

# Ethical dimension and performance of public organizations: Effect of the institutionalization of ethical practices on the Moroccan public sector

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**Abstract:** *The aims of this article is to examine the place given to ethics in the new public management (NPM), and study the influence of integration of ethical practices on performance and governance of public organizations and non-profit organizations. The objective is then to highlight the contribution of the theory of accountability in integration of ethical dimension at NPM level, and to understand the contribution of the two theories in the construction process of public action in an ethical angle, and then to explain the links between sense-making and the position of ethics in the management of public organizations. To do this, we will analyze the ethical dimension in the management of public organizations in Morocco, by proposing recommendations to make their management style more ethical, efficient and transparent.*

**Key Words:** Ethics, Public Performance, Governance, New Public Management, Moroccan Public Organizations.

## 1. INTRODUCTION

Ethics in management or business ethics is a concrete aspect of applied ethics. This is how we have seen the emergence of an economic ethic manifested by transitions between economic requirements and social relations. Indeed, the ethical dimension based on consumption and profit turns to a dimension of ethical priority, aiming at the development and well-being of the whole society.

The discussion around 'Business ethics' seduced currently many researchers, who try to question human values, societal and ethical organizations, as well as their interactions with the business world and the continuous research of the maximization of profits for stakeholders. The ethics of organizations is still seeking its place in societies where profit and self-interest are the first concerns of the people, especially after the famous scandals of the early 21<sup>st</sup> century (Enron, Worlcom, Vivenda-Universal...etc.).

Indeed, facing the challenges of a globalized market, marked by a number of moral dilemmas that can lead to dysfunctions in the life cycles of organizations, there is an ethical market in which managers and entrepreneurs adopt a shared vision that combines economic responsibility and moral responsibility, in order to

improve the image of their organizations, their performance and their competitiveness.

In addition, empirical studies of organizational ethics are maintained in developed countries, while this kind of investigation is virtually non-existent in the countries of the South, especially in the public sector.

The works on the public organizations and the non-profit organizations, notice managerial problems due to the absence of sense in their management (AKHLAFFOU, EL WAZANI et SOUAF, 2016; Trosa et Bartoli, 2011). The bad internal management of the public organizations and the persistence of questionable practices in terms of effectiveness and efficiency are disabilities affecting the implementation of a performance management style. Therefore, questions persist about the contributions of the theories in the field in particular new public management and accountability.

Accordingly, we have several questions to find out: how the NPM and the theory of accountability integrate these ethics? These two theories take into account ethics in the process of construction of public action? What is the impact of ethical practices on the performance and governance of public organizations? Is there a configuration of the position of ethics in the management of public organizations?

In this article, we are interested in the positioning of the ethics in the Moroccan public sphere and the relevance of the New Public Management (NPM) in the integration of the ethical dimension in the management of public organizations and non-profit organizations.

Thus, the objective is to show how ethical practices impact the effectiveness of the management of public affairs in Morocco, and up to what point the two above mentioned theories take into account ethics in the process of construction of the public action, and then the sense and the nonsense in public management and its relationship with the position of ethics in the management of public organizations.

## **2. ETHICAL MANAGEMENT IN THE PUBLIC SECTOR**

The improvement of the public management takes place inevitably by dictated control that aims the respect of ethical rules. Since regulatory standards remain insufficient to supervise the action of the civil servants.

Indeed, the works on the public organizations and non-profit organizations, notice managerial problems due to the absence of sense in their management (Akhlaffou, El wazani et Souaf, 2016; Trosa et Bartoli, 2011). In what follows, we will try to expose the main characteristics of the new public management, as well as the contribution

of the ethical dimension in this management mode and in the principle of accountability.

### **2.1 The New Public Management (NPM)**

Hood defines the NPM in the following way: "the whole of the administrative doctrines, appreciably similar, which have dominated the bureaucratic reform program in many countries since the late 1970s" (Hood, 1991, 3-4). The NPM was born at the beginning of 1980s in the United Kingdom and New Zealand, and was spread then in most OECD countries.

The NPM is a new form of public management based on a culture of results, and which is the result of the reforms which know the public administration, and in answer to the problem of inefficiency of the old ways of managing in the public sector; through the transposition of private sector management methods and mechanisms into the public sector.

Indeed, the characteristics of the NPM are the following:

- A separation of strategic decision-making that is related to political power, from operational management within the administration;
- The orientation of administrative activities and the allocation of resources based on the products and services to be delivered, instead of rules or procedures implementation.
- The decentralization and the establishment of an agency as a regulatory instrument;
- The abandonment of civil servant status and the advancement to the seniority of the agents for merit payment;
- The introduction of market mechanisms in the supply of goods and services of general interest;
- The logic of transparency as well on quality as on the costs of the services;
- The pursuit of efficiency in the use of public funds;
- The participation of users in the definition and evaluation of the public services.

