ETHICS MANAGEMENT: HOW TO ACHIEVE ETHICAL ORGANIZATIONS AND MANAGEMENT?

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Abstract. The last decades’ serious organizational scandals that mainly stem from corruption and conflicting interests but also from bribery, favoritism and other wrongdoings have accentuated the need for finding instruments for achieving more ethical organizations and management. Ethics management is particularly important in the public sector because public employees and holders of public office are responsible for increasing wellbeing and providing common good for all citizens. Only accountable management striving for integrity through ethical practices and decision making will guarantee ethical organizational behavior. In spite of increasing research on ethics in general and ethics management in particular, increase in organizational scandals indicates that there is a knowledge gap concerning ethical instruments that help to solve ethical problems. The aim of this paper is to shed light on ethical theories and instruments, and wrongdoing in public sector organizations. The main questions are; why is there so much wrongdoing; how can it be reduced; and how can more ethical organization and management be achieved. This is a review paper aiming to provide a review of ethical theories and instruments and discuss serious wrongdoings and the role of ethics in the public sector. The paper contributes to the fields of management and organization, ethics, and public management.

Keywords: ethics, ethics management, corruption, conflict of interests, ethical theories, code of conduct, code of ethics.

JEL Classification: M140.

1. Introduction

In the recent decades the public sector has been facing challenges of ethics management due to big reforms intended to transform the traditional hierarchical and bureaucratic public institutions into more flexible ones. These reforms imply cooperation between public, private and third sector partners. Such cooperation typically requires adaptation from all the participants. Accordingly, the recent reforms towards post-bureaucratic structure (Whitton 2001) imply changes in moral thinking and ethics management in the public sector. Due to the reforms public values are changing, accountability getting...
fragmented, and ethical requirements imposed onto governments, administrations and public officials are continuously increasing (Whitton 2001). Consequently, public management is becoming more complex (Demmke, Moilanen 2011) which seems to give rise to new kinds of unethical patterns of behavior and, above all, increase in the number and scope of wrongdoings such as corruption, conflicts of interest, fraud, and bribery, to name a few. There are also indications that misuse of public power and public resources for personal purposes is increasing. In addition, it seems that trust in governments, public authorities, employees and in politicians is reducing (Salminen, Ikola-Norbacka 2009). Similarly, lack of accountability and transparency is noted (Demmke, Moilanen 2011). For these reasons, new effective instruments are needed to curb wrongdoings and to improve ethical behavior of civil servants and holders of public office. It is claimed that public administrators should seek a broad and solid understanding of ethical approaches and traditions (Amundsen, Pinto 2009), and look for methods for thinking about the ethical dimensions of their decision-making (Whitton 2001) because ethical requirements imposed onto governments, public administrations and public officials have become more demanding and diversified. Such ethical approaches or theories stem originally form different philosophical tradition (Donahue 2003). There are three major ethical theories (Vance, Trani 2008) virtue theory, consequential theory and de-ontological theory (e.g., Amundsen, Pinto 2009). Ethical theories can be applied while researching organizations and trying to enhance ethical behavior and while addressing ethical concerns in general. More practical instruments such as laws, codes of conduct, and codes of ethics may also be applied for improving ethical behavior of public servants and holders of public office and for combating wrongdoings (e.g., Gilman 2005; Amundsen, Pinto 2009).

Motivated by the ethical problems that challenge organizations in the current rapidly changing environment, this paper will discuss wrongdoings, and review ethical theories and instruments applied when fighting against unethical behavior in organizations. The focus lies on the three main ethical theories and ethical instruments applied in the public sector in order to making it function more ethically. Ethics management is crucial in the public sector because public sector employees and holders of public office play an important role in public decision-making affecting thereby the life of all citizens (Amundsen, Pinto 2009). The underlying assumption in this paper is that ethics management based on ethical theories and effective instrument is crucial in the public sector because the public sector is accountable for decisions that concern all citizens and should be just when it is delegating and exercising public power and allocating public resources and when it is providing public good and promoting wellbeing of the citizens. Another assumption is this paper that ethical management is only possible for such public employees who are virtuous, behave ethically and complete their duties in accordance with common moral standards and values inherent to the public sector. A third assumption is that only by the help of effective ethical instruments that stem form the ethical theories can wrongdoings be combated and ethical behavior enhanced. In
order to address the above assumptions, a literature review on ethical theories, ethical instruments and most serious wrongdoings is conducted, and ethical concerns of the public sector are addressed.

This paper is structured as follows. First, the last decades’ development trends and the role of ethics in the public sector are addressed. Second, the main ethical theories and instruments are presented. Third, most challenging wrongdoings are accounted for. The fifth section presents findings. Finally, conclusions are drawn, and a suggestion for future research is made.

2. Recent trends and the role of ethics in the public sector

Over the past decades, the public sector in many countries has been going through several reforms with shift from traditional bureaucratic, rules-oriented approaches to a result-centred model (Gregory 1999). Such public sector reforms are known to affect the work, behavior and actions of public employees (Demmke, Moilanen 2011), and imply increasing interaction with private as well as third sector organizations.

2.1. Recent trends

The recent decades’ rapid changes in the organizational environment have triggered new working methods and practices such as alliances, partnerships, and outsourcing. Cooperation-based ways of providing public service imply that ethical cultures and values of the cooperating parties meet which, in turn, may lead to ethical problems or wrongdoings such as violations of integrity, ethical failures, conflicts of interest, corruption (Demmke, Moilanen 2011) and increased and more complex ethical dilemmas (Ehrich et al. 2004). This kind of ethical challenges are reflected in an increasing media coverage (Donahue 2003), better focused public scrutiny (Whitton 2001), increase in public reporting on ethical scandals (Demmke, Moilanen 2011) and above all more salience concerning corruption scandals. Consequently, it seems that due to the great number of corrupt incidences, discussions about new values, value conflicts, and value management is becoming more intense (Whitton 2001). Importantly, it is alleged that ethics management can be seen as an appropriate reaction to complement these reforms and compensate for their possible negative impact on the ethics of public servants (OECD 1996, 2000a in Maesschalck 2004). The increasing number and diversity of ethical issues to be dealt with has implied a change in the definition of unethical behavior. Similarly, the notion of ethical administration has changed being currently broader, more complex and more complicated (Demmke, Moilanen 2011). Ethical administration is based on trust and on model examples given by public authorities and politicians (Salminen, Ikola-Norrbacka 2009). Unfortunately, if the public authorities do not show ethical example, and do not behave in ethical way, public trust may decrease. Public employees and holders of public office have moral obligations, in other words, a series of duties, both legal and moral, that are circumscribed in their professional
ethics (Constantin 2014). Wrongdoings take place if such duties are ignored. Corruption is considered as the most common type of wrongdoings (Transparency International 2015), but also conflict of interests, fraud as well as lack of accountability and transparency seem to be in increase (Demmke, Moilanen 2011).

