

# Character Is Key To Ethical Healthcare Leadership

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## ABSTRACT

*Character, leadership and ethics are key to long-term success of healthcare organizations. Good character and strong ethics together assist leaders in making good decisions. Leaders who base their decisions on the Golden Rule (do unto others as you would have them do unto you) make ethical decisions. It is not essential that healthcare leaders adopt any one of the many different leadership theories and styles, but what is essential is that they assess their current character, ethics, and leadership skills and create a plan on how they will continue to grow and develop to the level they would like to be. Leaders that seek to develop good character and strong leadership through continued growth in knowledge and understanding along with a commitment to ethical practices will contribute to organizational success.*

**Keywords:** Leadership; Ethics; Healthcare

## INTRODUCTION

Leaders in the medical profession can achieve long-term success for themselves and the organization they work for by developing leadership skills, good character, and making ethical decisions.

There has been and always will be healthcare executives willing to participate in unethical behavior to further their own financial gains. The focus of ethics has changed. During the 60's, ethics was applied more to consumer protection issues. In the 70's ethics began to develop as a field of study when business professors began to write and teach about corporate responsibility. Business rules started to change in the 80's as organizations began to expand internationally. Centers of business ethics provided courses, conferences, publications, and seminars, but the rules of business behavior accepted in the United States did not apply to international operations. The 90's seen business ethics linked to morally responsible decision making within organizations.

The media coverage of ethical problems has increased public awareness. The number of stakeholder's unethical corporate decisions has impacted and the millions of dollars and number of organizations involved have dramatically increased. Beginning in 2001, many companies including Enron, WorldCom, Adelphia, ImClone, and Global Crossing were charged with accounting irregularities, illegal loans, and/or insider trading (Bennis, 2009).

The executives of these organizations were charged or convicted of defrauding the companies they were entrusted to run. This resulted in executives serving jail time as well loss of employee jobs, loss of stockholder value, and loss of retirement funds.

Medical organizations have not been immune to these ethical problems. In 2003, former HealthSouth's CEO was "accused of conspiracy, securities fraud, mail and wire fraud, and money laundering" (Farrell, 2003, p. A1). Also in 2003, TAP Pharmaceuticals was found to have defrauded Medicare out of millions of dollars (Anderson, 2003). Lupron, a prostate cancer drug, which required a physician's prescription, was sold quietly to physicians for \$300 per dose while physicians could receive \$450 per dose from Medicare. Hundreds of urologists agreed to the scheme and pocketed the difference. TAP also gave free samples to urologists and encouraged them to bill Medicare for them. (Anderson, 2003).

According to George, former Chairman and CEO of Medtronic, many organizations find themselves in this situation as a result of a lack of “leaders committed to building authentic organizations for the long term” (George, 2003). He believes these changes began about 15 years ago when stockholders started to pressure CEO’s to increase profits and stock prices. As a result, organizations reduced unnecessary spending, improved their profitability, and increased their cash flow. These organizations experienced exceptional financial gains for shareholders and CEOs, but this shifted the focus from long-term to short-term results. The pressure from shareholders and security analysts to increase earnings and stock prices continued. CEO’s either performed up to expectations or were replaced (George, 2003). This pressure to succeed has resulted in the ethical dilemmas many executives experience today.

Healthcare executives are subjected to the same pressure to succeed—for themselves and their organizations. The medical field is faced with falling reimbursement from governmental and third party payers along with rising costs. Effective leadership as well as maintaining profitability is required of healthcare executives despite this dichotomy. Regardless of the setting, a non-profit organization, a private practice, or a hospital, decisions are made daily. Whether those decisions are ethical is based on the leadership qualities of the healthcare executive and their character.

### **WHAT IS LEADERSHIP?**

There is no clear understanding of what it means to be a leader—what sets a leader apart from non-leaders, “what differentiates effective leaders from ineffective leaders, and what separates effective organizations from ineffective organizations” (Benis & Nanus, 2003, p. 4). One thought is that leaders are born, whereby the few at the top were capable of leading, leaving all others to be led. According to this school of thought, people are not capable of learning leadership skills. Simply having a title, authority, or power made you a leader (Benis & Nanus, 2003).

