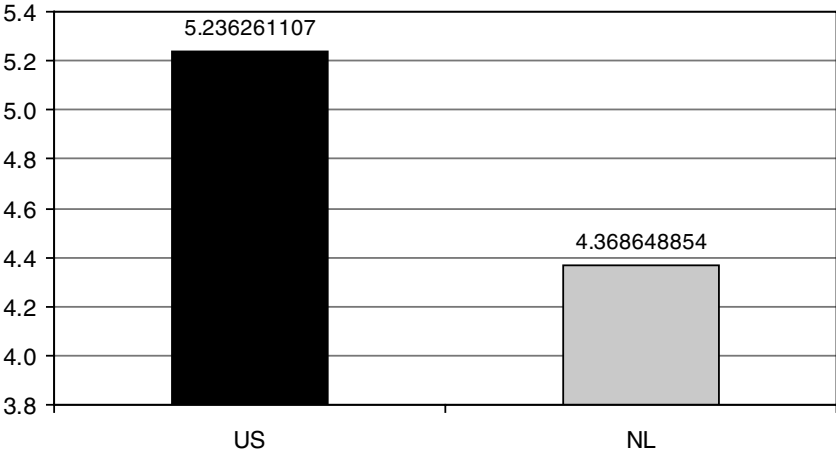
be explained by the hypothesis that the more acceptable an integrity violation is considered, the less it is observed. More statistical analysis can provide information on the significance of the differences in outcome. The acceptability of integrity violations will without doubt have a strong link with the culture of the two countries of the research population. The question remains whether this cultural factor has an even strong influence on the observed frequency

Figure 12.4   **Ethical Climate: Communication Means Scores**
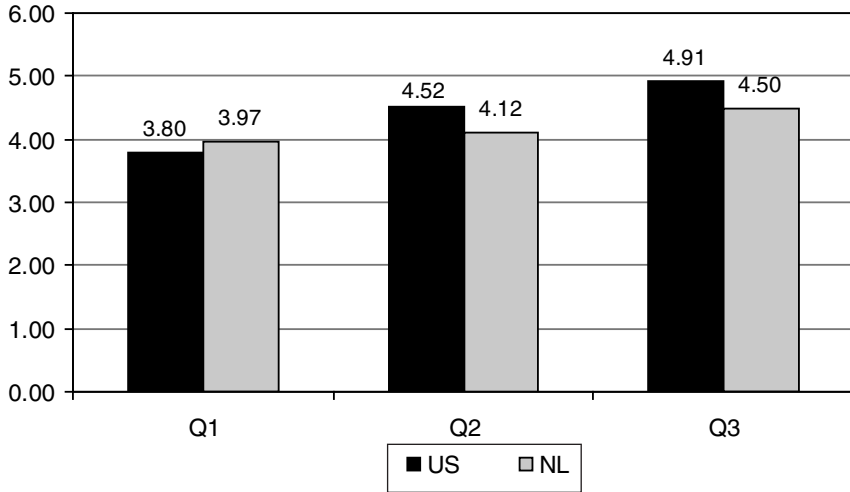
of integrity violations. Additional qualitative research can provide valuable information on these questions.

   The first conclusion when comparing ethical leadership between the Dutch and the American city managers is that the Americans perform significantly better than the Dutch on every one of the ten statements on moral leadership. An interesting observation is that the Americans are relatively sure in answering these questions (*N* missing = 8 or 9 on every statement), while almost one-quarter of the Dutch city managers did not answer the statements on the manager's private life (*N* missing = 25) and the statement that the manager disciplines employees who violate ethical standards (*N* missing = 21). The first statement also may have a cultural explanation since the general opinion in the Netherlands is that you do not interfere with one's private life. The second question was explained by many respondents who stated on the questionnaire that they simply did not know that. That again could mean that this is a topic not very openly discussed in the working environment. We can see a parallel there with the communication questions in Table 12.5, where the Americans again have higher scores on open discussion of ethical dilemmas and personal opinions. In contrast with both the outcomes of moral leadership and open communication, the Dutch civil servants according to the outcomes of our survey are more willing to address unethical behavior of colleagues.

   The data presented here are still very raw. Nevertheless they provide the start of a promising exchange of research results in the field of ethics and integrity with the purpose of comparing data between countries. The ques-

tionnaire used in this comparative project is available for further research. Researchers can request a copy of it for free on the conditions that they will not use it in a commercial way and that they are willing to share their results for comparative purposes.

Note

When we began these cross-national studies some three years ago, there were three of us working on the project. Sadly in November 2007, our colleague and friend, Terrance Johnson, passed away. This was a tragedy both personal and professional. Terrance's passion and vigor in the pursuit of ethical constructs that could influence practice were the envy of us all. He was an engaging and challenging colleague who seemingly was never satisfied with the common explanations and the conventional wisdom. He wanted to get *inside* a topic to more fully understand it. He is missed.

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A Two-Pronged Methodological Approach for Measuring Public and Private Sector Organizational Core Values

The Importance of Content and Context

Zeger van der Wal

Researching Values

Conducting research on values is a highly contested endeavor. Positivistic scholars, such as Herbert Simon within public administration, argue that constructs such as "motives" and "values" are not scientifically researchable at all (Rutgers 2004, 27). Others mention the problem of "reification" in researching values—regarding or treating an abstraction as if it had concrete or material existence—or point at the enormous disagreements on the exact meaning and usage of the construct "value" (Posner and Schmidt 1986; Van der Wal et al. 2006). Disagreement on meaning and usage, of course, can be applied to many concepts within the social sciences, such as "culture," "democracy," and "power." The first two problems, however, specifically concern values and give birth to many questions about the content and nature of the concept and, moreover, on its "researchability."

Can values as such be measured in any objectifiable manner? What is their ontological status? How does one then detect, observe, and measure values? And do different conceptions and definitions imply different research strategies? According to de Graaf (2003, 22) it is possible to detect and research values, although a major problem is that scholars across a variety of disciplines do not seem to agree upon the specific meaning of the construct and

its relationship with behavior and action: "values are essentially contested concepts." The "proper" use of these concepts—as well as the use of concrete value statements such as "impartiality"—is not agreed upon. What the use of the concept "impartiality" means always depends upon the context in which it is used: for instance political, economic, or individual. How one exactly perceives and interprets "impartiality" may be dependent on the context in which one determines the importance of this value. So, context influences content, but content also may influence context.

The aims of the research project on which this chapter is based, are to empirically determine the differences and similarities between the most important values in public and private sector organizational decision-making values, as distinguished by managers within these organizations. Knowledge and concepts from Administrative Ethics and Business Ethics will be combined. So far, Administrative and Business Ethics have been separate worlds, despite the fact that there are considerable similarities with regard to the application of ethical theories, but also the content of issues and problems (see Menzel 2005; Siebens 2005). The central question in the study is: *What are the most important values in public and private sector organizational decision-making; what are the most significant differences and similarities between government and business organizations; and how, when and to what extent is importance attributed to specific values in both domains*?

This chapter addresses the importance of content and context in studying values. As a kick-off, a number of epistemological and ontological issues that accompany research on values are presented. Then, a concise overview of the research design is presented, including a perspective on the relationship between quantitative and qualitative research and the concept of triangulation. The three phases of data collection are discussed and attention is attributed to the data analysis. The chapter concludes with a reflection on the methodological approach that was chosen in this study: what can be said about the generalizations of the findings, and to what extent has this approach resulted in a valid sectoral value picture?

Epistemological and Ontological Aspects of Value Research

In line with what has been argued above, it seems safe to state that both defining and explaining the content and meaning of specific value statements is complex and arbitrary, and surrounded by controversies. This has to do with what philosophers call the *nominal* nature of values. From this perspective, values are seen as nothing more than "linguistic agreements," and operationalized into nouns such as *reliability, impartiality,* or *equity*. That means that their meaning is not derived from the essence of the concept but from its usage

(Karssing 2002). And different people use concepts in different ways in different situations. This has great implications for the way in which values can be said to "exist" in reality (ontology) and can be knowable and recognizable through scientific research (epistemology).

Epistemological Issues Concerning Values

Epistemology concerns the "theory of knowledge" (Hollis 1994, 9); it is about the nature of human knowledge and, more important in this context, to what extent reality can be "knowable." With regard to values, the key question is whether they are methodologically researchable in ways that will result in valid knowledge about reality. And this is exactly the problem. Because of the lack of agreement on the specific role that values play in real life, and the extent to which this role is manifested on a conscious or subconscious level, it is hard to determine objectively whether the values that are appreciated and aspired to by a group of respondents—and have been measured through, for instance, a questionnaire—are also expressed in the expected related behavior of these respondents in daily life.

   This problem is addressed by organizational anthropologist Schein (2004), who has developed a well-known distinction (based on the work of Argyris and Schön [1978]) between *espoused values*—the conscious values that will predict much of the behavior that can be observed at the artifactual level, but that may be out of line with what they will actually do in situations where those values should, in fact, be operating—and *values-in-use*—the deeper-lying shared basic assumptions that function as psychological cognitive defense mechanisms and permit the group to continue to function. Although these two value systems are very much related and sometimes overlap, the distinction displays the different layers of the value concept.

   Much of the research on values overlooks this complex aspect. This is largely caused by the fact that sufficient conceptual attention is attributed neither to ontological issues (what is a value exactly) nor to definitions. In most value studies, a clear definition is not presented at all (Schreurs 2003). In order to obtain more clarity on what values are, it is necessary to compare different ontological perspectives.

Ontological Perspectives: Do Values "Exist"?

Ontology concerns opinions on what is "real" and what "exists." According to Hollis (1994, 8) ontology has to do with "the substantive view of the world and its workings." Many different—and sometimes contradictory—views on the manifestation and working of values in real life can be distinguished.

Three views are briefly presented: the Platonic conception of a transcendental value realm, the Aristotelian idea of existence within a concrete reality, and the plural conception of reality by Karl Popper.

