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Leading in Context

**Developing Ethical Leaders and an
Ethical Government Brand**

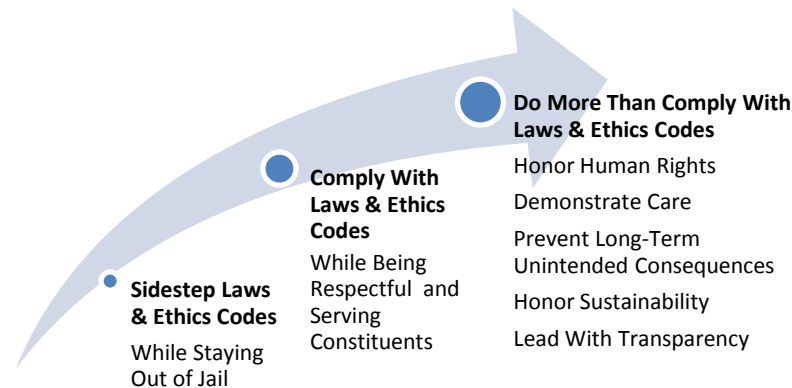
**The Public Manager Webcast
March 19, 2013**

Linda Fisher Thornton, CEO of Leading in Context

Helping You Lead Responsibly in a Complex World

What is Ethical Leadership in a Global Society?

- Researchers, leaders and scholars don't completely agree on what ethical leadership means.
- But at a high level, our definition of "responsible leadership" is becoming clearer.
- The scope of what we consider to be part of ethical leadership is broadening.
- We can interpret it on many different levels.
- We can't just pick the parts that suit us - we are bound by the full responsibility that ethical leadership includes.



Which of These is Ethical Leadership?

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How Does Ethics Impact the Government Brand?

- In a socially connected world, our leadership is more visible
- Citizen journalism means that everyone has a voice
- Employees are seeking out ethical organizations and agencies where they can do their best work
- Organizations and agencies are judged based on the ethics of the entire supply chain
- There is a higher expectation for ethical behavior and more pressure on leaders to lead responsibly

Perceptions Matter

Within Government

- Perceived or actual ethical breakdowns may put an agency at risk for budget cuts or downsizing
- It will be difficult to meet the challenges ahead if we aren't attracting talented young people to replace the ones taking retirement

Outside of Government

- The perception of our government by citizens impacts their willingness to trust government leaders
- The global perception of our government impacts our position in world affairs

Building an Ethical Government Brand

What are Current Leadership Development Challenges?

- High levels of complexity and constant change
- Increased transparency (whitehouse.gov and government on social media) requires leaders to use open communication
- High level of responsiveness expected by socially connected citizens
- The need to address ethical leadership in all of its complexity (to match that of our current challenges)

What Are Strategies For Overcoming These Challenges?

- *A broad view of government - as one team*
- *A broad view of ethical leadership - as upholding the principles on which our nation is based as well as complying with laws and meeting government ethics requirements*
- *A higher level of thinking complexity - for dealing with complex problems effectively and ethically*
- *A learning culture and long-term view of moral growth and development*
- *Managing ethical leadership as a human performance system*

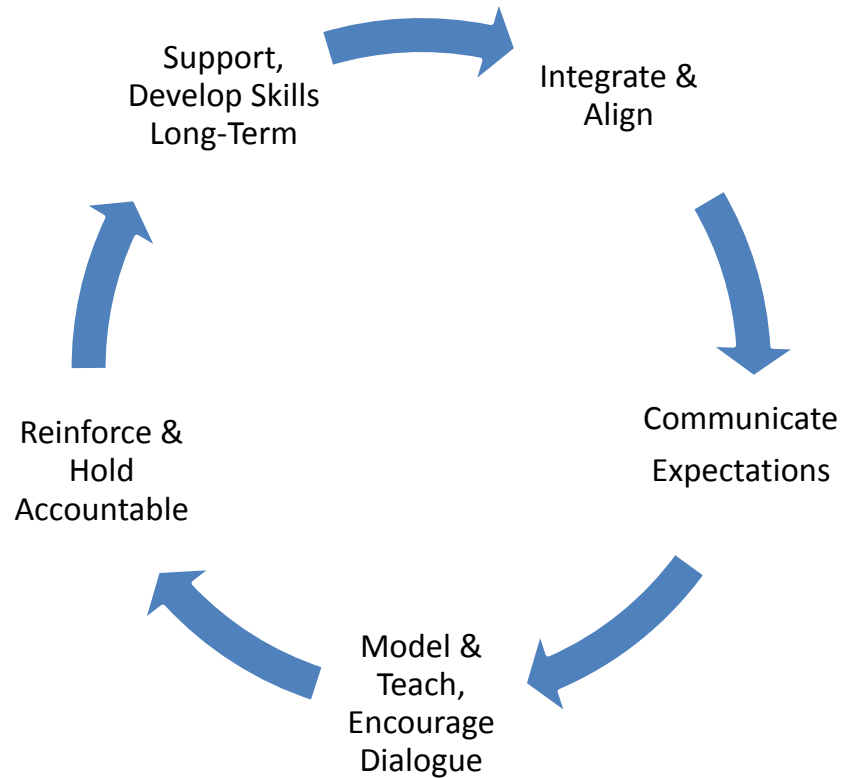
One Scenario – Three Possible Leader Responses