Since this theory did not sufficiently explain leadership, it was replaced with the thought that great events or crisis situations created leaders out of ordinary people. This theory believed that leaders such as Washington and Lenin were simply in the right place at the right time. Along with the leaders are born theory, this theory also did not adequately define leadership. (Bennis & Nanus, 2003).

Over the years, there have been many definitions of leadership, but no one definition that all theorists agree upon (Bennis & Nanus, 2003). According to John Maxwell, “the true meaning of leadership is influence—nothing more, nothing less.” (Maxwell, 2002, p. 17). Under this assumption, Princess Diana and Mother Teresa are examples of individuals whose leadership stemmed from their ability to influence others. They were not followed because of their title, but because of their caring for others. They were able to make things happen because they were influencers (Maxwell, 2002). According to Maxwell, “if you can’t influence others, they will not follow you. And if they do not follow you, you’re not a leader.” (Maxwell, 2002).

Loeb and Kindel define leadership as “the set of qualities that causes people to follow” (Loeb & Kindel, 1999, p. 14). According to Montgomery, “leadership is the capacity and will to rally men and women to a common purpose and the character which inspires confidences.” (Maxwell, 1999, p. 1). In O’Leary’s book, *10 Minute Guide to Leadership*, she lists four common definitions of leadership: 1) a leader is the appointed head of a group, team, or organization, 2) a leader is a charismatic person who is to make good decisions and inspire others to reach common goals, 3) a leader has the power to communicate assertively and inspire others, and 4) a leader has the ability to influence others—not one of these definitions is more correct than the other (O’Leary, 2000). A common theme among Maxwell, Loeb, and Kindel is that leadership involves more than one person. An individual is not a leader without a group of people following them and putting their trust in them (O’Leary, 2000). “You will have achieved excellence as a leader when people will follow you everywhere if not only out of curiosity” (Maxwell, 1998, p. 13).

“Leaders are effective because of who they are on the inside. In order to get to the highest level of leadership, people have to develop these traits from the inside out.” (Maxwell, 1999, p. x). The difficulty becomes in determining what those qualities are. Studies have been done to try to determine what qualities successful leaders have in common. It is commonly agreed upon that these traits are not inherent and that some individuals are more gifted than others, but that leadership skills can be learned. Characteristics or qualities that are most common in the different leadership theories include: 1) character—ethics in action (Being the person you want to be, 2002), 2)

courage and integrity—ability to do what needs to be done regardless of the cost or risk and to make ethical choices (Hoenig, 2000), 3) vision—having the sense of where one wants to go and what one wants to accomplish (Augustine, 1999), 4) competence—“ability to say it, plan it, and do it in such a way that others know how and want to follow you” (Maxwell, 1999, p. 33), 5) passion—believe in and care deeply about what you do, 6) communication—“ability to share knowledge and ideas to transmit a sense of enthusiasm to others” (Maxwell, 1999, p. 23), 7) responsibility/credibility—do what you say you will do, 8) relationships—the ability to work with people, and 9) motivate—ability to inspire others to act.

According to Covey, “trust or the lack of it, is at the root of success or failure in relationship and in the bottom line results of business, industry, education, and government.” (Covey, 1992, p. 31). Leadership theorists approach leadership from a distinct point of view, however, the one common theme seems to be that character is an essential quality of any leader in today’s globally competitive business environment. Character is ethics in action (Being the person you want to be, 2002).

### **HOW CHARACTER AND ETHICS WORK TOGETHER**

According to the Josephson Institute of Ethics, “Ethical decisions have consequences, and one long-term consequence is to make you into a person of character.” (Being the person you want to be, 2002, p. 1). How do leaders get to the point where they know they can make ethical decisions? It is apparent that leaders cannot do so without a clear understanding of ethics; what it is, how it connects with who they are, how it can help them make the right decisions, and how it is connected to their character. In order to make ethical decisions, leaders must understand how character and ethics work together.