Plato and Aristotle

An epistemological, ontological, but also methodological problem concerning values is the already mentioned danger of "reification"—regarding or treating an abstraction as if it had concrete or material existence. This does often seem the problem with codes of conduct or business codes. Core values are presented such as some tools or instruments that one can just take out of the drawer, like a pen, a calculator, or a written law. Perceived as such, values seem almost physically existent and recognizable.

Platonists argue the other way around, stating that values are part of some sort of a transcendental realm within or behind reality. Values are then part of a mental, rational perfection for which there is no need to be empirically verified. Just think of Plato's famous statement when he was intensively observing a piece of rock: "I see the statue is already in there and it doesn't even have to be cut out anymore." This idea of innate beauty and innate knowledge contradicts the concept of *tabula rasa* that entails that every person starts his or her life "blank" and with a clean slate.

From an Aristotelian viewpoint, things only "exist" when they are related to concrete realities: values are then attributed in a specific practice (which is always in a context). "Social justice" for instance is not a concrete existing state of affairs, but it is before anything else a conception of how things should be and therefore something to aspire to and strive for. It is possible that different values are attributed to the same phenomenon, or that people agree on a basic value but still attribute very different norms to it. Almost all people probably value "equity" and "social justice," but hardly anyone would be willing to pay an 80 percent income tax to achieve those goals.

Values do exist as conceptions of what is admirable and desirable and worth achieving, but are not separated from reality, and although they are broader and less situational than norms and attitudes, their existence is related to certain discursive decision-making contexts (personal, organizational, professional, and societal). This is also the only more or less general agreement among sociologists and philosophers, who have discussed extensively whether values are *directly* observable, or can only be seen through value *manifestations,* such as what is said and done by individuals or groups (Beyer 1981; Kluckhohn 1951).

Both the reification and the Platonic conception are inadequate. Values are *as such* abstract; they do not have direct material existence and always are related to real choice situations, contexts, choices, and actions. Values can,

however, manifest themselves through spoken, written, or physical behavior and action.

Karl Popper's Three Worlds

To make things more complicated, Karl Popper's view on the physical and the abstract, and the objective and the subjective is explored—in short, his pluralist idea of the universe, in which values can be perceived in different ways. Popper (1976) distinguishes between three worlds:

- World 1 (realities): the *physical world* that consists of physical bodies, that of rocks and trees, and physical force field (radiation and all other forms of physical energy), that of chemistry and biology
- World 2 (moods): the *psychological world* that consists of feelings of fear and of hope, and of dispositions to act, of all kinds of subjective experience (including subconscious as well as unconscious ones)
- World 3 (values): the *world of the products of the human mind,* such as works of art, ethical values, social institutions, scientific problems and theories including mistaken theories

Popper was motivated by the scientific problems in World 3. According to Popper, "(ethical) values" are World 3 objects, abstract objects that do not "exist" in a physical shape, objects to which we (subjectively) attribute value. Of course, these distinctions are not absolute. Many of the objects belonging to World 3 belong at the same time to the physical world (World 1): just as a concrete painting by Van Gogh also is a creation of his mind, the Universal Declaration of Human Rights (a concrete piece of paper) also is an idea, an ideology, a state of mind of a certain group of people within a certain time frame.

With regard to values, attribution to different worlds is, in my view, also possible: values may be seen as products of the human mind, but also they relate to subconscious behavior and action. In the terminology of Schein (2004), are we talking about espoused values or, on a deeper level, the basic underlying assumptions? I believe values as such belong to World 3, but since their existence is related to action, and they may be seen as dispositions to act in that sense, they also belong to World 2. Values can be embodied or "physically" realized in policies and laws (World 1).

Which Approach Fits the Research Goals and Research Questions?

Most research on values, and on organizational values in particular, is mono-disciplinary; that is, rooted only in public administration, business admin-

istration, psychology, anthropology, or sociology, and strongly quantitative in nature (Agle and Caldwell 1999; Goss 2003; Beck Jørgensen 2006; Beck Jørgensen and Bozeman 2007; Kim 2001). Yet, despite all the criticisms that can be distinguished toward a qualitative approach in the literature, there are hardly any deviating—that is, combined or qualitative—attempts. This goes for comparative approaches as well (Van der Wal et al. 2006). Given the fact that a fierce and strongly ideological administrative debate is taking place on "changing public sector values" (Van Wart 1998), public and private sector value intermixing and convergence (Schultz 2004), and the undesirability of such a shift in dominant values (Frederickson 2005; Jacobs 1992; Maesschalk 2004), this is a lacuna that merits academic attention.

The debate on public and private sector values, and the way they (should not) relate to each other, does, however, put forth testable propositions on which values belong to government and which values belong to business, and which problems might be caused by intermixing of classical sector specific values. A first step in acquiring baseline data on what is valued most in public and private sector organizations is to empirically test these propositions through a large-scale survey study.

A second step is to complement these quantitative results with qualitative data. This is urgently needed, because surprisingly little is known about the contextual factors that accompany and influence value preferences, and about the meaning and content of specific values, such as "accountability" or "effectiveness" in both sectors (do they have the same meaning in a business and a government context?). The same goes for the exact relationship between values and conduct, action and decision making. What is needed is more "thick description" (Geertz 1973), explorative and interpretative stories about the role and shape of organizational values in governmental and corporate decision making.

Research Design: A Combined or Two-Pronged Approach

The combination of qualitative and quantitative research is often one-on-one translated as *triangulation*. Among methodologists, however, a more subtle perspective is applied, because the concept itself is not unambiguous. Hammersley (2005), for instance, states that "triangulation" is a widely used term today in social research, and is "often treated as if it's meaning were clear, and as if what it referred to was unproblematic," in writings about methodology (1). Yet there have been a number of critiques of triangulation and there are some quite different interpretations of the term (see Blaikie 1991; Fielding and Fielding 1986, 33; Flick 1992; McPhee 1992; and Hammersley 2004; Silverman 1985, 21).

There are three reasons for a more subtle distinction that are relevant here. First, there are many different and contrasting views on the relationship between the quantitative and qualitative approach (see King, Keohane, and Verba 1994), or somewhat broader, between the positivistic and the hermeneutical tradition (Ragin 1994). Second, there are different purposes behind the combination of both approaches. Third, there are at least four different meanings attached to the triangulation concept that can be identified from the literature, which are related to these different purposes. Before paying attention to the different reasons for using a combined method, the relationship between quantitative and qualitative research is explored in more detail.

The relationship between qualitative and quantitative research (Hammersley 2004) distinguishes between five different views on the combination of quantitative and qualitative research:

1. Quantitative methods are superior, being essential to a scientific approach.
2. Qualitative methods are superior, because they are specially attuned to understand human social life.
3. Quantitative and qualitative methods are *complementary:* if they are combined, their contrasting strengths can be maintained and their weaknesses minimized.
4. Quantitative and qualitative approaches derive from incompatible philosophical traditions that are each true in their own terms. Therefore, as researchers we must simply make a personal commitment to one or the other; the two approaches should not be mixed or combined.
5. The distinction between quantitative and qualitative approaches is fundamentally mistaken: a more subtle set of distinctions is required, capturing the options available in dealing with various aspects of the research process—from formulating research questions, through selecting cases and choosing data collection methods, to analysis and writing up.

In this study, the third view of Hammersley (2004) is endorsed: the combination of quantitative and qualitative methods is applied for reasons of complementarity, because it can be expected that this combination results in a more relevant and more valid sectoral value picture than would be the case if only one of the methods had been used. However, the relevance of the fourth view that is mentioned above cannot simply be dismissed, especially with respect to research on values. After all, the fact whether constructs such as attitudes or values can be researched *at all,* and if so, *how* this should be done, is heavily contested among scholars stemming from different philosophical

and methodological schools. This has its roots in different ways through which one looks at the world. From a quantitative perspective, scientific phenomena are perceived to be relatively one-dimensional and a construct such as a value is often reified and operationalized "context less."

From a qualitative perspective, scientific phenomena are attached to settings, context, and language, and inferences are drawn with regard to the meaning and nature of social phenomena. Obviously, the view that these perspectives should not at all be mixed or combined is not supported here. On the contrary, as I hope to make clear, great methodological value can be derived from a useful combination of these different worldviews. This has to do with the purpose that the researcher has in mind when applying such a combination: *facilitation, triangulation,* and *complementarity* (Hammersley 2004).

The Combined Approach in This Study

Several expert interviews were conducted in the first phase of the project, in order to gain more insight in theory, methodology, and the state of the art in research on organizational values and public and private sector organizations. Some of these insights, especially those that were derived from the literature review, have been used to construct the questionnaire and interview protocol. This is clearly an example of *facilitation*.

When discussing the survey and the interviews, it becomes more complicated to point at just one specific purpose of the combination of methods: both reasons of triangulation and complementarity infused the choice for this combination. It was expected that value patterns and value hierarchies, derived through survey research, might suffer from one-dimensionality and social desirability bias (e.g., most respondents attributing the highest absolute score to "honesty" in any possible decision-making situation). Therefore, it was determined that this data needed to be supplemented with "flesh and blood," context and gradations, derived through qualitative interviews (in *which* kind of decision-making situations is "honesty" considered as very important and *what* kind of meaning is attributed to this concept in both sectors?).

On the other hand, to draw more generic inferences with regard to government and business sector organizations in the Netherlands, and thus the overall Dutch public and private sector, a large sample and numeric data were necessary. These could not be generated through a relatively modest number of interviews. So, both the purpose of *triangulation*—discounting the effects of error in answering the (same) question as to which values are most important in which sector and thus validating the quantitative results with the qualitative data, and *complementarity*—addressing aspects of the role that specific values play in decision-making processes that cannot be addressed as such

through a postal survey, have led to the combined or two-pronged approach that was chosen to answer the central research questions. This combination of research methods also can be described as between-method triangulation (Denzin 1970).