Literature in the field of public administration indicates that to be able to address ethical challenges in the public sector, diversified instruments based on ethical theories are to be introduced to guide the behavior of civil servants and holders of public office. It is alleged that ethics management with effective ethical instruments can help people make better decisions, and evaluate the decisions of others (Amundsen, Pinto 2009), prevent illegal behaviour, and foster genuinely ethical behaviour (Maesschalck 2004). There are concrete examples on how the recent social, political and economic changes bring along ethical challenges in the public sector (Demmke, Moilanen 2011), as well as strong indications that public trust is in decrease (Salminen, Ikola-Norrbacka 2009). Recent research shows that most member states in the EU are of the opinion that trust levels concerning the public sector are in decrease (Demmke, Moilanen 2011). Trust is understood as general confidence in public authorities and politicians (Salminen, Ikola-Norrbacka 2009) or as a positive expectation that the other party does not act opportunistically through words, actions, or decisions. Factors that have an impact on the level of public trust include performance of the public sector, general perceptions of the government, economic situation, scandals and dramas, media reporting, change of political culture, and changing expectations (Demmke, Moilanen 2011). Consequently, in order to prevent wrongdoings and illegal behaviour of civil servants and holders of public office as well as to foster ethical behaviour and restore public trust, there is an urgent need to turn to ethical theories and apply diversified ethical instruments in the public sector.

The continuous and many times complex changes in the public sector that are known to have a notable impact on the ethical behavior of public employees (Demmke, Moilanen 2011), any discussion of public service ethics needs to be located within the wider context of public services management and public policy (Whitton 2001). Accordingly, the interest in ethics management has been linked to broader changes in society (Maesschalck 2004) that seem to have changed in perception of values and interpretation of duties. Previously tolerated conduct is now deemed unethical and previously unethical conduct is now deemed criminal (Demmke, Moilanen 2011). It is also noted that while in the past, only a restricted number of issues were seen as unethical, today the definition of unethical behavior concerns an ever growing number of issues (Demmke, Moilanen 2011). Such new perceptions stem partly from the changed behavior of citizens who have become more assertive and demanding toward governments demanding increased and more direct accountability of the public administrators (Maesschalck 2004). As ethic issues and efforts to deal with them seem to be ubiquitous (Whitton 2001) governments worldwide have become more aware of the need of adopting new accountability mechanisms such as ethical standards and antidiscrimination and the
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like (Demmke, Moilanen 2011) and have stated to demand creative solutions that allow more ethical conduct in the public sector (Whitton 2001). Consequently, not in vain considerable scientific debate on how to make the public sector function in the best way is taking place (Amundsen, Pinto 2009). Such debate has been fuelled in most countries by a clear rise of expectations from business leaders, civil society ordinary and ordinary citizens that government should establish and deliver higher standards of ethicality and integrity in the civil service, agencies of government, and government itself (Whitton 2001). Fortunately, improvements have been achieved. There are indications that never before have governments and public authorities been so interested in finding instruments to fight against corruption, to establish ethics management, to train employees in ethic conduct, and to adopt of new rules in order to curb corruption levels, fight against discrimination (Demmke, Moilanen 2011). Creating a strong ethical climate based on ethical culture (Menzel 2006), improving ethical behavior, and curbing corruption and other wrongdoings (e.g., Amundsen, Pinto 2009; Demmke, Moilanen 2011) are seen as paramount aims of the public sector in the current situation with increased cooperation with new partners and changing working methods implying complex ethical challenges.

Taken together, because ethics management has been linked to broader changes in society in general and in public sector reforms in particular (Maesschalck 2004), public sector ethics has received more attention than ever before (Peters, Pierre 2012; Demmke, Moilanen 2011). The increasing attention to ethical behavior of public sector stems also from the fact that instead of safeguarding well-being and security of citizens, providing common good, allocating public resources in just and equal manner, using public power for the benefit of all, and making ethical decisions on behalf of the citizens, public employees and holders of public office seem increasingly to use public power and resources unethically for private objectives. In addition, ethical problems in the public sector seem to result from changed, more complex tasks and responsibilities of public employees that are known to lead to wrongdoings and illegal behaviour of public employees (Demmke, Moilanen 2011). Due to such development in the public sector, there is an accentuated need for increased implementation of ethical theories with the subsequent generation and introduction of new more diversified ethical instruments for addressing wrongdoings and fostering ethical conduct among public sector employees. To sum up, it is seen as highly important to apply ethical theories in order to help public employees to face new ethical challenges in the changing environment in general, and to behave ethically and to combat wrongdoings in particular.