The Webster Dictionary defines ethics as “a set of moral principles or values.” (Ethics, 1965). In Ethics: An overview, the Cornell Law School states that, “Ethics is derived from the Greek word *ethos* (character) and from the Latin word *mores* (customs), and together combine to define how individuals chose to interact with one another.” The Josephson Institute of Ethics definition states, “Ethics refers to principles that define behavior as right, good, and proper. Such principles do not always dictate a single moral course of action, but provide a means of evaluating and deciding among competing options.” (Making sense of ethics, 2002, p. 1).

Ethics defines how a moral person should act. How an individual actually behaves is determined by their values. “Values concern ethics when they pertain to beliefs about what is right and wrong.” (Making sense of ethics, 2002, p. 1). Values are translated into principles to give guidance and to motivate ethical conduct. These principles are the rules of conduct for ethical behavior. Ethics is actually putting principles into action. (Making sense of ethics, 2002).

According to the Josephson Institute on Ethics, character is “the sum of one’s distinctive traits, qualities, and predilections, and amounts to one’s moral constitution.” (Being the person you want to be, 2002, p. 1). A person’s morals are the link between ethics and character. Character is a person’s “habitual way of behaving” based on their own morals (Being the person you want to be, 2002, p. 1). According to the Webster Dictionary, morals is “of or relating to principles of right and wrong in behavior; ethical.” (Morals, 1965). “Conscience is the awareness of a moral or ethical aspect to one’s conduct; it urges us to prefer right over wrong.” (Being the person you want to be, 2002, p. 1). Not everyone has good character, and, therefore, not everyone has a conscience that is reliable with the ability to make the choice between what is right and wrong (Being the person you want to be, 2002, p. 1). Without good character or morals, an individual would be unable to make ethical decisions.

### **WHY INDIVIDUALS MAKE UNETHICAL DECISIONS**

When an individual is asked why they made a particular decision, knowing that it was unethical, it may be difficult for them to verbalize their reasons. Maxwell believes that the motive for unethical decisions can be explained by one of three reasons: 1) people do what is most convenient—when faced with a dilemma, an undesirable or unpleasant choice, people can choose the right thing or choose the path that is easier, and it may be easier to choose the unethical path rather than face the consequences of an ethical decision, 2) people do what they must to win—most individuals do not like to lose and ethics has a negative connotation to many people as they

believe choosing the ethical route will limit their options, opportunities, or ability to succeed in business, and to win, they must choose the option that will not limit them, and 3) people rationalize their choices with relativism—individuals choose to make a decision based upon what is right at the moment, according to the situation they are facing which is called situational ethics and Maxwell believes this leads to ethical chaos as it encourages everyone to have their own standards that change from situation from situation (Maxwell, 2003).

## **HOW TO EVALUATE A DECISION**

Maxwell believes there is only one rule necessary to make ethical decisions. It is based on the Golden Rule—“do unto others as you would have them do unto you.” (Carroll & Buchholtz, 2008, p. 214). The Golden Rule is a simplistic universal standard that cuts across cultural and religious boundaries. It is a broadly accepted principle of ethics but it is not the only way to evaluate whether an action is right or wrong. The standard of the Golden Rule is simply common sense. No one would ask a person to treat them worse than they treat others. According to Maxwell, “asking the question ‘how would I like to be treated in this situation?’ is an integrity guideline for any situation.” (Maxwell, 2003, p. 21). Maxwell believes there are only two aspects to ethics: the first is the “ability to discern right from wrong, good from evil, and propriety from impropriety”, and the second is the commitment to do what is “right, good, and proper”. (Maxwell, 2003, p. 23). “Ethics is action—it is about how we meet the challenge of doing the right thing when that will cost more than we want to pay.” (Maxwell, 2003, p. 24).