Units of Analysis and the Issue of Methodological Individualism

The focus here is on shared *organizational* values, rather than individual or personal moral opinions of government and business managers. It has been convincingly argued in previous studies that organizations have their own specific set of values encoded in their culture (Deal and Kennedy 1982; Peters and Waterman 2005; Schein 2004), and part of the enculturation process of employees involves abandoning individual morals and values as the basis of ethical judgment and replacing them with an organizationally based collective ethic (Jackall 1988). Many authors also argue that institutions have goals, values, and knowledge that exist independent of their constituents, and that determine, in large part, the decisions and behavior of people inside those institutions (de Graaf 2005; French 1984; Pruzan 2001; Wempe 1998).

In other words, organizations have their own dynamics (de Graaf 2003, 2005). Although such a perspective implies that an organizational culture is not a static construct, and is in part constructed and recoded by individuals entering the organization (cf. Schein 2004), the focus of this study concerns those values that dominate the present decision-making practices of the organization. To clarify, the important and related a priori question on the values and motivations of individuals related to a preference for employment in the public or private sector (Frank and Lewis 2004; Karl and Sutton 1998; Lewis and Frank 2002; Lyons, Duxbury, and Higgins 2005, 2006) is not addressed here.

The internal dynamics within organizations render methodological individualism hard to defend. The former transcend individual behavior and decisions. Although individual subjects are included in this study (after all, one cannot interview or survey organizations *as such*), the unit of analysis will be "organizational values," the values that play a role in organizational decision making. In this context, executive managers are perceived to be spokespersons for their organizations and overseers of strategic decision-making processes.

Collecting the Data

This combined approach resulted in three different phases of data collection. First, desk research and expert interviews took place from September 2003

until December 2004. Second, a postal questionnaire was distributed between January 2005 and May 2005. The quantitative data was collected and analyzed between May 2005 and July 2006. Third, from November 2005 until July 2006 a series of in-depth interviews were conducted. The qualitative data was analyzed between July 2006 and March 2007.

Phase I: Desk Research and Expert Interviews

In order to start with the empirical research phase, a conceptual and theoretical framework was constructed. First, a state-of-the-art overview on public and private sector values research was established. Additional desk research on administrative ethics, business ethics, the public-private distinction in public administration and organizational science, comparative research on public and private sector organizations, and survey research methods was conducted. Both formal and informal expert interviews on public-private comparisons, public-private management, and organizational values and organizational culture were conducted. The relevant experience of research group members Lasthuizen (2003) and Kolthoff (2003) in constructing, dispatching, and analyzing (value) surveys and the participation of the applicant in a ten-day course on survey research methods (Essex Summer School) have facilitated a well-considered survey design. Earlier survey research on public sector values by Van den Heuvel, Huberts, and Verberk (2002) was examined as a point of reference.

Phase II: Self-Completion Mail Survey

The literature review on organizational values in business and government has culminated in the value set (Table 13.1) that was used in the question-naire. Based on this value set, a seven-page self-completion mail survey was constructed in November and December 2004 (see Van der Wal 2008).

Population and Sample: ABD and NCD

Between March and May 2005, the questionnaire was sent to 778 (effective: 766) managers of government organizations (response rate: 30.16 percent) and 500 (effective: 497) managers of business organizations (response rate: 30.44 percent), after a pretest had been conducted among 16 public and private sector managers from a comparable population. This was a re-spectable response rate given the type of respondent, and was comparable to earlier mail surveys among top managers, albeit somewhat less high than most public sector response rates and considerably higher than most

Table 13.1

Mixed Set of Public, Private, and Common Core Organizational Values

	Organizational value set
Accountability	Act willingly to justify and explain actions to the relevant stakeholders
Collegiality	Act loyally and show solidarity toward colleagues
Dedication	Act with diligence, enthusiasm, and perseverance
Effectiveness	Act to achieve the desired results
Efficiency	Act to achieve results with minimal means
Expertise	Act with competence, skill, and knowledge
Honesty	Act truthfully and comply with promises
Impartiality	Act without prejudice or bias toward specific group interests
Incorruptibility	Act without prejudice and bias toward private interests
Innovativeness	Act with initiative and creativity (to invent or introduce new policies or products)
Lawfulness	Act in accordance with existing laws and rules
Obedience	Act in compliance with the instructions and policies (of superiors and the organization)
Profitability	Act to achieve gain (financial or other)
Reliability	Act in a trustworthy and consistent way toward relevant stakeholders
Responsiveness	Act in accordance with the preferences of citizens and customers
Self-fulfillment	Act to stimulate the (professional) development and well-being of employees
Serviceability	Act helpfully and offer quality and service toward citizens and customers
Social justice	Act out of commitment to a just society
Sustainability	Act out of commitment to nature and the environment
Transparency	Act openly, visibly, and controllably

business response rates (cf. Bowman and Williams 1997; Goss 2003; Kim 2001; Posner and Schmidt 1984, 1993, 1996; Van den Heuvel, Huberts, and Verberk 2002).

The questionnaire was distributed in cooperation with the professional associations Senior Public Service (in Dutch: ABD) and the Dutch Centre of Executive and Non-executive Directors (in Dutch: NCD). ABD is the professional association of the top management group of the Dutch federal government; its database consists of almost 800 heads of directorates, departments, and agencies that automatically become members upon reaching a certain hierarchical and salary level. NCD is a professional association of 4,500 executives and nonexecutive board members of small, medium-size, and large companies in various fields (predominantly finance, consultancy, industry, legal, and infrastructure). Membership is voluntary.

Table 13.2

Most Important Characteristics of Survey Respondents (in percent)

	Public sector (n = 231)	Private sector (n = 151)
Age		
26–35	0 [1]	1 [3]
36–45	20 [19]	17 [18]
46–55	55 [51]	41 [37]
56 and older	25 [29]	41 [31]
Gender		
M	85 [85]	97 [94]
F	15 [15]	3 [6]
Number of employees supervised		
< 100	56	36
100–500	27	27
> 500	17	37
Working at present organization		
< 1 year	6	4
1–5 years	31	24
5–10 years	9	17
> 10 years	54	55
Average number of employees in entire organization		
(in thousands)	N/A	4.259
Has worked in other sector	33	29

All ABD members were surveyed. From the NCD, 500 managers were randomly chosen: 400 managers of companies with at least 50 (but fewer than 1,000) employees and 100 managers of companies with at least 1,000 employees. This particular NCD sampling was to achieve the best comparability with the ABD members, which range from bureau chiefs who supervise a few dozen employees to department heads who supervise up to 30,000 employees. Distribution and variance among the different departments seems valid and representative enough for Dutch federal public sector executives (all differences less 5 percent). With regard to gender and age, the sample closely resembles the population (see Table 13.2 for the most important respondent characteristics). The final sample consisted of 382 fully completed and usable questionnaires.

Measuring Values: Ranking Versus Rating

There is also the issue of social desirability bias, especially when it comes to "normative" and "moral" concepts such as values. An example: when respondents are asked to attribute a rate from 1 to 10 to each value in a list of twenty, they might feel inclined to declare popular values such as "social

justice" and "efficiency" as very important in decision-making situations, as well as a number of other values, while in real-life situations it might be very hard, if not impossible, to actualize all these values at the same time, in each and every decision. As Posner and Schmidt (1984) state: "Responses to a questionnaire may not correspond exactly with how people behave; questionnaire responses are likely to be more positive and idealistic than behavioral responses which occur when managers feel under pressure, confronted with conflicting information and competing loyalties" (448). In other words: while one of the advantages of the rating method is that possible value conflicts can be made transparent, there might be a considerable chance that almost all values in the list that is presented to the respondent will receive a high score, and that differences and conflicts between values, but also between organizations and sectors, might be marginal.

Clearly, the rating and ranking methods each have advantages and disadvantages (Agle and Caldwell 1999, 367–68). Advocates of rating state that, in actual decision-making situations, agents attribute equal importance to several different values at once without being aware of possible conflicts between those values (Hitlin and Pavilian, 2004; Schwartz, 1999). Making such conflicts transparent is an interesting element of the rating method. Rating is also easier to analyze (statistically) than ranking. A disadvantage, however, is that the constructed hierarchy is more general when each value is rated, and respondents are not obliged to choose what is really valued most in case of conflict situations (Rokeach 1973). It is precisely because of these pros and cons that a within-method triangulation (Denzin 1970) was applied: ratings as well as rankings were included as a measurement.

Respondents were obliged to select five values out of the set of twenty and rank these in order of importance. By doing this, an explicit choice had to be made for what is really valued most and what is valued less, and a clear divide emerged between the 25 percent of the values that were truly important and the 75 percent that were less important. In addition, respondents were asked to rank not only the five most important "actual," but also the five most important "should be" values (Lawton 1998). This way, the divide between fact and norm was enlarged and the social desirability bias minimized. The inclusion of the "should be" question was also aimed at enabling a discussion on whether intermixing or convergence of values—if present—is a desire rather than a reality, or vice versa.

Measures and Control Variables

It was explicitly stated that the respondents were supposed to rank those values that were considered "most important when decisions are being made

within the unit or organization that you supervise," emphasizing values that guide *organizational decision making,* instead of *individual moral opinions* of the manager. Participants thus were asked to report for their entire organization (or subunit) and not to display personal moral perceptions, although the "should be rankings" are inevitably grounded largely in moral convictions of the person involved. To characterize the organization, management level, and work experience of the respondent, questions were asked about the number of employees that the respondents supervised, the number of years that they had been working for the present organization, their age, their gender, and whether they had work experience in the other sector (yes or no).

To characterize the extent to which the participating organizations could be characterized as public or private, questions were asked on three traditionally distinctive features of public and private sector organizations: organizational funding, public authority and control, and organizational tasks (Dahl and Lindblom 1953; Perry and Rainey 1988; Rainey and Bozeman 2000; Scott and Falcone 1998). Fewer than 19 percent of the participating organizations to some extent could be characterized as hybrids; the majority of the sample consisted of core public and core private organizations (Coursey and Bozeman 1990). However, to assess the publicness or privateness of the participating organizations, and thus specify the sectoral characteristics of the participating organizations, a new variable called "publicness" was computed (cf. Bozeman and Bretschneider 1994; Coursey and Bozeman 1990; Rainey and Bozeman 2000).