2.2. Role of ethics

One of the main characteristics of the public sector is its complexity. The complexity results from the public sector entities that operate within a specific legislative framework and from the fact that such entities typically lack standard organizational shape or size (IFAC 2001). Generally, the public sector organizations differ from the private sector ones in many respects although there have been serious efforts to adopt
practices, managerial styles and organizational structures from the private sector (Demmke, Moilanen 2011). In spite of such efforts, there are notable differences. While the aim of private corporations is to generate profit, the public sector strives for performing functions for the society as a whole in accordance with political priorities. In addition, both the context and the principles of operation differ from those of the private sector (Sullivan, Segers 2007) because the public sector organizations are regulated by stricter rules and specific laws (Demmke, Moilanen 2011). In the public sector ethics and moral thinking has traditionally guided decision making, behaviour and actions of civil servants and the holders of public office. The actions have typically have been based on basic virtues such as fairness, transparency, responsibility, efficiency and no conflict of interest (Kinchin 2007). The difference is also seen in that whereas it is perfectly legitimate in the private sector to develop close relations with customers and offer gifts, in the public sector neutrality and objectivity establish the norm (Demmke, Moilanen 2011). Accordingly, behavior acceptable or expected, in the private sector, may seem as unethical or even corrupt because it may provoke ethical dilemmas and problems that require specific ethics policies. There are also differences concerning the obligations. Whereas the most important obligations of civil servants and holders of public office consist of exercising their functions impartially and rationally (Weber 1947) while providing public goods and services such as justice, transportation, air and water quality, consumer and occupational safety, national security, and while protecting citizens form the misfortunes of age, poverty, or race (Menzel 2006), providing means and exercising control over public resources (Amundsen, Pinto 2009), the main obligations of the private sector companies are profit generation, company growth and success. Because of their special function as elected, appointed, and career officials in public positions, the public sector employees are constrained by laws and regulations which secure that the public interest is not sacrificed by self-interest oriented pursuits (Moilanen, Demmeke 2011). Typically public officials face a moral conflict between their personal beliefs and the beliefs of the citizens because they administer resources of the citizens they represent, make crucial decisions that affect all and delegate public power while fulfilling their duty and official obligations. For these reasons, it is an imperative concern in the public sector to ensure responsible administration based on ethics and moral concerns (Moilanen, Demmeke 2011). This kind of thinking was advanced already by Max Weber when he introduced the ideal bureaucratic organization structure for government administration. Weber argued that the genuine officials should engage in impartial administration which would be his only dedication (Weber 1947; Henderson, Parsons 1012) hindering the public officials form misuse of public resources and conflicting interests. Based on Weber’s ideal organization it was possible to create an ideal government based on impartial ethical administration. Much has changed since Weber’s creation of the ideal organization. However, a rational well organized and ethical public administration continues to be essential because governments employ public means, make decisions that affect the fate of all citizens, and because many public authorities interfere with personal rights (Amundsen, Pinto 2009). In addition, public
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officials provide services such as healthcare, social service, education, and public goods which are crucial for all (Moilanen, Demmeke 2011). Importantly, governments also allocate and control over public money (Frederickson 1999) delegate and exercise power. For all these reasons, the actions of public employees and holders of public office are to be guided by rules and policies that prevent them from abusing public resources or from using public power or authority unethically for own objectives. Civil servants bear important moral and ethical obligations because they are responsible for public programs and issue directives and regulations (Moilanenen, Demmeke 2011). It is also to be noted that the public sector employees have discretionary powers that go beyond the manuals, orders, job descriptions and legal framework of their position and duties (Amundsen, Pinto 2009). As a consequence, public employees must be accountable, pursue the public interest, exercise administrative discretion ethically when performing their duties. Overall, public trust on the government depends on the manner these duties are carried out. Subsequently, it is of great importance that public employees follow ethical standards, rules and regulations while implementing their public functions (Amundsen, Pinto 2009). The traditional characteristic of the public sector has been the hierarchical and formalized organizational structure and the fact that the public career is characterized by full-time employment and lifetime tenure with clear and rigid career paths, seniority, advantageous pension systems and rigid remuneration systems (Weber 1947). These specific principles of the public sector were introduced with the aim of reducing risks of political influence, corruption, misconduct interests and instability of government (Demmke, Moilanen 2011). Since the public officials act on behalf of others and because their acts have consequences for others (Sullivan, Segers 2007), financial and political neutrality is essential. It is such financial and political neutrality of the public officials that safeguards stability of the administration (Demmke, Moilanen 2011), ethical allocation of resources, and elimination of political influences. Because of the specific nature and characteristics of the public sector there are ethics laws establishing a minimum set of principles, and ethics-based codes to guide civil servants and public officials to serve the public interest, and to strive for transparency, integrity, legitimacy, fairness, responsiveness, efficiency and effectiveness (Richter, Burke 2007). Due to these concerns, public authorities should apply ethical theories for creating ethical instruments that enhance ethical behaviour, help to reduce conflicts of interest, fraud, bribery, violations of integrity, maladministration, ethics failures and above all help to fight against corruption.

The ethical theories may be applied while researching and resolving ethical problems inherent to the public sector. There are also more practical ethical instruments arising from the ethical theories such as codes of rules and regulations, codes of conduct and codes or ethics. In general terms, the ethical theories serve as tools when trying to achieve ethical administration in general and improve ethical behavior of civil servants and holders of public office in particular. The ethical theories inform public employees of the cardinal virtues honesty, responsibility, temperance and courage (Menzel 2005) and of public sector virtues such as benevolence, patience, trustworthiness and loyalty.
(Menzel 2006), fairness, transparency, responsibility, efficiency, and no conflict of interest (Kinchin 2007). In addition, the ethical theories help the public employees to evaluate the consequences of their actions, to understand the importance of rules, regulations and values, and a specific public service ethos which presupposes that administrators promote the public interest over their own interest and the interest their employers or elected foremen (Menzel 2006).

Taken together, the duties and obligations of public sector employees are based on specific laws which are stricter than those enacted for private sector employees. In addition, public employees are required to develop specific ethics-based competencies because their duties differ from those of the private sector employees. The primary task of the public employees and holders of public office is to serve the public interest, respect the law and work for common good. This implies respect for public values, concern for public virtue and, above all, ethical management and ethical behaviour of public employees. In consequence, ethics management and ethical behavior of public employees are of paramount importance in contemporary societies where public trust is in decrease due to continuously increasing ethical wrongdoings.