### **2.2 The ethical dimension in the New Public Management**

Victor and Cullen (1988), recognized as the founders of the ethical climate theory, define this concept as "The whole of shared perceptions of what is ethically correct behavior and how ethical issues should be handled in an organization" (Victor et Cullen, 1988). The two authors draw attention on the fact that ethical climate joins the whole of the rules and the established values which aim at determining what is morally bad or good, Unfair or just in a specific organizational context. More recently,

Arnaud (2010) defines this built ethical climate as "The global and shared perceptions of individuals within an organization that reflect the content and strength of the ethical values, the standards, the attitudes, the feelings and the behaviors which prevail in a social system".

Following the example of the private sector, the public sector has tried, for a few years, to introduce principles and ethical rules of a binding nature into the management of public administrations. Ethics in the public sphere can be defined, according to Kernaghan (1993), as a set of rules and principles of correct conduct within a public organization.

The civil servants have significant discretionary power related to the different aspects of public administration, such as the management of public funds, the contribution to the development of public policy and the relationship with citizens (users, companies... etc.). To supervise all these assignments and avoid arbitrary use of that power, ethical standards are of paramount importance and their application is an important indicator of good governance and a sign of the quality of organizational performance.

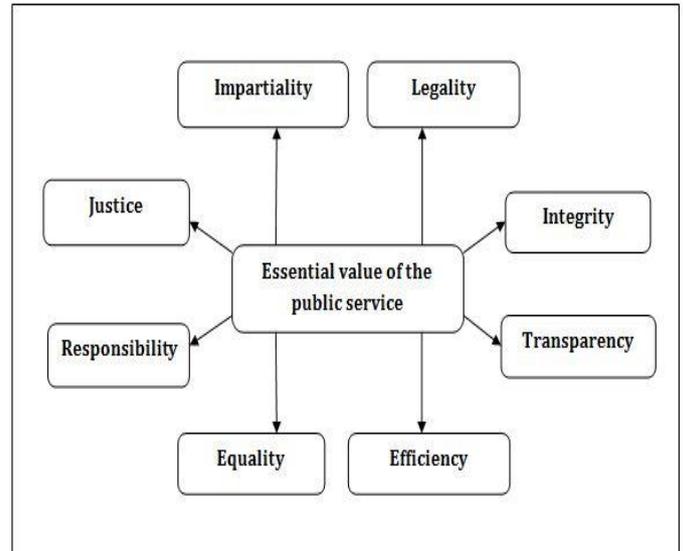
The introduction of the concept of new public management (NPM) produced divergent positions with respect to ethical standards. Indeed, some researchers believe that the adoption of the NPM can encourage unethical behaviors due to flexibility and autonomy of civil servants. Others consider that on the contrary, the NPM is going to fight against the unethical behavior and is going to increase the transparency and the legibility of the public action, through the mechanisms of the empowerment and the accountability.

According to reports of the OECD, to fight against unethical behavior, it is necessary to strengthen training in the areas of ethics, in order to sensitize civil servants to the importance of respecting ethical values.

In the same sense, and to maintain the integrity and morality in public organizations, several measures must be taken into consideration. We quote some of them:

- Meet the deadlines set;
- Give motivated advice for the decisions taken;
- Notify conflicts of interest;
- Use specific regulations and guidelines;
- Ensure regular mobility of staff;
- Conduct strict controls.

The following figure illustrates the eight values of public service, considered essential according to the OECD report:



**Fig-1:** The eight essential values of the public service

### 2.3 The ethical dimension of the principle of accountability

The promotion of public governance will necessarily go through the generalization of the principle of accountability in the entire State sphere. This principle means that the agent or the civil servant is accountable for his action. The majority of the public agents still perceive their function like a reward rather than a load to be assumed. Therefore it is necessary to integrate ethical dimension in the theory of accountability.

The public administrations are in the obligation to become a comprehensive and transparent accountability. Such accountability must show how the public administration has carried out its mission, and prove that public funds were used efficiently and effectively to demonstrate their performance. It is an obligation of transparency of the employee towards his superior compared to completed work. This accountability can be continuous and translated into a regular or specific follow-up via a permanent evaluation.

According to G. Clotuche (1995), this accountability can be followed by rewards or sanctions, in order to encourage the desired behavior.

The principle of accountability would be useful only if it is guided by a well-adapted value system; because this principle should not be based only on a set of rules characterized by legal and technical natures. Indeed, in a context of autonomy and empowerment, it

turns out essential that the civil servant thinks about the mission of his organization, about the pursued purposes and about the values which it carries.