Phase III: Face-to-Face In-Depth Structured Interviews

When the survey data was collected and I started the analysis, I began with the selection and recruitment of potential interviewees and the construction of an interview guide, "a listing of areas to be covered in the interview along with, for each area, a listing of topics or questions that together will suggest lines of inquiry" (Weiss 1994, 48).

Choosing and Recruiting Interview Respondents

Rather than selecting respondents randomly on the basis of probability parameters, which is the case in a quantitative research endeavor, the selection of respondents or cases in a qualitative context is aimed at a maximization of range and depth (Weiss 1994, 23). It seemed clear that the type of respondent and organization that was to participate in the interview phase had to resemble those in the survey, in order to be able to combine and integrate the results of both research phases. Therefore a wide range of companies had to be included, as well as a number of federal government organizations (Table 13.3).

Table 13.3

Organizations Participating in the Interview Phase (*n* = 38)

Public sector	Government agencies	Parapublic organizations	Private sector
Provincial Government of Noord-Holland (*n* = 5)	National Agency of Correctional Institutions (*n* = 5)	VU University (*n* = 4)	Organon (*n* = 5)
Ministry of Health, Welfare and Sport (*n* = 5)	Agency for Sale of Used Government Goods (*n* = 1)	Zaans Medical Centre (*n* = 1)	KPMG (*n* = 1) Unilever (*n* = 1)
Ministry of Finance (*n* = 4)		Royal NIVRA (*n* = 1)	DLA Piper (*n* = 1)
Ministry of the Interior (*n* = 1)			Shell (*n* = 1) Van Doorne (*n* = 1)
15	6	6	11

A deliberate choice was made to also include a number of so-called parapublic (Lyons, Duxbury, and Higgins 2006) or semipublic organizations, such as hospitals, schools, universities, professional associations with legal duties, and so on, as well as government agencies that operate more autonomously from the public core, and operate within a marketlike financial budgeting regime (in Dutch: *agentschappen*).

Besides attempting to maximize range, the sampling also was infused by a certain degree of pragmatism: the research group and the researcher's network were used to recruit interesting and relevant respondents. Although convenience sampling may not be the ideal base for generalization (Weiss 1994, 26), good reasons existed for using this technique to a certain extent: (1) the respondents' own assessment of generalizability, which is strongly related to snowball sampling, (2) the interviewer's own identification of others worth recruiting, and (3) the depth of the studied phenomenon itself (the idea that an identity in structure and functioning, a certain amount of universalism with regard to the phenomenon studied, exists among a certain group of respondents). For these reasons, some organizations were represented by several manager participants but others by only one (in some cases, the highest ranking general manager or CEO). Just as was the case for the survey respondents, the majority of interview participants were male (87 percent),

average age above forty-five (M = 50 years old) and holding a senior management position, supervising from a few dozen to thousands of employees.

Although *organizational,* rather than *managerial,* values were the subject of study, the overall objective was to paint a broad picture of values in organizational decision making rather than doing case studies of particular organizations. Almost all managers participating in the interviews also filled out the questionnaire, so that a match could be made between the value orientations of both populations. In the end, a total of thirty-eight in-depth interviews were conducted.

Data Analysis and Reporting

The data analysis aimed to draw inferences on the general—organizational and sectoral—rather than the individual level. Single respondents and cases were, therefore, less important than the overall issue: the dependent variables that represented the most important values in organizational decision making. Thus, even though out of necessity individual participants were surveyed and interviewed in this study, making them the subjects of research, the *objects* of analysis were the aggregate values that play a role in organizational decision making.

The primary objective of this study is to portray public and private value patterns on an organizational and sectoral rather than individual level. Therefore, the data analysis was *issue focused* rather than case focused, as is the case in a multiple-case-study design aimed at formulating research propositions, and took place at the "level of the generalized" rather than the "level of the concrete" (Weiss 1994, 152). Consequently, the participating organizations were not studied as distinct cases, but rather the statements on the values in organizational decision making constituted the locus of analysis. The aim of issue-focused analysis is "to describe what has been learned from all respondents about people in their situation" (Weiss 1994, 153); in other words, to paint a general but at the same time contextual picture. Likewise, analysis of qualitative data involves *analytic* generalization rather then *statistical* generalization (Yin 2003). Thus, instead of generalizing the results to a larger population and testing the theoretical propositions, the aim here was to inform existing theory with new insights.

Although clearly not a case-study analysis as such, this research shares many similarities with a multiple-case-study analysis in terms of initial data coding and sorting. The logical choice for data analysis was a "retrospective comparison of cases" (Den Hertog and Wielinga 1992, 104), an in-depth analysis of a large set of aspects (organizational decisions, organizational values, and a number of related issues) in a number of cases (the thirty-eight

respondents). According to Eisenhardt (1989), the advantage of such a design is that it allows the researcher to recognize general patterns in different settings. However, its disadvantage is that every case with its own context and contingencies must be reduced to a more abstract level to enable between-case comparisons (Dyer and Wilkins 1991).

As Strauss (1987), Weiss (1994), and Miles and Huberman (1994) rightly argue, data analysis is not simply a question of retrospective comparison of cases. Rather, data analysis begins as soon as there is data collection. Indeed, as Miles and Huberman (1994, 49) observe, "the more investigators have developed understandings during data collection, the surer they can be of the adequacy of the data collection and the less daunting will be the task of fully analyzing the data." The consequence of such a research strategy for the present study was that typing out every interview as seven to eight pages of text resulted in immense quantities of data (over 250 pages of literal transcriptions) that needed to be systematically analyzed. Following the suggestion of the above researchers, coding of these literal transcriptions began with a monster grid—a data matrix created in Excel with the respondents on one axis and the seventeen interview questions on the other—that can be perceived as a more elaborate version of what Weiss (1994, 157) calls "creating excerpt files." Thus, the grid cells were filled not with numbers but with various "verbal comments and citations" (Swanborn 2003, 16) from the interviews.

Consistent with explorative research, the option of insights and novel findings based on other variables emerging from the data was left open. Following Bijlsma-Frankema and Drooglever Fortuijn (1997, 455), the analysis included either telling citations from respondent answers or written summaries of the answers on a particular theme that adhered as closely as possible to the respondents' own words. The next step involved reading all the responses to a particular theme to derive first impressions of overall patterns that were then juxtaposed with the empirical data. This inductive process, described by Weiss (1994, 158) as "local integration," is clearly not just a matter of counting. After all, besides the fact that respondents had not been randomly selected and those thirty-eight interviews and seventeen organizations are, for quantitative purposes, too small a number, the goal of this explorative phase was to consider the nuances and context of every case. Thus, it not only mattered that a respondent *considered a certain value important* and its usage different from that in the other sector, it was equally important to observe *what* and *how strong* that importance was and how the respondent worded the differences. As a result, the inductive analytical process was repeated many times before the final analysis was written.

Following this initial interpretation using the monster grid, the thirty-eight interviews were converted to text documents and imported as separate

"hermeneutic units" into Atlas.ti 5.0, a widely used software tool for coding qualitative data in a structured manner. Particular attention was paid to *how, when,* and *to what extent* the value was important in organizational decision making. During the process of coding and sorting and going back and forth between data and codes, more definitive codes were gradually established as new codes were created or old ones adapted.

To grasp the importance of certain values on a subconscious level and the significance of the sectoral decision-making context, the qualitative analysis focused particularly on the decisions, deliberations, and considerations accompanying decision making. Next, based on the most relevant quotations (or parts of them) from participant responses, it characterized each value or pair of values explicitly addressed in the interview in terms of the way it seemed to be important in the decision-making process. Finally, all such observations were combined as a cogently written report; that is, "as a coherent story, so that the material presented early in the report prepares the reader for material that will appear later and later material draws on the earlier, and the reader in the end can grasp the report entire" (Weiss 1994, 153).

Reflection

In answer to the first part of this question, the research established that managers in government and business organizations in the Netherlands consider accountability, lawfulness, incorruptibility, expertise, reliability, effectiveness, impartiality, and efficiency to be the most important values in public sector decision making, and profitability, accountability, reliability, effectiveness, expertise, efficiency, honesty, and innovativeness to be the most crucial in private sector organizational decision making. At the core of government and business value differences lie impartiality, incorruptibility, and lawfulness (public), as well as honesty, innovativeness, and profitability (private), whose importance is predicted most strongly by the organization's sectoral status (i.e., its degree of publicness). It should be noted, however, that corruptibility also received high ratings in private companies. The analysis also identified the following *common core* organizational qualities and standards: accountability, effectiveness, efficiency, expertise, and reliability.

Surprisingly, given the findings reported in the literature, values like dedication, serviceability, transparency, responsiveness, and collegiality were rated only moderately important in both sectors; and obedience, self-fulfillment, social justice, and sustainability constituted what might be called *common, less important* values. Moreover, whereas this rather classical and homogeneous value orientation for both sectors might at first glance seem less than spectacular, it is in fact contrary to many of the sentiments expressed in the

recent administrative and business ethics literature referred to earlier as New Public Management (NPM) and Corporate Social Responsibility (CSR).

The question remains, however, of whether these values are one-dimensionally important in all decision-making situations in government and business organizations under all conditions and circumstances. A more in-depth look at what is valued most in what are often complex and ambiguous decision-making situations reveals the role played by circumstantial and conditional factors. Not only does the extent to which the decision involves internal or external stakeholders strongly influence the importance of values like responsiveness and transparency—ranked moderately important in both sectors—it also affects accountability, the top-ranked value in government and among the most important in business. Responsiveness to the general public (i.e., the citizen as primary stakeholder) is as such of less importance to public organizations because these are responsive to their political superiors, who are in turn supposed to be responsive to the wishes, demands, and preferences of the outside world. This result is a somewhat unexpected version of the classical politics-administration dichotomy (Goodnow 1900; Wilson 1887). On the other hand, for businesses, which hold the wishes and demands of the customer in particular and the outside world in general "at the center of their existence," responsiveness would seem at first glance to be of more direct importance. However, for stakeholder wishes and demands to be met, they must align with organizational interests; therefore, in reality, not all wishes and demands carry equal weight.