3. The ethical framework: ethical theories and instruments

The recent decades’ debates concerning the responsibilities of the public sector as well as its interaction with civil society, individual citizens, governments, foreign and domestic corporations, and private business institutions (Amundsen, Pinto 2009), coupled with the expectations that the public sector should deliver higher standards of ethicality (Whitton 2001), have risen interest in and given more salience to ethics and particularly accentuated the need for ethics management in public administration (Maesschalck 2004). Similarly, ethics is recently given more and more importance within diversified realms of scholarship (Donahue 2003) and has become an important research object in the field of public administration (Menzel 2006). Nevertheless, it is to be noted that ethics is not a new topic. One could rather talk about the re-entering of ethics as an interesting research object in in several fields (Amundsen, Pinto 2009). The recent interest in and the subsequent increasing amount of research on ethics is a clear indication of the relevance of ethics both in business and public management (Vance, Trani 2008). It is considered as highly essential that administrators seek a broad and solid understanding of ethical theories and traditions (Amundsen, Pinto 2009) in order to inform employees on more ethical behaviour and decision making, and discourage wrongdoings.

In broad terms, ethics refers to principles by which to evaluate behavior as good or bad. Ethics is concerned with standards of right and wrong, and prescribes peoples’ choices as for what they ought to do and ought not to do. Such choices are ethical and informed by values (Amundsen, Pinto 2009) showing that there is an interdependent relationship between values and ethics (Demmke, Moilanen 2011). Ethics can also be understood as continuous efforts of to ensure that people live up to the standards that
are reasonable and solidly based (Amundsen, Pinto 2009). In the public sector, ethics is understood in terms of virtuous, value-based behaviour because public administration is a moral activity grounded in obligations, duties, and moral principles (Lawton 2005) aimed to strengthen public trust and enhance ethical conduct. It is known that values change with changing contextual factors (Demmke, Moilanen 2011). Such development is clearly seen in the public sector as a result of the recent increase in partnerships between public, private and voluntary sectors which imply integration into different performance regimes, value systems and moral thinking (Lawton 2005). As the public administration and public institutions have changed so have the public values. Public employees have had to adapt to new values which, in turn, affect their ethical behavior. There is empirical evidence that public servants’ ethics are currently influenced by a great number of conflicting values (Demmke, Moilanen 2011), which has given rise to ethical dilemmas (Bromell 2012; Donahue 2003). In addition to values, obligations and duties, laws guide the actions and behaviour of public employees. Laws account for the basic official promoters of ethical behavior (Amundsen, Pinto 2009). Laws, nevertheless, only impose a minimum standard for ethical conduct (Demmke, Moilanen 2011) defining only actions that are strictly prohibited and penal permitting all other actions that are not punitive but may be highly unethical. As a consequence, obeying the law does not guarantee ethical behaviour which highlights the importance of applying non-coercive positive ethical frameworks and instruments for guiding ethical conduct and decreasing wrongdoings.

3.1. Ethical theories

Ethics can be interpreted in terms of normative and descriptive approaches (Amundsen, Pinto 2009). While the descriptive approach focuses on people’s moral beliefs, normative ethics refers to ethical theories that prescribe how people ought to act in order to be ethical and virtuous, achieve ethical outcomes or fulfill one’s duty by obeying common ethical rules and regulations. Consequently, normative ethics focuses on standards of the rightness and wrongness of behavior (Amundsen, Pinto 2009) and is based in laws, regulations, and principles. Normative ethics is seen to accounts for three main ethical theories (e.g., Vance, Trani 2008): virtue ethics, consequentialism, and deontological ethics or character-based ethics, rule-based ethics, and result-based ethics successively (Vance, Trani 2008). Virtue is a behavior showing a high moral standard and focuses on people’s character (Amundsen, Pinto 2009). Virtue ethics is based on the ethical thinking of the ancient periods when defining what makes a good person was essential for the wellbeing of the whole community. Plato and Aristotle related ethics to the objective of living in harmony with others which would be facilitated by virtuous people possessing the four cardinal virtues; prudence, justice, fortitude and temperance (Amundsen, Pinto 2009). Such virtues would be commonly valued and practiced by each member of the community. Hence, virtue ethics focuses on the goodness of individual persons and their being virtuous in handling with others (Sullivan, Segers 2007). Taken together, virtue
ethics postulates that if virtues are universal and all the people are virtuous, there is neither unethical behavior nor wrongdoings. Consequentialism, also called teleology, focuses on the results of an action. From the consequentialist perspective a morally right action is one that produces a good outcome (Amundsen, Pinto 2009) meaning that the ethical merit of an act should be judged by its consequences rather than by the virtues of people (Sullivan, Segers 2007). The early representatives of consequentialism Stuart Mill and Jeremy Bentham contended that only the consequences of an act count, not the actors with certain virtues (Ahmed, Machold 2004). Consequentialism is seen to represent two dominant lines of thinking, namely “ends justify the means” and “utilitarianism” (Vance, Trani 2008). In accordance with utilitarianism thinking acts should be judged in terms of the amount of happiness or unhappiness that they bring and it is accentuated that no one’s happiness is counted as more important than anyone else’s (Vance, Trani 2008). The basic idea of utilitarianism is to provide greatest good to the greatest number (Sullivan, Segers 2007). Hence, the moral worth of an action is solely determined by its contribution to overall utility. Simply put, the more happiness or pleasure for the more people, the better (Sullivan, Segers 2007). According to the “ends justify the means” approach a noble end can be used to justify even unethical means (Vance, Trani 2008) meaning that unethical behaviour is to be accepted if the final end is important and contributes to general good. Deontology, the third ethical theory, is also called duty or obligation-based theory (Amundsen, Pinto 2009) because it postulates that being ethical means fulfilling duties, moral obligations and principles. Thus, deontology accentuates that the right or duty takes priority over the good (virtue ethics), or the consequence of an action (consequentialism) (Sullivan, Segers 2007). Deontological ethics is rooted in the moral philosophy of Immanuel Kant who stressed the importance of rules, and is later informed by John Rawls who focused on justice and accentuated the duty to treat people as ends, not as means to the ends (Ahmed, Machold 2004). According to Rawls people are treated as ends when they are able to consent to the actions that affect them and that rights ought to be distributed as equally as possible, but in case of inequalities, they ought to be arranged for the benefit of the least advantaged (Richer, Burke 2007). Although different and approaching ethics from their own specific perspectives, all these theories can be applied the objective of solving ethical problems and making the world more ethical.