- Response 1 (BEND RULES) – I want to do the most I can possibly get away with in the situation. *(Self)*
- Response 2 (CONFORM) – I want to follow rules and be part of the team. *(Team)*
- Response 3 (HONOR PRINCIPLES) – I want to honor laws and ethics codes AND universal ethical principles. *(Principles)*

Strategies For Developing Ethical Leaders

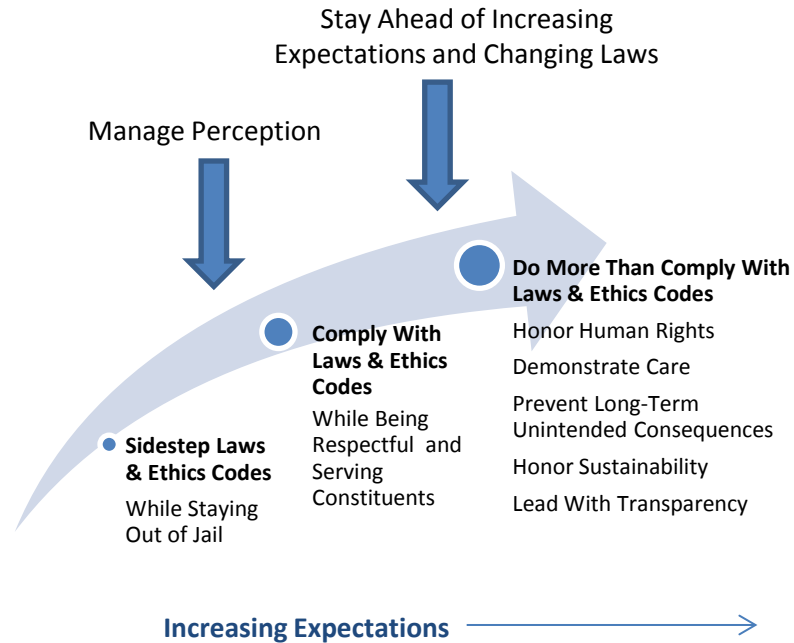
1. **Integrate** leadership ethics training with the rest of leadership development
2. Base ethical leadership development on **values**, not just on laws and ethics codes
3. Expect and encourage **respectful behavior**
4. Increase awareness of leadership **mindsets and assumptions**
5. Help leaders develop **global awareness** and an understanding of **human rights and responsibilities**
6. Intentionally **build leadership skills** needed to succeed in a global society:
 - Sharing control, collaborating across boundaries, embracing social media, considering the impact of decisions on multiple stakeholders
7. Manage ethical leadership development as a **human performance system**:
 - Communicate ethical expectations
 - Teach ethical expectations *at all levels* of leadership
 - Model and reinforce ethical expectations and provide ongoing support
 - Hold leaders accountable *at all levels* of leadership
 - Create an ongoing dialogue

Managing Ethical Leadership as a Human Performance System



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Which of These is Ethical Leadership?



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Resources for Learning

- www.OGE.gov (U.S.) United States Office of Government Ethics
- www.OECD.org (Global) Organization for Economic Cooperation and Development, Principles for Managing Ethics in the Public Service
- www.BestPlacesToWork.org 2012 Best Places to Work in the Federal Government Report
- www.CCL.org Center for Creative Leadership
- www.Ethics.org Ethics Resource Center
- www.LeadinginContext.com/Blog Leading in Context
- www.cauxroundtable.org

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DEVELOPING ETHICAL LEADERS AND AN ETHICAL GOVERNMENT BRAND

John Umana
Ethics Lawyer
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Why Financial Disclosure Reports ?

Ethics in Government Act of 1978

- Certain employees in Federal agencies required to file financial disclosure reports
- Why do I have to disclose my stock transactions and other personal info? The purpose of financial disclosure is to keep the agency out of conflicts of interest.
- These reports are either available to the public (OGE 278) or are kept confidential (OGE 450). Under the STOCK Act, Public Law 112-105 (as amended), enacted last year, the date by which Executive Branch public financial disclosure forms must be posted by OGE on the Internet is now April 15, 2013. The reports to be posted online are the OGE 278 reports and the OGE 278-T Periodic Transaction Reports.



Is Teaching Ethics in Government Just an Annual Event?

- As an ethics counselor, I conduct the annual ethics training for our OIG employees. But discussion of ethics in the Government context should not just be a once-a-year event.
- Managers should ensure that ethics is incorporated into the fabric of employee development and training within the Agency.
- Employees should be encouraged to take their questions to their ethics counselors.