As previously pointed out, such dimensional importance also applies to transparency, whose importance strongly depends on factors like timing and audience, and, to a lesser extent, accountability. However, the latter is considered of overarching importance, especially in relation to other values in the set. That is, when decisions are nontransparent, inefficient, or out of accordance with certain rules and regulations, this deviation must be accounted for at all stages. In other words, when other values cannot be fully actualized, for whatever reasons, this failure must be explained at all times independent of the circumstances and conditions involved. The same might seem the case for lawfulness, especially in a public sector setting. Yet this value, ranked second in governmental and eleventh in corporate decision making, apparently has many faces. At the core of this gradation of importance is the distinction between the letter and the spirit of the law. Interestingly, in both sectors considerable creativity with regard to the application and interpretation of rules, regulations, and procedures is considered acceptable—and in many cases, even desirable—in the interests of enhancing decision-making effectiveness and efficiency.

The importance of these two Es, ranked as common core values, is char-

acterized by even more facets. While they are often characterized as "new" public sector values (Kernaghan 2000, 2003) that are incongruent with some classical government traits (Frederickson 2005), public managers have mixed views on the recent increase in their importance. Yes, is the general sentiment, they are and always have been important—although some see a shift in thinking during the last decades—but it is very complex to determine and measure the efficiency and effectiveness of governmental decisions. This same nuance is notable in private sector organizations: it is highly complex to unambiguously determine what is efficient and effective in specific situations. Surprisingly, in the business sector, the two Es are both considered "ultimately the most important values" but at the same time "much less important than values such as accountability, reliability, and incorruptibility." The latter two are considered important in all situations, although respondents in the business sector also pointed out that because "we are all human," it is simply not always possible to act in accordance with these values. Interestingly, this observation holds to a lesser extent for the related value of consistency. Not only is inconsistency seen as less of a vice than unreliability, but also sometimes, given the inconsistency of the organizational environment, decisions can or even should be inconsistent.

Conclusion: Value Solidity

Apart from adding nuance and context to the quantitative results, the qualitative results did not refute or confuse them. Efficiency, effectiveness, accountability, and reliability are indeed common core values, and incorruptibility, although important in both sectors, is somewhat more important in public than in private sector organizational decision making. When analyzed more thoroughly, however, the importance of the crucial government value lawfulness in public sector decisions is highly gradual, while multinational corporations simply cannot afford not to abide by the rule of law. The importance of responsiveness and transparency, on the other hand, is mitigated by a number of factors and conditions, making these values again only moderately important in decision making in both sectors.

Taken together, the study results show that the value patterns of modern-day public and private sector organizations are internally consistent and relatively traditional. Moreover, given that classical differences still exist between the value orientations in public and private sector organizations in the Netherlands, intermixing of sector specific values does not seemingly take place on a large scale. Perhaps many previous statements on the dangers of value intermixing or convergence have been based upon ideological rather than empirical perspectives. In terms of the latter, this present study made the following major

contributions: (1) it determined an overall solidity in government and business organizational value orientations; (2) it identified a substantive set of common core and common less important organizational values that might point to some amount of convergence between the values of both sectors; and (3) it dismissed the notion of structural intermixing or predominance. Thus, based on the quantitative as well as the qualitative results, *value solidity* seems the most accurate description of the state of affairs in public and private sector organizations in the Netherlands.

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14

Developing the "Ethical Competence" of Public Officials

A Capacity-Building Approach

Howard Whitton

> *In the performance of [official] duties, we shall have to . . . become skilled evaluators of duty, and by calculation perceive where the weight of duty lies.*
>
> —Cicero, de Officiis, Bk111
>
> *Circumstances alter cases.*
>
> —Traditional (often ascribed to Cicero)

"Trust in government" is increasingly an issue of concern. It is self-evident that such trust must be earned: governments, and those public officials who act in their name, must therefore ensure that the public institutions through which ordinary citizens experience "government" are trustworthy.

While an emphasis on "core values," and a focus on codified standards of ethical conduct, have featured prominently in good governance programs in the past two decades, little attention has been paid to achieving ethical reliability as an element of "professionalism" among officials who exercise power on behalf of the state. In the absence of such reliability, "public trust" is unlikely to be sustained.

The practical problem to be addressed stems from the fact that "core values" require competent interpretation in context: ethics codes, no matter how comprehensive, cannot treat all possible circumstances that might arise in the world of work. Before officials can reason about the application of particular values in a given situation, they must first become competent in identifying "the ethics problem," in a relevant institutional and policy context defined by

an institution's "core values," often in the absence of specifically applicable norms and rules.

This chapter outlines the instructional methodology developed by the author to develop reliable ethical competence among public officials. A major feature of the methodology is the nondidactic depiction of realistic ethical dilemmas through specially devised video scenarios, in conjunction with a constructivist problem-based pedagogy suited to adult learners, whose moral development, understood in Kohlbergian terms, is likely to be a relevant factor in the trainees' subsequent performance.

The theoretical and empirical work on individual moral development undertaken by scholars in the Kohlbergian and neo-Kohlbergian traditions over the past five decades, has informed our thinking about notions such as "moral reasoning," "moral judgment," and "moral (or ethical) sensitivity," and established that valid distinctions can be made between them, especially in the context of training and education for adults entering professional practice.

This chapter argues that Rest's (Rest and Narvaez 1994) identification of four distinct elements that are components of moral behavior—moral sensitivity, moral judgment, moral motivation, and moral character—provides most of the key elements of a framework for training and development programs for public officials to develop such competence. A fifth component, focused on the values-laden administrative and political context in which the individual public official is constituted as a moral agent, should be recognized as a necessary element supporting moral and ethical behavior, and is proposed here. The component—"moral context"—should inform education and training programs in professional ethics for public officials, as an essential strategy aimed at improving the ethical performance and climate of an organization. The chapter also reports on the pilot development and testing of various versions of capacity-building materials based on the author's constructivist problem-based methodology, in programs in seven countries.

Public Trust and Professional Ethics for Public Officials

In all versions of what constitutes ethical conduct for officials, we find buried the key ethical notions of disinterested trusteeship and fiduciary duty: public officials are expected to recognize that they have a duty, in some form and at some level, to exercise state power and manage state resources as trustees, by delegation or directly, for the general good. Conflict-of-interest matters are accordingly at the core of the ethical obligations owed by public officials: ethics regimes for officials must accordingly be focused squarely on this fundamental aspect of the official's role, rather than on matters of etiquette.

Public officials, acting in their official capacity as agents of the state,

do not (or at least should not!) operate in an ethical vacuum. As in the established professions, various institutional structures, conduct-related norms, and ethical standards define—at least in principle: practice is often notoriously different—the context in which the role of the practicing professional is constituted and exercised. Failure by an official to recognize the special features of the context of public management, whether because of lack of factual knowledge about their role, or a lack of "ethical sensitivity" to a problematic situation, is likely to undermine trust in the individual, the profession, and the organization.

Further, public officials, as with any profession, must be competent both to recognize when a given situation falls outside the scope of relevant rules and norms, and to understand the limits of their role. The public service in democratic systems of government generally shares some of the main features of the established professions: the responsible use of special knowledge and expertise by the professional, and the recognition of a trust duty to disinterestedly advance the interests of those that rely on their professional skill, are usually central to any profession's code of ethics. Conflict-of-interest regulation, in whatever form, is usually at the heart of all professions' codifications of ethical standards for their adherents. But unlike the established professions, regulation of entry to the profession of public service, and observance of professional standards of competence (and the prosecution of professional negligence) are not matters under the control of the profession, and entry to professional practice does not require any form of demonstration of a mastery of, or even familiarity with, the relevant ethical standards. In a further point of major contrast, the ethical standards required of public officials are enforced—if at all—by the employer, rather than by professional peers. Unlike the established professions, training in the application of a given public sector's code of ethics is typically of minimal duration and relevance, even though it usually provides the primary mechanism for exposing new officials to the "core values" of the institution. In Organisation for Economic Co-operation and Development (OECD) countries, moreover, these core professional values are not settled, being the subject of fundamental reconsideration for much of the past four decades (see www.oecd.org/dataoecd/60/13/1899/138.pdf).

For a public servant attempting to function as a professional in such an inchoate normative environment, the demands of law and policy, official duty, personal disinterestedness, procedural fairness, due process, and the proper exercise of discretionary judgment, can provide fertile ground in which ethical dilemmas may grow. Taking account of "the public interest" has long proved to be of great difficulty for officials who find themselves at odds with government policy, or faced with a bad law or the likelihood of unintended

adverse outcomes from a decision. "Loyalty to the government of the day," unexceptionable enough in principle, can turn out to mean "blind loyalty," and suppression of dissent concerning the government's policy or practices.

Judging what constitutes ethically appropriate conduct by a public official must therefore emerge from the individual's ability to deploy a robust structured process of values-based reasoning, sometimes referred to as "moral reasoning," or casuistry, concerning the extent and nature of the professional obligations they owe to their employer, as well as to other interests.

Since at least the time of Cicero's Rome, "the skilled evaluation of where the weight of duty lies" has been regarded, at least by some, as a desirable skill for a public official. Yet few officials have the benefit of professional training in dealing with such matters, and rarely is such professional ethics training required for civil servants who wish to advance to management roles in the civil service. Such skills as they may possess are developed, well or poorly, on the job and over considerable time. This is, by any account, a problematic situation: for public officials to prove reliable in deciding what their duty amounts to in a particular situation, especially if they are permitted or required to exercise a discretion under law, they need a functional competence in prioritizing relevant public sector "core values" in the context provided by law and policy, their institution's objectives and practices, applicable "community values," the rights and interests of those who will be affected by the decision, and their own values.