There is an increasing interest to apply ethical theories for improving ethics management. It is noted that the three main ethical theories described above – virtue, deontological, and consequential theories – may appear incompatible, but more detailed analyses gives indications that they all can be useful when aiming at more ethical behaviour and decision-making (Sullivan, Segers 2007) because the theories may complement each other when applied for solving ethical problems. There are strong claims that consequentialism is the ethical approach applied by most public officials (Sullivan, Segers 2007) because their actions have consequences for all the citizens. Nevertheless, research indicates also that elements of deontological and virtue ethics often become an
essential part of the public officials’ consequentialist reasoning (Amundsen, Pinto 2009). There is also evidence that the utilitarian approach is the option preferred by politicians and public managers when applying their ethical strategy of defending and serving the interests of the majority (Sullivan, Segers 2007). More of the than not, public administrators are seen to prioritize decisions that allocate public resources to projects that benefit the majority of citizens while minorities may see their services reduced, and politicians are known to make decisions and give promises that are supposed to benefit or please the greatest number of voters. While doing so, the public employees are applying the utilitarian approach. Unfortunately, it is also well known that public employees may in certain circumstances apply bad means to achieve good ends. This indicates that public employees apply the consequential theory focusing on the consequences of a certain decision while at the same time disregarding virtue theory because they do not follow the virtues and respect values inherent to the public sector. In other occasions, though, public employees when making official decisions may persistently do their duty, are virtuous, promote common good and wellbeing of the citizens and consciously fight against wrongdoings. Consequently, when analyzing the behavior of the public sector employees in terms of the ethical theories, it appears that all three approaches are applied. It seems that there is no one best approach but context and a specific issue plays an important role. While in some cases the consequences guide the decision, in other cases the public employees base their decisions on principles or their proper moral thinking and personal virtues (Sullivan, Segers 2007). Especially today when the public sector is going through big reforms giving rise to profound changes, it is to be supposed that one approach will not guarantee the most ethical decision-making and behavior. Because the public sector is continuously becoming more flexible, boundary less and complex, virtue and deontological approaches may make up for some of the deficiencies of the sole application of consequentialism (Amundsen, Pinto 2009).

It is logical that due to the complexity with increasing partnerships, wider networks and more intense cooperation with stakeholders from different sectors, it is extremely important to predict the consequences of certain actions and decisions. Hence, it seems plausible that civil servants and holders of public office will more frequently apply the deontological theory. Such development is seen today concerning corruption. With more and more serious incidences of corruption more laws and regulations are created meaning increased application of deontological approach. It seems that when deciding on action in specific situations, public officials may make use of all the three approaches even if they do not usually articulate their thinking in precisely these terms (Sullivan, Segers 2007).

The application of ethics approaches is apparent in the EU. Deontological approach is applied by all member states since they agree in that the traditional principles of impartiality, principle of legality, and specific ethics standards are necessary for civil servants, and since they also agree in that there is need for common duties and rules to be followed by all the member states (Demmke, Moilanen 2011). It is also evident
that virtue is guiding the behavior of the public officials in the EU because all member states argue that it is essential to serve the common good, fulfill their community-based tasks in an impartial and fair manner, and take into consideration the common interest. Utilitarian approach is applied regularly because decisions are made with the aim of fulfilling the needs of the most member states.

Taken together, currently public sector officials tend to apply the utilitarian perspective trying to make such decisions that guarantee greatest benefit for the greatest number of citizens. However, virtues are also essential for public sector employees because working in the public administration is a moral activity requiring highly ethical behaviour. Increasingly, citizens expect ethical behaviour based on obligations and duties because public employees and holders of public office are expected to exhibit the highest moral qualities including optimism, courage, fairness, civility, courtesy, respect, tolerance, and justice (Demmke, Moilanen 2011). Interestingly, in the contemporary situation characterized by great changes in the public sector, it seems evident the virtue ethics, duty based ethics, or consequentialism seldom are applied independently, but rather complete each other. It is noted that it would be very challenging to act purely on the basis of duty to principle, or focus on pure calculation of consequences (Demmke, Moilanen 2011) while striving for best decisions that yield common good and increase well-being of the citizens. All the above mentioned ethical theories form the basis, and give rise to practical ethical instruments that are seen to help in solving ethical problems both in private and in public organizations. Especially different kinds of codes are being introduced for enhancing ethical behaviour and for combating wrongdoings.

3.2. Ethical instruments

As noted above, ethical instruments derived from the ethical theories are crucial in fighting against wrongdoings and for enhancing ethical behavior in the public sector. Previously, the public sector faced fewer ethical problems and the only instruments for fighting against unethical behavior were the legal sanctions i.e. binding laws, the public service ethos, and oaths (Menzel 2006; Demmke, Moilanen 2011). Importantly, due to the technological development and the continuous public sector reforms, the character of the public sector has changed significantly triggering new ethical challenges. To face such situation new theoretical approaches, laws, and diversified ethical instruments are being introduced and increasingly applied. New ethical instruments include for example rules for the declaration of costs, rules for the acceptance of gifts, rules on whistle blowing, reports in the field of integrity, integrity officers, management plans, and central registers for integrity violations (Demmke, Moilanen 2011). Ethics instruments contribute to the creation of a more ethical, in other words, more transparent, accountable and effective public administration and more ethical public sector as a whole. Recently, new strategies have been suggested and adopted to enhance ethics management. Such strategies include laws to protect appropriate public interest and to facilitate disclosures of wrongdoing by officials; ethics audits to identify risks to the integrity;
human resource management strategies with merit based promotion and recruitment, antidiscrimination protections; training and development in ethics; application of ethical management principles, the proper use of official power, and the requirements of professional responsibility and effective external and internal complaint and redress procedures (Whitton 2001). The importance of creating and applying new ethical instruments is also manifested by the European Union. The EU has introduced a variety of ethics instruments for curbing political and administrative corruption. New suggested instruments include diversified rules, standards and codes; value managements; ethical leadership; whistleblowing; disciplinary rules; job rotation; risk analysis of vulnerable positions; training and dilemma training; integrity plans; scandal management; audits; integrity officers; registers of interest; transparency requirements; internet based self-assessments; and ethics climate surveys (Demmke, Moilanen 2011). It is evident that traditional disciplinary framework with effective legal instruments is necessary for combating wrongdoings because it establish clear procedures and sanctions for combating wrongdoings. Penal law-based instruments are, however, only the minimum criteria for an effective ethically functioning public sector (Amundsen, Pinto 2009). For this reason, there is important discussion going on concerning more positive instruments for fighting against wrongdoings and promoting ethical behavior. Overall, there is no doubt that in order to improve ethics management, create ethical culture and achieve more ethical organizations in the public sector, introduction of diversified positive instruments is crucial. In recent decades special attention has been dedicated to different codes. Codes of conduct and codes of ethics are seen as positive ethics instruments, because they, in contrast to laws and strict regulations, function non-coercively, and as such, are binding ethical instruments.