It is in this sense that the ethics has to occupy an important place in the management of the public affairs. For this purpose, the agent must act according to the spirit of ethical standards applicable to him, and not according to a logic of avoidance of sanctions. In the same sense, the affirmation of the values shared by the members of public administration staff (charter of ethics, ethical code...), both in interns and towards the citizens whom they serve, seems essential to recall the principles on which they are based, and not only to add them to the existing legal rules.

### 3. THE ETHICAL MANAGEMENT IN MOROCCAN PUBLIC ADMINISTRATION

In Morocco, during the last decade, several efforts have been undertaken to strengthen the integrity of civil servants and encourage ethical behavior within public institutions. This was done in particular through the transposition of tools from the private sector to the public sector and the adoption of new strategies to combat administrative corruption. For example, we mention the national anti-corruption strategy that was adopted at the end of 2015.

The new Moroccan constitution (2011) devoted and for the first time, an entire chapter to good governance (responding to ethical requirements). Therefore, several fundamental principles have been constitutionalized namely:

- Public services are organized on the basis of equal access for citizens, fair coverage of the national territory and continuity of services;
- They are subject to standards of quality, transparency, accountability, and are governed by the democratic principles and values enshrined in the Constitution;
- The civil servants perform their duties in accordance with the principles of respect for the law, for the neutrality, for the transparency, for the probity, and general interest. They ensure the follow-up of the observations, proposals and complaints of the citizens;
- They report the management of public money according to the current legislation, and are subjected, in this respect, to the obligations of control and evaluation;
- A public services Charter sets all the rules of good governance on the functioning of public

administration, regions and other local authorities including public bodies.

- Every person, elected representative or appointed, exercising a public responsibility has to establish, according to the modalities defined by the law, a written statement of properties and assets held by him, directly or indirectly as soon as he takes up his duties during the course of his activities and at the cessation of the functions.

The New Technologies of Information and Communication (NTIC) have also played a very important role in the strengthening of ethical behavior. At this stage, several projects have been implemented for more transparency, democracy, neutrality, and for more proximity of Moroccan public services to citizens. We can quote as examples:

- The dematerialization of the customs services (BADR system) and the national social security fund (DAMNCOM) ... etc.
- New procedures for industrial and commercial property (OMPIC), the automation of the theoretical examination for the obtaining of the driving license, the e-justice, @ujour...etc.
- Portal page; service-public.ma, HR management (GISRH), portal of public procurement, CNOPS portal...etc.
- Genius program, , CNIE, e-Impôts...etc.

#### 3.1 The National Anti-Corruption Strategy

On 03 May 2016, Morocco officially launched the implementation of the national anti-corruption strategy by signing agreements between the organizations and sectors that are concerned. This strategy, which is the first of its kind in the Morocco, aims to improve the integrity and ethical business climate and the positioning of the Morocco abroad, and to strengthen citizen's confidence towards public institutions. The piloting of the anti-corruption strategy is carried out by the National Anti-Corruption Commission.

The execution of this strategy will require a budget of 1.8 MMDH to reach ambitious goals on a duration of ten years in three stages: (2016-2017), (2017-2020), and (2020-2025). These objectives lie within a contractual scope of ten (10) programs comprising 239 projects. These include the following programs:

- Improvement of services provided to the citizens and the simplification of the procedures, which is coordinated by the Ministry of the Interior;

- Ethics of public procurement, control and accountability, of which coordination is entrusted to the Ministry of Economy and Finance;
- Ethics and deontology, transparency and access to information. This program is overseen by the Ministry of Public Service and the Modernization of the Administration;
- Electronic administration (dematerialization of procedures and improvement of the quality of services) coordinated by the Ministry of Industry, Trade, Investment and Digital Economy;
- Strengthening of the prosecution and repression, coordinated by the Ministry of Justice and freedoms;
- Business integrity and good corporate governance. This program is coordinated by the General Confederation of Enterprises of Morocco (CGEM);
- Strengthening anti-corruption capacities and introducing the integrity and ethics in the education system. This mission is entrusted to the Minister of National Education and Professional Training;
- Communication and awareness which is coordinated by the Ministry of communications.

It is necessary to underline in this context, that the evaluation of this strategy is based on several national and international indicators. It's the Transparency International Corruption Perception Index, as well as the Doing Business and World Economic Forum indicators. For this purpose, the ambition of this strategy is, to improve, by 2025, the ranking of Morocco.

The main aim is to obtain a note of 60 out of 100 for the corruption perception index. Morocco would gain 20 ranks in the Doing Business rankings of the World Bank, which measures business regulation and its effective implementation, and would finally climb 25 places in the competitiveness index, published annually by the World Economic Forum.

### 3.2 Ethics and Public Finance in Morocco

Public finances constitute a branch of public law, which has as an aim that is, to study the rules and operations relating to revenue and expenditure. Their purpose is to study the legal, political and economic aspects of the revenue and expenditure of the State. In Morocco, public finances have become a major instrument of public policy, and a vital means in the hands of public authorities to guide and develop economic and social life.