If it is true that *"good judgment comes from experience: and experience comes from bad judgment,"* mistakes in this area should ideally be confined to the training room, rather than exposed to the public. It appears to be generally assumed by public sector management authorities, however, that this situation is not in fact problematic: candidates for public service appointment are assumed to have either somehow learned how to reason about the application of the "core values" of public service to specific cases before they enter public employment, or that they will not cause undue harm while they make the inevitable mistakes while "learning by doing." Even this task is problematic: most scholars and professionals agree about the centrality of notions such as "duty," "rule of law," "transparency," "accountability," "disinterestedness," "continuity," "reliability," and "procedural fairness." However, many would agree to disagree over the relative significance, or indeed the meaning, of a host of other notions, such as (to name but a few) "diligence," "loyalty," "equity," "efficiency," "representativeness," "legitimacy," "responsibility," "responsiveness," and "integrity." What "the public interest" might require in a particular case, in terms of both outcomes and procedures, is always likely to be contested.

Seeing the Ethics Problem: The Limitations of Codes of Ethics

For most officials, as a result, ethics and integrity matters are difficult, controversial, and sensitive subjects, being generally concerned with subjective judgment, personal standards, conflict, and ultimately, blame. Especially in Europe, ethics and integrity matters for officials are widely viewed as being grounded on the individual's right to hold to a religious belief or philosophical orientation, or on general human rights doctrines. Ethics matters are thus often seen as a matter of subjective preference.

Logically prior to any reasoning about the applicability or otherwise of particular "core values" is the task of developing a competent understanding, or construction, of "the ethics problem" in the institutional context in which the situation arises. Once the issue of judgment is raised, there follows necessarily the question of what criteria for judgment are relevant. Many views of the proper criteria for "ethically appropriate conduct" can jostle for attention, even if there is agreement about what the substantive issues are in a given case. As a result, exhaustive codification of ethics standards has been widely seen as the solution to ethical dilemmas.

The value of the codification approach is illusory, however, at least once minimum integrity standards, such as "*You will not lie, cheat, or steal, or tolerate those who do,*" are established. Ethical dilemmas mostly arise when specific rules conflict, or miss the mark, or otherwise seem likely to produce adverse unintended consequences in a given case. New situations emerge continuously, and in recognition of this, modern codes are often cast in general terms, sometimes so general as to provide no meaningful guidance at all. By their nature, codes of ethics cannot prescribe actions for every possible case that might arise. "Circumstances alter cases" as we know from experience. Even prescriptive "Justinian" codes, which attempt to set down exhaustive regulations, can provide certainty only in relation to standard problems, and that certainty is limited.

Even more problematic is the problem of "willful obedience," where an official refuses to reason about possible alternative interpretations and solutions to a given problem, even though strict unreasoning compliance will likely produce adverse consequences. A "strict compliance" approach, when required by management, is likely to discourage untrained officials from developing precisely those judgment skills needed to be reliable at resolving complex issues or new situations that are not explicitly covered by their institution's code, especially where there is a risk of incurring sanctions.

Given the limitations of rule-based codes as guides to conduct, it is clear that training for ethical competence should be focused on the task of developing a critical appreciation of the proper application of an organization's "core

values" framework, in practice, to typical ethical problems and dilemmas. In these circumstances, the individual decision maker's personal moral intuitions alone will rarely, if ever, be sufficient to provide a reliable outcome. Real skills are required.

Developing Ethical Competence

The Competency Based Education movement redirected the focus of instruction from seeking to impart a body of theoretical knowledge considered useful in developing a knowledge base and a range of general skills, to a focus on developing a desired capacity in specifically defined performance outcomes. Therefore the description of a competency refers to what the learner should be able to do in the field of practice: "competence" in this sense is based on underlying knowledge and skills, as well as appropriate values and attitudes.

Applied to the task of developing an ethical public service through the professionalization of public officials, the principal objective of a competency-based ethics training and development program for public officials would be to develop skills among officials such that they are capable of correctly identifying role-relevant ethics issues accurately, and making defensible (i.e., ethically appropriate) decisions in the context of applicable public sector "core values."

In practice, the training and development methodology developed by the author requires a more complete rendition of specific elements of "ethical competence" for application to public officials, as follows:

- *Problem identification skills:* closely related to the notion referred to in the Kohlbergian literature as "ethical sensitivity," this set of skills covers the diagnostic and analytic skills needed to identify ("construct") an ethically problematic situation in a role-relevant context, together with the ability to undertake a values-clarification process to test the proper application of relevant standards, test assumptions, and recognize where a given case is not covered by a particular rule or where further information is required in order to understand the matter at issue.
- *Problem-solving skills:* this set of skills supports the task of resolving an issue to achieve an appropriate (i.e., role-relevant) outcome, where competing and conflicting goods contend for attention. Similar to Rest's (Rest and Narvaez 1994) "moral judgment" component, this set of skills includes the ability to recognize and consider the competing and conflicting demands of ethical or moral norms or principle, the relevant law, the organization's policy, standards, and guidelines, "the public interest," and the legitimate interests of particular citizens. Problem solving in this

context requires both "moral reasoning" ability and a "systems thinking" approach to deal with the twin problems of cognitive conflict and the possible consequences of any proposed resolution of the issue.

- *Advocacy skills:* the ability to advocate effectively for a principled and reasoned view of a given matter, and to argue in favor of, or against, a proposed decision and its ethical justification. Such advocacy necessarily involves different audiences, such as ministers, media, involved parties, civil servants, review tribunals, and the public at large, and relies on the possession of specific conceptual, language, and argumentation skills. "Getting the words for things right," as Confucius observed, is a primary duty of rulers, and of their delegates, lest people become confused about what is at issue.

- *Self-awareness and consensus-building skills:* "doing ethics" is fundamentally a social activity. For officials, this involves taking proper account of the legitimate rights and interests of other parties, including the state. Officials must develop skills in recognizing the various merits and weaknesses of their own positions, and of the principled positions that may be taken by other officials, individuals, interest groups, and the state.

- *Subject-matter knowledge:* officials require a good-enough grounding in the institutional ethics standards that apply to their specific role, and the institutional supports, such as law, policy, and processes, that underpin that role in practice. Both *de facto* and *de jure* standards of ethical official conduct and integrity standards, together with the legal, institutional, political, and cultural justifications for those standards, must be adequately understood by officials whose role is governed by such standards.

- *Attitude and commitment:* perhaps the most problematic area of developmental intervention in ethics is achieving commitment to the application of standards. Notoriously, knowledge of norms does not of itself guarantee conforming conduct. Developing "ethical competence" among officials aims in part to promote rational commitment to appropriate norms and standards, through the use of reflective learning. Such commitment may be developed in general terms, but undermined in practice where a particular learner's organization does not ensure that "appropriate norms and standards" are observed and supported in the workplace, leading to cognitive dissonance.

What makes public officials act in particular ways has been the subject of much empirical study and a good deal of theorizing. Research has explored the cognitive basis of moral reasoning development, deriving mainly from the work of Kohlberg, who identified three main "stages" of moral development:

"*personal interest,*" "*maintaining norms,*" and "*postconventional reasoning.*" The reference points for decision making for each stage are respectively self-interest, laws and social conventions, and the principles and ideals that underlie those laws and conventions.

Rest and other "neo-Kohlbergian" scholars have proposed, in reconsideration of Kohlberg's model, that what is being identified as "moral development" is the individual's level of understanding about how to develop and sustain social cooperation. This explanation better fits the case of individuals working in a public administration context, in which officials are located in an institutionalized and hierarchical domain, and principled cooperation among individuals and institutions is essential.

From the work of Rest and Bebeau, we know that a given individual may possess highly developed moral reasoning skills, but poor ethical sensitivity, or vice versa, and that an individual's ethical sensitivity can be enhanced by appropriate professional preparation. Bebeau also has demonstrated that an individual's ethical sensitivity can be reliably assessed, that length of professional education as preparation for practice influences sensitivity to role-relevant ethics issues, and that (at least in the case of preparing dentistry students in the United States) students need and value instruction in moral and ethical reasoning.

More recently, work by the OECD in the area of adult learning has focused on problem solving by adults working with moderately familiar problems in a multidomain setting. The research results support the validity of teaching ethics by "problem solving" methods, which for the OECD means "goal-directed thinking and action in situations for which no routine solution procedure is available." Problem-solving success has been shown to be dependent in part on knowledge of concepts and facts ("declarative knowledge"), and in part on knowledge of applicable rules and strategies ("procedural knowledge") in a given subject domain. The task of analytical problem solving is seen as central to adult learning competence.

The OECD's adult learning and literacy research has identified five steps that are characteristic of the problem-solving task, all of which are represented in the author's methodology as follows:

- Problem representation: "deconstruction"; description; definition
- Solution strategies: values clarification; conflicting values; resolution
- Self-monitoring: consistency checking, adequacy of state of personal knowledge
- Explanation and justification: judgment against relevant criteria, coherent rationale

OECD and other research also have shown that adults' problem-solving skills clearly improve under well-designed training conditions, and substantial transfer across problem areas can be achieved. These findings have considerable relevance for the intuition that the *Public Sector Ethics Resource* could be effective in teaching higher-level skills in the area of professional ethics competence. They also support the view that individual performance on ethical decision making, values clarification, problem definition, advocacy, and judgment, can be identified and assessed against contextually relevant norms, as with other cognitive learning tasks.

Stewart, Sprinthall, and Kem (2002) had earlier observed that while research has supported the contribution of the Extended Dialogue method in raising levels of ethical reasoning and behavior, the complex psychological and cognitive underpinnings of ethical decision making indicate the need for multistranded development to improve reliability of discretionary behavior. On the above evidence, in the early 1990s it appeared to be justifiable to conclude that training and education could be effective in enhancing ethical performance by officials.

Teaching Ethics Constructively

If the responsibility to act ethically is to rest on the individual, that individual must be capable of making a personal judgment and defending it while appreciating that others may see things differently. Drawing on the theories of Dewey, Bruner, Vygotsky, Knowles, and others, the teaching experiment that is set out in the remainder of this chapter is best characterized as Constructivist, based on the principle that knowledge is constructed by the individual rather than received from on high.