Codes, established to improve ethics management, include a wide range of ethical guidelines for making organizational behavior more ethical. Specifically in the public sector, codes as positive ethics instruments are gaining importance and becoming more frequent. Codes are seen as basic documents with rules that are written in easily understandable language setting forth board goals for public sector employees to conduct themselves in manner that corresponds to their office (Whaley 1999). As codes are based on rules that prescribe proper behavior of decision makers, and are meant to be universally applied they stem form the deontological theory (Menzel 2005) that advocates adherence to rules because the right action is that allowed by the rules and the wrong is that forbidden by the rules (Vance, Trani 2008). In the public sector codes guide public employees in their strive to behave in accordance with public values and ethical principles and direct them to actions that result in doing the right things for the right reasons (Demmke, Moilanen 2011). Codes can be seen as the ultimate terms of reference, the framework upon which professions are built and civil servants work (Gilman 2005). For example Civil Service Code of the UK Government reflects the values and standards of behaviour forming part of the employment terms and conditions (Gov. UK 2013).
There are several kinds of codes to guide and regulate the actions of the public sector employees. Codes of rules and regulations i.e. laws refer to legislative acts and official regulations. Laws are a series of detailed prescriptions dealing with the crime, offence and punishment (Gilman 2005) setting clear behavioral expectations and defining disciplinary consequences (Demmke, Moilanen 2011). Hence, laws account for the legal requirements for public administrators to carry out their office with political impartiality and professionalism (Vogelsang-Coombs, Bakken 2003). Codes of conduct, in turn, account for a set of non-binding rules outlining the responsibilities or practices for an individual or an organization. Codes of conduct refer to principles, values or behavioral standards that guide the decisions, procedures and systems of an organization in a way that the welfare of the key stakeholders is improved (Amundsen, Pinto 2009). One of the most central codes is the so called Codes of Conduct for Public Officials, a set of codes recommended for the Member States of the EU and adopted by them in 2000 (Council of Europe 2000). Its aim was to provide a reference point and an ideal for state administrations, and it was basically intended to set a precedent for countries when drafting their own mandatory codes of (Amundsen, Pinto 2009). In general, a code of conduct is a milder instrument than a code of rules and regulations because it does not have an imperative character and it is not binding. A code of ethics refers to the ethical principles of official behavior. As a framework for ethical behaviour, a code of ethics is more abstract and shorter than a code of conduct because it does not provide detailed rules, and unlike a code of rules and regulations, a code of ethics cannot be enforced (Demmke, Moilanen 2011). Today, a well-written and well implemented code of ethics is seen as a useful ethical instrument because it clarifies the public values, provides an important guide for making decisions on complicated ethical issues, and indicates the basic standards of behavior to be expected from public sector employees (Amundsen, Pinto 2009). Codes of ethics as well as codes of ethics are based on the deontological theory because they establish rules that refer to obligations and duties of persons that practice a certain profession (Constantin 2014). As for civil servants and holders of public office, a code of ethics establishes the obligations and duties inherent to their office as the public sector employees. The EU has also created a specific Statutory Instrument for Ethics in Public Office (hr.per.gov.ie/files/2011) a voluntary code of reference for public-service reflecting the basic common values and standards for the EU Member States. Similarly, the OECD has adopted a recommendation to improve ethical conduct in the public service. The OECD Principles for Managing Ethics in the Public Service includes recommendations for regulating against unethical behavior and provides incentives to good conduct (OECD 2000b).

In summary, codes stem for the ethical theories and are generated for guiding ethical behavior. They define boundaries of behavior providing clear markers as to what kind of behaviour is prohibited vs. expected (Gilman 2005). Concerning the public sector, codes facilitate ethical actions and decision making provide an ethical framework for civil servants and holders of public office when striving to complete their duties ethically.
in a responsible way (Demmke, Moilanen 2011). Codes are increasingly introduced by public as well as private organizations in order to enhance ethical behavior and, even more importantly, to combat wrongdoings.