The new Constitution of Morocco aims to consolidate the rule of law, the principles of separation of powers, the strengthening of good governance and the correlation between responsibility and accountability.

Therefore, it's necessary for good public financial governance, that the management of the public finances obeys ethical rules, based on principles of integrity, transparency, accountability, and equity. On the other hand, regulatory standards remain insufficient to give meaning and control to civil servants.

This explains this enthusiasm for ethics which appears from now as a value of balance and control. Undoubtedly, it draws what is the best in the person and cannot be reduced to a catalogue of uniform prescriptions (Sbai El Idrissi, 2007, 75).

#### 3.2.1 Corruption and financial governance of public finances

Corruption is the diversion of a mandate or a position of power for the benefit of private interests. It ensures the benefits to those who have resources of power, status, money or protection.

Among the consequences of the corruption, we can quote the reduction of tax revenue and worsening of the government expenditures due to diversion of resources, capital flight and / or deterrence of investment, unequal access and deterioration of public services and attacks on democracy and even political destabilization.

The following formula summarizes the corruption in four variables:

$$C = M + D - (T + A)$$

**M = Monopoly ; T = Transparency and ethics**

**D = Discretionary power; A = Accountability**

In this order we must strengthen the ethical climate, transparency and accountability within public institutions to combat this scourge.

#### 3.2.2 Ethical and transparent accountability in the management of public finances in Morocco

Public administration in Morocco must establish transparent accountability, based on ethical standards and not only on technical and legal rules. The principle of accountability must be based on a well-founded ethics system and on objective and transparent information. The only testimony of the evaluated persons in charge could not be enough. For this purpose, this principle must show that the public funds were used with efficiency and effectiveness. At the same time, ethical accountability requires four conditions: sincerity of budgets, clarity of execution, sincerity of accounts and integrity of agents.

Consequently, efforts should be converged towards programs that support the morality of the actions of agents who manage public finances and encourage self-accountability, in order to make it in conformity with the fixed obligations. This requires consistency between intimate convictions and public action, and requires also the self-control, integrity and moral courage that is necessary for the exercise of an activity in order to make this compatible with convictions.

For such ethical accountability, we propose the following recommendations, in the hope that their adoption will improve the ethical climate of the Moroccan public organizations:

- Promoting transparency and accountability in all levels of responsibility;
- The strengthening of the institutions of control (Court of Auditors, ICPC, Competition Council...);
- An indispensable civic education that guarantees respect of ethical values;
- The presentation of the accounting data (quantitative or qualitative) indicators that measure the efficiency of the administration in the use of public funds;
- Increasing the transparency and legibility of internal control procedures in public bodies;
- Improvement of financial information (reporting, accountability during the preparation of the budget law all along of its execution);
- The production and publication of specific budgets to the attention of citizens (easy to understand);
- The implementation of training in ethical management within public organizations and respect of ethical standards in the selection of the new recruits;
- The integration of the ethical dimension in the NPM by revisiting the theory of accountability.

From what precedes, we can say that it is necessary to integrate ethical dimension into accountability, because the technical and regulatory rules remain insufficient to supervise the action of the civil servants. In the field of public finance as in other areas, this ethical dimension seems to be established by moral authorities, since public finances are an economic policy instrument that is necessary for the stimulation of economic growth and human development.

In this way, the ethics has to arouse spontaneously the membership and adhesion in various fields such as public finances that are regarded as technical, but in reality they can see their essential principles reduced to

some ethical standards, like transparency and integrity, with ethical and complete accountability.

#### 4. CONCLUSION

The integration of an ethical concern at the heart of the economic theories is a lever of development and evolution, as well for the economic theory as for the public management, by allowing the enrichment of the managerial reflection and its opening fundamental questions, such as the autonomy and the performance in the work. As well as the birth of a new design of the performance of an economic act, and the mitigation of the growing power of the "Commodification" of everything.

In this sense, the promotion of public governance will necessarily come through the moralization of public action and the generalization of the principle of accountability and ethical management in all scales of the state sphere.

For this purpose, ethics includes a set of codes of conduct moral to follow by all agents, for a good governance of the public action.

Indeed, work on public organizations and non-profit organizations reveals managerial problems due to the lack of meaning in their management (Akhlaffou, El wazani & Souaf, 2016, Trosa and Bartoli, 2011).

In this paper, we handled the positioning of the ethics and accountability in the management of public organizations and non-profit organizations in Morocco, and its impact on the performance and governance of public action.

Improving the quality of public management requires the development of a new form of accountability based on ethical rules. This implies the introduction of ethical evaluation techniques into decision-making systems, while ensuring transparency contexts that protect them from political or administrative pressures that may distort them. It also implies the circulation of more relevant information ensuring optimal communication between the administration, politicians and citizens.

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