In 1996, when the author's first video scenario project was undertaken, suggestions by Stewart and others that realistic video case scenarios might prove effective in ethics training for public officials, seemed intuitively plausible, in the absence of well-developed empirical research on the application of video-based training. A principal objective of the author's methodology was to enhance the ability of autonomous self-directed learners—who were often experienced senior officials—to "calculate where their ethical duty lies" in each particular case.

To test the viability of this approach, the author designed a suite of multi-issue case scenarios that could be delivered on video so as to eliminate the task of *describing* problematic actions or relationships in words. In document-based training, describing the problematic situation usually serves to identify the issue(s) and possible solution(s) to trainees. This difficulty is wholly avoidable with the use of a realistic video scenario–based case study coupled with a constructivist approach by the trainer/facilitator.

A central element of the approach assumed that specific issues, dilemmas, and conflicts, drawn from the daily experience of the public administration activity, would be more effective in engaging officials' attention than broad and generic ethical dilemmas drawn from ordinary life. Issue depiction (as opposed to issue description) could then require participants to identify and deal with a role-related problem using the provided "facts" and states of affairs residing in the video as an undifferentiated stream of events in real time. This level of realism in the learning experience is not available with the use of document-based case studies, where to state "facts" as facts removes realistic ambiguity and with it the need for the student to construe the circumstances of the case in a relevant way.

On average, some twenty ethics issues clearly were depicted in each ten-minute case scenario. Typically, in training uses in Australia and elsewhere over some four years, participants would be able at first encounter to identify only five to eight issues, and very rarely more than ten. In subsequent discussion, the various participants would routinely demonstrate that they had each identified a different set of issues, their particular section often reflecting their professional training or occupational focus.

The dilemmas were devised so as not to highlight the issues, as is usual in paper-based case studies or in the traditional expository videos involving lectures and clear-cut examples of wrongdoing. As in real life, a dilemma may require the participant to recognize an apparently minor visual clue that is nevertheless the tip of an iceberg in terms of possible consequences for the protagonists, the organization, and the system.

The first step in the learning process therefore requires the unaided identification of "the ethics issue," in context. Simplistic black-and-white "right" and "wrong" answers are not accepted.

Self-regulated learning—that is, the ability to engage in independent thought—was a priority outcome, in the interests of retaining a personal commitment to relevant ethical norms and principles. A realistically rich and complex scenario environment, featuring problems that are not easily solved and for which there will often not be one single "right" answer, was intended to foster awareness of the extent of possible variations in individual perceptions of a given issue, and to provide practice in defending a principled position against opposing views. Participants were encouraged to learn to construe situated problems for themselves, and to formulate their own metacognitive awareness by examining their assumptions. This in turn would support their appreciation of the fact that everyone's knowledge is constructed, and that "facts" can be unreliable. This approach proved particularly stimulating when the materials and method were later used in training staff working in multiethnic contexts.

Experience with the methodology has shown that this form of learning can move the student progressively through the levels of learning posited by: for example, Bloom's taxonomy of educational objectives. It encourages participants to seek to apply a best-fit resolution of the ethics dilemma or issue, in the light of the group's understanding of "the ethics problem." Participants are required to assemble, select, consult, interpret, and apply to the problem, as it is understood by the participant, what the participant sees as the relevant authorities such as law, policy, established organizational practice, "community values," and so on. This is an iterative process that continues until the participant is satisfied with their considered position. In a group learning project or an ad hoc workshop, argument among peers about the relevant construction of the presented "facts," and the applicability of particular authority, was designed as a key part of the learning experience.

Each video case scenario was linked to selected relevant source documents, policies, legislation, and so on of the organization or jurisdiction concerned. In most cases, these were cross-referenced to the relevant cases to facilitate and encourage the learner's appropriate reference to authoritative sources. A structured decision-making model also was introduced, to assist in identification of both the "the ethics problem(s)" to be solved and the appropriate weighting of particular norms and values to be relied on in doing so.

Dialogue was observed to promote the development of argumentation, listening, reflection, review, and advocacy skills, provided that extraneous issues, such as institutional power and seniority, were not permitted to inhibit discussion. It was often important for the facilitator to encourage the discussion of cross-cultural issues based on different priorities and ethical principles exposed in such discussions, in the context of notions of the proper "role" of the public official and the competing claims of legal and professional duty, justice, fairness, equity, and utility. Deeper questions about the proper objectives of public management, what democratic (or other) forms of governance require of their public servants, and not least, what "integrity" should or could mean for public managers, often emerged.

In the absence of a specific ethics code, or where a more expansive treatment of the issues was called for, participants were asked to identify situations and actions in the video scenario that were problematic when considered against the following norms, which can be seen as a universal and generic ethics code for public sector professionals:

- act responsibly;
- avoid conflicts of interest; and
- do no harm.

In short, trainees were encouraged to use higher order thinking skills in applying their understanding of an issue to a probable or possible future, and call up the thinking skills from all six of Bloom's hierarchy of skills, from basic recall of relevant factual information, and comprehension of its significance, to application of newly understood information in a new context, analysis, and explanation of similarities and differences (for example, in applying a legislated definition to a case), synthesis of participants' prior knowledge to produce a new understanding of a problem, and finally, evaluation of proposed solutions against relevant public sector criteria, and crucially central notions such as "the public interest."

Also, the case videos emerged as suitable for organizational development and diagnostic purposes: an experienced trainer can in principle deploy the materials so as to identify the ethics/corruption (etc.) issues that are raised by a particular video scenario, but that are *not* recognized as problematic by participants. Such responses can serve to identify a lack of coherence between organizational policy and stated "core values," or to focus other interventions such as training in particular areas or better policy documents.

Evaluation of Training Effectiveness: The Adaptation Projects

The original *Public Sector Ethics Resource* was developed and deployed in response to the specific needs of the ten civil services of Australia and New Zealand, which by 1990 had experienced two decades of unremitting scandals, inquiries, and corrupt and abusive conduct by elected and appointed officials, including officials at the most senior levels of government. Professionalism in the civil services was held to be at risk, if not in actual decline. Given the scale of the capacity building task seen as required to address these concerns, it was self-evident that traditional approaches to face-to-face public service training, via stand-alone seminars and workshops, would be unacceptably expensive, slow, and unreliable.

Five subsequent applications of the methodology have been undertaken, in government anticorruption agencies in Lithuania and Latvia, in the Chancellery of Estonia, and in the Institute of Public Administration and European Integration in Bulgaria during 2003–2005 in partnership with the OECD. In 2006, Nigeria's Bureau of Public Service Reforms, an office within the Office of the Presidency, piloted a similar project. The author acted as expert adviser to local partner agencies on each project.

The projects in Lithuania, Latvia, Estonia, and Bulgaria adapted the original Australian video case scenarios through a process whereby the original story outlines were informed by local stories and issues, as identified and developed by local focus groups of officials, academics, and interested citizens. In this

process, names of institutions, people, and locations were changed to be more "European," and the issues rendered generically.

In subsequent training use during 2004–2005, the partner agencies all reported that the generic depiction of familiar issues in the Australian series has proved unproblematic. Further, two countries also reported that the decision not to represent the stories as specific to a particular country was vindicated when training participants reported that the lack of country-specific detail had meant that they could focus on the generic ethics/integrity anticorruption problem without being distracted by apparent references to a particular local scandal. All reported that participants found the video case scenarios engaging, and a relevant way of depicting serious, and often not discussable, ethics and integrity issues.

In Bulgaria's case, interest levels were so high among officials that the responsible Institute for Public Administration and European Integration, with government support, issued an additional 20,000 sets of an expanded form of the two-CD resource in 2006.

In the Nigerian project for the Office of the Presidency, eight new twenty-minute video case scenarios were developed in 2006, based on specifically Nigerian issues and contexts. The case scenarios were developed directly from the input of a series of focus groups sponsored by the Bureau of Public Service Reforms, and conducted by the author over the course of two weeks in Abuja in August 2006. The groups involved some thirty participants, drawn from the public sector (with both very senior and very junior officers attending), nongovernmental organizations (NGOs), religious bodies, the universities, and the media. A list of some 150 specific ethics and integrity issues was developed and prioritized by the participants; of these, about 80 were incorporated into the first eight case scenarios. The video scripts were developed by three professional scriptwriters, and filmed professionally using mainly Nigerian actors and African film directors. The video case scenarios were audience-tested in Abuja, Nigeria's public service capital, before a range of audiences in February 2007, to very positive responses. In summary, audience comments to date make it clear that the nondidactic case scenario methodology is regarded as providing an appropriate vehicle for raising issues of public sector ethics, integrity, and corruption for discussion, at arm's length, in particular where particular cases have rendered the underlying issues effectively not discussable.

In 2005–2006, Bulgaria's Sofia-based Institute of Social Sciences conducted an independent evaluation of the effectiveness of the present training methodology. An instrument was developed by the author, in an effort to identify what participants had learned to do, or do better, during the course of the one-day training session on ethics and integrity/anticorruption matters.

The evaluation, conducted by Professor Antoniy Galabov of the Institute for the OECD, was based on a pretest and posttest applied to each of two groups of participants, one of which engaged in training based on the present methodology, while the other (control) group was subjected to traditional didactic lecture-based training.

The pretest and posttest, for both the control and test groups, consisted of exposure to the same short video case scenario, originally made in Australia but adapted, dubbed, and subtitled in Bulgarian. The video case depicted unambiguously thirteen standard ethics, integrity, professionalism, or corruption problems. In addition, three open-ended questions were asked of participants after viewing the video:

1. How many ethics, integrity, professionalism, or corruption problems did you identify in the course of the story?
2. How do you think these issues came about?
3. What could you do to prevent or resolve these issues if you were in charge?

Participants were invited to note down their responses to the questions on personal work sheets. The tests and training were both administered by an experienced Bulgarian trainer.

Both groups, of about twenty participants in each case, were selected so as to be broadly comparable in terms of age, gender representation, and experience in the public sector, rank, and education. In the case of the control group, the pretest was administered at the beginning of the one-day intensive session, and followed immediately (i.e., without group discussion) by a lecture from the trainer, on the subject of corruption in the public sector; discussion of the lecture followed. In the afternoon session, two further lectures were delivered by the trainer—one on conflict of interests, and one on ethics, followed by discussion.