4. Wrongdoings

Wrongdoings and ethics failures are noted worldwide. The prominence of corruption and ethics as topics of public discourse is reflected in news media which recently appears to be filled with stories of unethical behavior and ethical issues in virtually every aspect of public life: in government and politics, sports, business, religion, education, and other arenas (Richter, Burke 2007). By now, it is general knowledge that wrongdoings, the source of increasing ethical scandals, account for the most serious problems of the public sector (Demmke, Moilanen 2011) affecting societal well-being worldwide. There are several reasons for wrongdoings and ethics failures. Probably the main reason stems from the public sector reforms that have been taking place in most societies during the last decades. Such reforms bring along different tasks, new responsibilities and managerial techniques and practices making the public sector more like the private sector (Maesschalck 2004) and hence more complex (Demmke, Moilanen 2011) and more difficult to manage ethically. The reforms are known to imply clash of value systems that may raise new ethical dilemmas and problems. It is noted that while it is perfectly legitimate in the private sector to develop close relations with customers by offering gifts such practice is seen unethical or even corrupt in the public sector (Maesschalck 2004). Due to the changed role of public managers resembling more and more that of the private sector, the public sector managers find themselves facing broader and more diffuse responsibilities, greater accountability and fewer human as well as less financial resources than in the past (Richter, Burke 2007). The reforms have triggered new collaborative ways of working such as outsourcing, contracting, privatization, and the commercialization of public-private partnerships blurring public-private-non-governmental boundaries and contributing to the new shape of government which, in turn, calls for the development of creative ethics management (Demmke, Moilanen 2011). The blurring of boundaries seem to have led to increasing challenges concerning accountability, transparency, use power, allocation of public resources, and conflicts of interest because there are partners form several different organizational cultures and working environments providing public services in collaboration. It is also to be noted that during the last decades, in addition to the traditional wrongdoings such as corruption and fraud, several new kinds of wrongdoings have gained prominence (Demmke, Moilanen 2011). Maladministration is one of them. It refers to making of official decisions in a manner which is contrary to law, arbitrary, unreasonable, without proper justification, lacking in procedural fairness, or made without due consideration of the merits of the matter, or made corruptly (Frederickson 1999). Maladministration may be no more than simple incompetence but may equally refer to abuse of office. In either case, though, maladministration by a public official is inherently unethical. Other recent wrongdoings are
patronage to fraud and novel ways to misuse and manipulate information. This indicates that the public sector is currently experiencing a greater number and more diversified ethics failures and wrongdoings than before which, in turn, has led to continuous revelations of public sector scandals increasing critique towards public administration, politicians and public sector employees because citizens’ attitudes towards authorities have become more and more critical and mature (Demmke, Moilanen 2011). As a result, ethics is increasingly gaining prominence in the discourse about governance (United Nations 2000). For these reasons, it is more important than ever before, that new effective ethical instruments are introduced and ethical approaches applied for fighting against wrongdoings of which corruption is the number one being a global problem (Transparency International 2015).

4.1. Corruption

Corruption is a problem for all countries and a poor score in corruption perception index signals widespread bribery, lack of punishment for corruption and public institutions that do not respond to citizens’ needs (Transparency International 2014). Corruption, broadly defined as “abuse of entrusted power for private gain” (Transparency International 2015), is becoming more frequent and is considered to be one of the greatest ethical challenges of the contemporary world (Demmke, Moilanen 2011). It is internationally recognized that corruption impedes economic development, undermines stability and erodes trust in public institutions (Amundsen, Pinto 2009) and undermines good government, fundamentally distorts public policy, leads to the misallocation of resources, harms the private sector and private sector development and particularly hurts the poor (Transparency International 1998 in Demmke, Moilanen (2011)). Concerning public administration, corruption can be defined as the private wealth-seeking behavior of people who represent the state and the public authority or as the misuse of public goods by public officials for private benefit (Amundsen, Pinto 2009), or simply put, the illegal use of public office for private gain (National Democratic Institute for International Affairs 1999). Accordingly, corruption takes place when civil servants, functionaries, bureaucrats and politicians, or anyone who holds a position of authority to allocate rights over public resources in the name of the state or the government, misuses the public authority and power for private benefit (Demmke, Moilanen 2011). Corruption can take two forms. On the one hand there is the so called grand corruption (practiced by elites), and on the other, the so called petty corruption (practiced by bureaucrats) (National Democratic Institute for International Affairs 1999). There is evidence that grand corruption invites petty corruption (Whaley 1999) and it is also known that the long term combination of grand and petty corruption can lead to economic, social and political paralysis (National Democratic Institute for International Affairs 1999). Where grand corruption is rampant, there is no hope of controlling petty corruption which means that combating widespread corruption must focus on unethical behavior at the grand level. For this reason the fight against corruption should start form the top layers
of administration. As a whole, due to the severe consequences, increasing number and seriousness, and the global impacts of corruption, there is urgent need for finding effective methods and instruments for fighting against corruption.

4.2. Conflict of interests

Together with corruption, conflict of interests has become one of the most prominent serious wrongdoings today, mainly due to the last decades´ changing context requiring collaboration between numerous partners and stakeholders from different sectors (Demmke, Moilanen 2011). In such context the boundaries between different organizations and sectors get blurred so do the lines of authority and responsibility which makes ethics management a great challenge. In such boundary-less working environment public employees with side-line activities such as secondary jobs or other financial interests face situations where their private interests are conflicted with their official duties. In other words, a conflict of interests occurs when people in a position of trust and responsibility, have competing professional and personal interests (Amundsen, Pinto 2009). Hence, a conflict of interest takes place always when the official job of a public employee is influenced by or contradicts with his or her private job. This kind of wrongdoing may have wide impacts if it is linked to family interests. A family-related conflict of interests takes place for example when a family member is employed by a holder of public office (Amundsen, Pinto 2009). Conflict of interests may be difficult to perceive if the public sector lacks transparency. A recent OECD study shows that the main sources of conflicts of interest in the OECD countries are secondary employment in the private sector; private-public partnerships, and shareholdings in an entity with a contractual or regulatory relationship with the government (Demmke, Moilanen 2011).

Because of the severe ethical as well as economic consequences the increasing number of conflicts of interest is having in the public sector causing, it should be taken seriously and combated with the most effective instruments. Here the ethical theories could inform the public employees helping to create more ethical environment where the employees would respect the public sector virtues (virtue ethics), follow the ethical rules inherent to the sector (deontological theory) and think about the consequences of their actions (consequentialism). Without application of relevant instruments ethical improvements are less plausible.