Is Teaching Ethics in Government Just an Annual Event? (continued)

- “Best practices” -- send out guidance to employees when the issue is current. For example, last summer we sent out Hatch Act guidance in the thick of Presidential campaign.
- One of the newer areas of Hatch Act worries is the impact of social media on political campaigning. Most Executive Branch employees are aware that the Hatch Act prohibits them from engaging in “political activity” in the federal workplace.
- But many employees may not be aware that, if you receive an email calling for a political contribution to a presidential candidate, just *forwarding* that email it to others violates the Hatch Act. The same is true for re-tweeting a political tweet, or sharing a political statement on Facebook. For an Agency employee to use any email account, whether personal or Government, or to use social media while on duty or in the federal workplace to distribute, send, share or forward content (such as a webpage link) that advocates for or against a partisan political party or candidate, or seeks a political contribution, violates the Hatch Act.



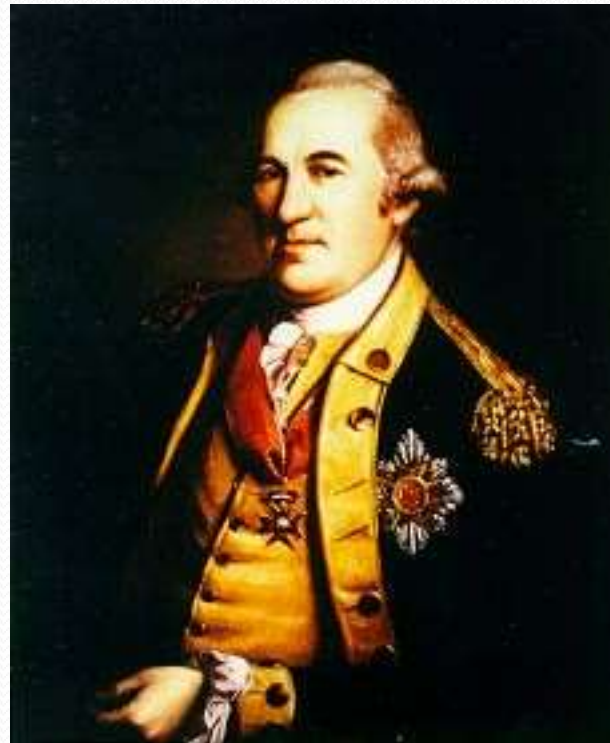
Is Teaching Ethics in Government Just an Annual Event? (continued)

- The STOCK Act, enacted last year, was spawned in the wake of congressional insider trading scandals. For all its flaws, the STOCK Act still has positive attributes.
- An FDA chemist during 2006 to 2011 reaped profits of \$3.7 million based on insider trading on the stock market. That chemist had access to the FDA computer system and used his advance knowledge of planned FDA approvals/disapprovals of experimental drugs to trade in those stocks, using accounts in the names of friends and relatives. As an OGE 450 filer, he was required to disclose those trades in his annual financial disclosure reports, but failed to do so.
- Last year he pleaded guilty, and was sentenced to 5 years for securities fraud and for making a false statement by failing to disclose his illicit profits on his financial disclosure reports.

Is Teaching Ethics in Government Just an Annual Event? (continued)

- What's significant is that his plea agreement encompassed not only violations of the federal securities laws, but also violations of the Standards of Ethical Conduct for Executive Branch Employees – the “14 General Principles.”
- The first of these -- “*Public service is a public trust*” -- the cornerstone of all Government ethics in my opinion. Ethics at its core distills down to this principle of preserving and protecting the public trust. Another Principle involved here is that employees must not use nonpublic Government information to further any private interest.

Frederick von Steuben



The First IG

Why do we need Inspectors General?

- Another ethics-inspired law enacted in the wake of Watergate is the Inspector General Act of 1978. This law created civilian inspectors general within most agencies.
- Congress established inspectors general to create “independent and objective” watchdogs within federal agencies to crack down on fraud waste, and abuse in Agency programs and operations. Congress has also established three Special Inspectors General with specific jurisdiction that cuts across agency bounds.
- Over the years, hundreds of billions of dollars have been saved or recovered by the Offices of Inspector General.
- The concept of inspector general developed in the French and Prussian armies in about 1668, where military IGs were put in charge of drilling the troops and discipline. This inspired General George Washington to appoint an Inspector General to superintend training of the entire Continental Army.

Why do we need Inspectors General? (Continued)

- With the billions of reconstruction funding still pouring into Iraq and Afghanistan, it is no wonder that IGs take on special significance as watchdogs.
- One of the tragic aspects of America's "Marshall Plans" in these war zones is the involvement, on occasion, of U.S. military or DOD civilian employees in bribery, kickbacks and corruption in contracting.
- In March last year, for example, two longtime program managers of the U.S. Army Corps of Engineers in Virginia pleaded guilty to charges of a conspiracy involving more than \$20 million in bribes and kickback payments and the attempted steering of a nearly \$1 billion government contract to a favored contractor -- the largest bribery and bid-steering scheme in the history of federal contracting. The IG community had an important role in bringing these criminals to justice.
- These events underscore the critical importance of strong ethics training and of developing an "Ethical Government Brand."