In the pretest, the mean participant response for the control group was 4.0 issues identified of the 13 possible: there was no significant level of response to the three interpretative questions. At the conclusion of the day's lectures, the posttest (identical to the pretest) was administered. In summary, the mean response rate for the group rose minimally, to 4.1 issues identified, and there remained no significant level of response to the three interpretative questions.

In the case of the test group, the same pretest was administered at the commencement of the session, and again as a posttest at the end of the day. By contrast with the control group, the participants in this group viewed one of the adapted video scenarios in the morning in place of the lecture, and then

participated in approximately ninety minutes of group discussion of the issues raised by the video, as identified by the group, minimally facilitated by the trainer. In the afternoon session, the group viewed and discussed two further video case scenarios over a three-hour period, again minimally facilitated by the same trainer.

The mean participant response for the test group on the pretest was 3.9 issues identified: there was no significant level of response to the three interpretative questions. At the conclusion of the day's video screenings and group work, the posttest was administered. In summary, the mean response rate for the test group was 8.2 issues identified, and there was a high level of response across group to the three interpretative questions. In this group, participants commented specifically that "abstract lectures on dry philosophical principles had little meaning, whereas with the video cases they could see themselves reflected in a familiar situation."

In addition, the women participants in the test group demonstrated a markedly (and unexpectedly) higher level of engagement with the discussion of the issues than the women in the control group had shown.

There are a number of possible (and intriguing) explanations for the different responses of the two groups, and for the differences between the two groups of women participants, which appear to warrant further study.

Institutionalizing Ethics and Integrity Standards: A "Fifth Component"

It is broadly agreed that establishing new standards of ethics and integrity in an organization must be understood as a dynamic process of developing new institutional knowledge, not merely promulgating and training on new aspirational and disciplinary standards.

As we know from experience, inconsistent stories generated by actual management noncompliance with stated policies likely will compromise the effective absorption of any new policy or standards. Conversely, it is self-evident that even a well-trained employee may still choose not to act in accordance with their training, given a sufficient personal incentive and a reasonable likelihood of escaping sanction; coherent penalties for noncompliance, coherently applied, also are required to provide proof of earnest from management.

It is in the development of knowledge about the institutional context for institutionalizing ethical conduct, and the "core values" of the organization, that the notion of a new fifth component—"moral context"—can be seen to arise. Officials who possess the personal attributes that constitute Kohlberg's "four component model" necessary for moral action, may still fail to act as they

might have done if they had understood of the institutional supports potentially available to them, and the possible sanctions or other negative consequences for failure to act ethically in a given instance. Supportive policies such as effective whistle-blower protection, appeals and grievance processes, and merit-based selection processes, freedom of information, and so on, properly implemented, often are advocated as ways of strengthening an institutional context intended to enable ethical behavior by officials. This can be misleadingly simplistic.

Figure 14.1, based on a model of organizational learning developed by Boisot (1987), demonstrates the necessity of construing ethics standards as institution-specific knowledge. According to this model, if an organization's new ethics and integrity policy and standards are to become institutionalized— that is, if the new standards are to become accepted generally as "The Way We Do Things Around Here"—the organization must ensure that it takes a coherent, systemic, critical, and sustained approach to the creation, implementation, and absorption of such standards as "general knowledge." Whatever it does, the organization's observance of the standards it sets creates the "moral context" in which its staff makes decisions about their own observance of required ethical standards.

The model shows how new knowledge about ethics and integrity standards in an organization develops dynamically, commencing when the status quo— the organization's established and accepted knowledge of appropriate ways of doing things (represented by Box A—*"Absorption"*)—is challenged by the unplanned emergence of new, anomalous, or contradictory factors and situations.

Such challenges may arise either from outside or within the organization. For example, new technology may (and often does in fact) generate new challenges to established norms about conduct: the advent of the Internet in public service offices is a ready example. Equally, the conduct of a new and untrained manager, in failing to act as required and protect a bona fide whistle-blower from retaliation, is likely to challenge the organization's credibility on encouraging disclosure of wrongdoing. Such challenges must be recognized by the organization, which must then endeavor to understand their genesis, and deal with them by a process of developing new or changed policy responses as and when they arise (represented by Box S/PS—*"Scanning/ Problem-Solving"*).

At this point the resulting new knowledge about the new challenge or anomaly, whatever it is, remains uncodified and undiffused, and possibly available to only a few members of the organization. The new knowledge that arises from the problem-solving process must then be formally adopted and codified as legitimate new rules or policy (represented as Box P—*"Policy Making"*).

Figure 14.1   **Organizational Knowledge and "Moral Context"**
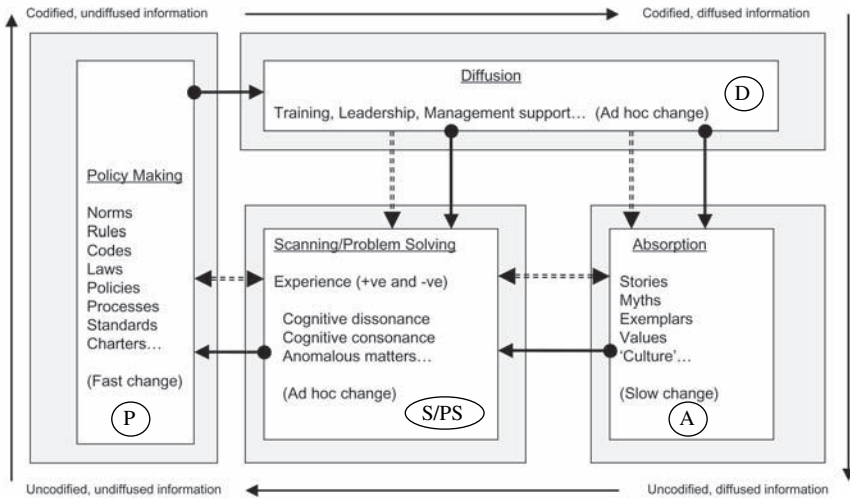
   This newly codified and formalized knowledge then must be institution-alized, by specific training and leadership, and—crucially—by coherent, consistent, and *public* implementation by management (represented as Box D—*"Diffusion"*). In addition, *consistent institutional incentives and sanctions for compliance and noncompliance must also be public, and consistently applied.* Only if all these elements are in place will the organization's new policy be "adopted" (as "Absorption") and become part of the organization's culture by completing the cycle of new knowledge creation (at Box A). Incoherent policy, management, and leadership (shown as broken lines) will undermine both the legitimacy of the new policy and the credibility of management responsible for it.

   Constructive internal criticism (including, for example, formal whistle-blowing activity) provide the proverbial "canary in the cage" for dissonance between policy and practice; the principled disclosure of wrongdoing, or fail-ure to comply with set standards, can be seen as a critical response to perceived incoherence between required institutional standards (Box P), and expectations set in training, actual management practice (Box D), "organizational culture" (Box A), or what is required by "the public interest" (implicit in both Box S/PS and Box P). Principled dissent may also occur if the organization proposes a solution to an emergent uncodified problem (Box S/PS), which is seen as inconsistent with already codified policy, or "the public interest."

Finally, the model shows why ethics capacity building is necessarily a two-way street: employees who have relevant knowledge and skills, and a focus on integrity that goes beyond narrow rule-based compliance, are in principle equipped to make better-informed and properly considered decisions, and provide good advice; organizations that encourage their members to take a constructively critical stance toward ethics-related norms, culture, and actual practice, based on their "ethical competence," should be more likely, other things being equal, to sustain a reputation for coherence, consistency, integrity, and professionalism derived from actual competent performance. A benchmark test of such an organization would be that it needed no whistle-blower protection policy, as bona fide disclosure of wrongdoing would be seen as legitimate principled conduct, undertaken in furtherance of the organization's legitimate interests, or the public interest, or both.

The model also underlines the fact that Rest's "four component model" (Rest and Narvaez 1994) focuses exclusively on the individual professional as moral agent: a fifth component "moral context" could usefully reflect the institutional setting in which ethical norms, and individual expectations concerning compliance and noncompliance, are generated.

From the point of view of the individual moral actor understood in Rest's terms, the starting point for mobilization of the four psychological components of moral action (moral sensitivity, moral judgment, moral motivation, and moral character) lies in the scanning/problem-solving domain. It is here that the individual official experiences varying degrees of cognitive dissonance or consonance based on the information they receive from each of the other three domains: policy development, management, and organizational culture.

This is not simply to restate the familiar contention that a "supportive organizational environment" is likely to be conducive to ethical conduct by individuals, though that is uncontested here. That is not to claim very much. Perhaps more significantly, the model demonstrates that the organizational environment relevant to ethical conduct is complex, and certainly more than the organization's ethics policy in isolation. Actual management practices, leadership on difficult issues and cases, the experiences of others, and the nature of the organization are all critical components.

The feasibility of adapting the nondescriptive case video methodology from an English-speaking, "Westminster" tradition of civil service and adapting it for use in other cultural traditions has been demonstrated. In addition, it appears to be valuable to ensure that such storylines are not so instance-specific as to distract participants from the task of recognizing and responding to general principles and issues depicted in a case scenario.

It would appear that the use of the non didactic video case scenario methodology (together with Extended Dialogue in moderated peer group discussion)

produces a markedly positive effect in terms of improved skills among participants in identifying, analyzing, and resolving role-related ethics issues relevant to public officials—ethical competence. It is less clear as to how this effect is engendered, and whether there are other contributing factors; more research on this and related pedagogy questions appears to be warranted.

It appears to be arguable that Rest's (Rest and Narvaez 1994) "Four Component Model" of the determinants of moral behavior could usefully be supplemented by a fifth component—the individual moral actor's knowledge of, and willingness to rely on, the "moral context" in which moral conduct is expected of them. It is the maintenance of this context in particular that rests with the leadership of an organization, whose primary task is to develop a coherent ethical institutional culture, and to ensure it is sustained to enable individuals to do their ethical duty unthreatened.

Acknowledgment

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