5. Findings and discussion

The assumption of this paper was that ethics management based on ethical theories and effective ethical instrument is crucial in the public sector because public employees and holders of public office provide public goods that all citizens depend on, delegate and exercise public power, allocate public resources, and make decisions that affect all citizens. It was also assumed that ethical management is only possible by public employees who are virtuous and complete their duties in accordance with
common moral standards and values inherent to the public sector. The paper also proposed that the public sector ethics can be improved and wrongdoings combated by applying ethics theories that give rise to ethical instruments which can be applied for enhancing ethical behaviour, fighting against wrongdoings and, in particular, for eliminating corruption and conflicts of interest. To address these assumptions, a literature reviews was conducted. The literature review shed light on ethics, research on ethics specifically in in the field of public administration, and on theories that have given rise to ethical instruments applied for enhancing ethical behaviour and for combating wrongdoings. The aim of the review was to increase knowledge about ethics in organizational setting by enlightening the most serious wrongdoings, ethical theories, and ethical instruments. The focus was on the ethics management in the public sector because the decisions and actions of public employees and holders of public office have impact on all citizens instead of just affecting one organization and its stakeholders as is the case concerning private sector companies.

The literature review shows that last decades’ increasing revelations of ethics scandals worldwide have incited growing interest in ethics in general and encouraged research on ethics management in particular. There seems to be continuous search for instruments that can be applied for enhancing ethical behaviour as well as for fighting against wrongdoings, the catalysts of ethical scandals. The review also indicates that the public sector and public administration is facing big challenges as the number and scope as well as diversity of wrongdoings is growing. Several studies show that due to the last decades’ reforms great changes have taken place in working environment and practices in the public sector. In consequence, the public sector has had to adapt to new working methods such as public-private-partnerships, contracting, outsourcing, downsizing, and alliances that imply increased collaboration with different partners and stakeholders from different sectors and entities. Typically, borders between the different sectors and entities are blurring leading to fragmented accountability, conflicting interests and uncertainties concerning responsibilities, and delegation of power. Also the roles, tasks and management practices in the public sector are changing and getting more complex. Studies indicates that particularly the co-production of public services seems to have risen complex ethical dilemmas because the values and cultures of different sectors and entities conflict. It is noted in the literature that the changed situation with new ethical challenges requires specific instruments to increase understanding of ethical problems and to facilitate adaptation in order to be able to act ethically. The literature review finds that corruption is the most serious wrongdoing affecting all nations. Corruption is noted especially in the high levels of administration and research indicates that if such elite-based corruption is not combated first it is impossible to reduce lower level corruption. Empirical studies show that public employees and holders of public office increasingly use their public position and authority for personal purposes. This indicates that unethical behaviour in terms of misuse of public power and resources has become more common in the public sector.
The literature in the field suggests that effective ethical methods or instruments have to be applied in order to be able to combat wrongdoings and enhance more ethical conduct in the public sector. The review found that there are theoretical instruments, ethical theories, and more practical instruments such as codes that can be implemented in accordance with the character and severity of the wrongdoings. In more detail, the review shows that penal enforceable codes, laws, can be used to enforce obligations or to punish certain behaviors, while codes of conduct and codes of ethics are positive instruments used for guiding public employees in their conduct, decision-making, and daily work. As for the ethics theories, there is evidence that all the three main theories – virtue, consequential and deontological theories – are applied by civil servants and holders of public office. The theories stem from different philosophical traditions highlighting different perspectives on ethics, and have different objectives. For this reason they are oftentimes seen as incompatible and difficult to combine while trying to address ethical issues. Nevertheless, studies indicate that the theories are oftentimes applied simultaneously because they may complete each other when trying to solve ethically problems.

The most negative finding is that in spite of a general awareness of the importance of ethics theories and instruments and the increasing research on ethics management, unethical behavior is in increase. A general indication of this is the increasing media attention on ethics scandals with particular stress on corruption. This review shows, however, that corruption is on the agenda of several international organizations. Similarly, it indicates that most nations, institutions and organizations, both private and public, are applying own specific ethical instruments. Importantly, though, it is stressed that if the increase in wrongdoings and unethical behaviour is not taken seriously at all administrative levels and, in particular, at the top level which is the most prone to corruption there will be serious economic and social consequences. Drawn together, the main finding seems to be that there is accentuated need for finding new effective ethics instruments and for applying all the three ethical approaches while creating more ethical organizations and management.

6. Conclusions and suggestion for future research

The main questions of this paper were; why is there so much wrongdoing; how can it be reduced; and how can more ethical organization and management be achieved. Concluding from the findings wrongdoings stem mainly form the recent decades’ great changes in the organizational environment have implied new working methods and practices that have led to conflicting values and cultures triggering several kinds of wrongdoings. The findings suggest that ethical theories and effective ethical instruments can be applied with the purpose of reducing and even eliminating wrongdoings. Similarly, ethical theories and instruments informs public employees and holders of public office helping them to act ethically and make ethical decisions. Media coverage on increased ethical
scandals, literature in the field and recent empirical studies on ethics management in
the public sector indicate, however, that further research is needed in order to make
the public sector function in a more ethical way and to eliminating wrongdoings. Research
in the field of ethics is typically normative and descriptive due to the abstract nature of
ethics. Empirical research would inform the field in essential way as it would reveal real
life phenomena reflecting the concrete everyday behavior of civil servants and holders
of public office. Both quantitative and qualitative empirical studies will undoubtedly add
knowledge to the field. Especially qualitative research should be encouraged because
ethics is an abstract research object which makes it very challenging to measure and
evaluate ethical behaviour and actions. Nevertheless, there is no doubt that statistical
data contribute to research on ethics. This is demonstrated by international organizations
such as the OECD, the EU and the TI that are continuously conducting quantitative
research on ethics management and wrongdoings.

Drawn together, the most relevant conclusion of this paper is that more should be
done in the field of ethics management. There seem to be lack of effective instruments
for solving ethical problems and addressing ethical dilemmas as the number and scope
of wrongdoings is in increase. Neither is there general ethical theory that would help to
eliminate wrongdoings. These concerns justify more research on ethics in general and
specifically research on ethics management.

There are several research gaps to be filled in the field of ethics management. One
research object could be the entire process related to codes: planning, writing down, im-
plementation, control, evaluation, feedback, improvement, institutionalization and con-
tinuous improvement of codes. In other words, the whole life-cycle of a code from the
beginning to the final institutionalization could be researched and a model or framework
could be generated. Such framework could eventually be applied in ethics management
in different public agencies and organizations.

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