Blanchard and Pearle share another method, “ethics check” questions, to examine an ethical dilemma (Carroll & Buchholtz, 2008, p. 230). The answer to an ethical dilemma is rarely a simple black and white issue—there is a lot of grey that provides an opportunity to rationalize behaviors when an unethical choice is made. The “ethics check” takes out this grayness of ethical situations by asking three questions; 1) Is it legal? 2) Is it balanced? and, 3) How will it make me feel about myself? (Carroll & Buchholtz, 2008, p. 230).

Making ethical decisions is not easy. There may be pressure on a leader to make unethical decisions because it may be more profitable for the organization.

## **DEVELOPING CHARACTER AND LEADERSHIP SKILLS**

Good character is not something a person is born with. Character is developed through contact with role models and life experiences. According to education scholar, Edwin Delattre, “because we are born in ignorance of moral ideals, we must be instructed or trained if we are to achieve a good second nature.” (Being the person, 2002, p. 2). Everyone has the potential to develop exemplary character. According to Maxwell, character is a choice and it can be developed (Maxwell, 1999). Character is created and strengthened every time an ethical path is chosen (Maxwell, 1999). “Character is a continuously evolving thing.” (Bennis & Nanis, 2003, p. xi).

Leadership skills can be developed the same as character. Some individuals are blessed with greater skills, but the “traits of leadership are the raw materials and can be acquired—the born leader will always emerge; but to stay on top, they must develop leadership characteristics too” (Maxwell, 1993, p. ix). Maxwell has developed “four categories or levels of leadership: 1) The leading leader is born with leadership qualities, has leadership modeled throughout life, has learned added leadership through training, has self-discipline through training, and three out of four of these qualities are acquired, 2) The learned leader has seen leadership modeled throughout life, has learned leadership through training, has self-discipline to be a great leader, and all three qualities are acquired, 3) The latent leader has recently seen leadership modeled, is learning to be a leader through training, has self-discipline to become a good leader, and all three qualities are acquired, and 4) The limited leader level has little or no exposure to leaders, has little or no exposure to leadership training, has the desire to become a leader, and all three qualities can be acquired” (Maxwell, 1993, p. ix). Maxwell believes that most leadership skills can be acquired regardless of which level a leader is on (Maxwell, 1993).

## **CONCLUSION**

Healthcare executives are faced with the challenge of making decisions each and every day. The choices are similar whether working in a private practice, a non-profit organization, or a hospital setting. All healthcare

executives are faced with decreasing reimbursement and rising costs. What is different is the approach executives will take to meet these challenges.

It is evident that not everyone is a born leader. Individuals are not born with good character. Both need to be developed. Character is developed through the experience and the choices made. Ethical choices build good character. Ethical choices may not be the most profitable in the short-term, but there are no quick fixes for the problems healthcare executives experience on a daily basis. Maxwell agreed when he stated: “If you embrace ethical behavior, will it automatically make you rich and successful? Of course not. Can it pave the way for you to become successful? Absolutely. Ethics plus competence is a winning equation. In contrast, people who continually attempt to test the edge of ethics inevitably go over the edge. Shortcuts never pay off in the long run. It may be possible to fool people for a season, but in the long haul, their deeds will catch up with them because the truth does come out. In the short term, behaving ethically may look like a loss. However, in the long term, people always lose when they live without ethics.” (Maxwell, 2003, p. 15).

Growth comes with knowledge and understanding. Without a plan to seek appropriate materials, knowledge cannot be obtained. Healthcare executives need to take the time to assess their own character and leadership skills and set a plan as to where they would like to be. It is not essential to pick one leadership theory or style, but what is important is to continue to learn and grow. According to Maxwell, “everything rises and falls on leadership and leadership truly develops from the inside out. If you can become the leader you ought to be on the inside, you will be able to become the leader you want to be on the outside. People will want to follow you. And when that happens, you’ll be able to tackle anything in this world.” (Maxwell, 1999, p. xi).

#### **AUTHOR INFORMATION**

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