WHAT IS GOOD AND WHAT IS RIGHT: AN INVESTIGATION OF THE OUTCOMES OF A COMPREHENSIVE ETHICS PROGRAM IN MUNICIPAL GOVERNMENT

by

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DEDICATION

In our lifetimes, we are lucky to connect with one or more people who profoundly impact us and change us forever. This dissertation is dedicated to Elizabeth (Betsy) Ann Palmer - friend, mentor and professor. In the course of writing this dissertation, Betsy died from injuries sustained in a rockslide in Nepal. Woven into the research and writing is a journey that encompassed moving beyond a paralyzing grief to a celebration of Betsy's life. I learned to welcome Betsy into late nights interpreting data sets and hearing her voice impelling me to get unstuck and on with it… Betsy's bright light, ready smile, ability to fully listen and ask hard questions is infused into this work and has impacted so many beyond me. I still wish to pop into her office for "just 10 minutes" and leave inspired both personally and professionally over an hour later… Namaste, Betsy.

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ABSTRACT

To build public trust in government through ethical management of citizen resources, leaders of agencies should be intentional in their adoption of a Comprehensive Ethics Program (CEP) and in measuring the impact the program has on the ethical climate, observations of misconduct and reporting of misconduct. The purpose of this study was to investigate the outcomes of a CEP within a municipal government, five years after implementation. This was a mixed methods study where an electronic survey first measured perceptions of ethical climate followed by interviews with ethics administrators and anonymous employees. After five years, the municipal employees rated their environment as somewhat ethical through two measures; an overall ethics score (an average of 35 items from an ethical climate assessment), and a single item rating of the ethical climate by employees. Both measures can be used as a benchmark of organizational ethics health. Observations of misconduct were low in comparison to national statistics and reporting of misconduct was low in comparison to national statistics. Binary logistic regression was conducted on the overall ethics score and observations of misconduct and was statistically significant in distinguishing between employees who observe misconduct from those who do not. One ethics factor, ethical leadership, was also statistically significant in distinguishing between employees who observe misconduct and those who do not. Ethics factors that were not reliable predictors of observations of misconduct included the code of ethics, ethics resources, independent ethics commission, ethical decision-making, and informal ethical norms. Employees also rated the most effective components of the ethics program. Role modeling by peers, role modeling by supervisors, talking about ethics on the job, annual ethics training, the code of ethics, and the ethics handbook were rated as the most effective components. Six interviews with employees deepened the understanding of the quantitative data. Key themes of leadership and concerns about reporting and retaliation emerged through the interviews. CEP outcomes identified in the interviews included enhanced awareness and talking about ethics, seeking advice for ethical dilemmas, cross-departmental conversations, ethics code revisions, ethics resources for employees, and learning from training examples and interactive discussions.

INTRODUCTION

Paralyzing partisan politics, public discontent, a shrinking middle class, record budget deficits, new surveillance programs, and political scandals in campaign finance, along with strong criticism of Congress and elected officials, all contribute to distrust in government. A Pew Research Center (2010) study reported that Americans are less positive and more critical of government than in the past. The study revealed that 22% say they can trust the federal government and 51% see the impact of their local government as positive, down from 64% in 1997 (Pew Research Center for the People & the Press, 2010).

With increasing scrutiny and demand for transparency in all government transactions by citizens, every employee's commitment to ethical behavior matters. To manage ethical risks, expanding the knowledge of effective means to achieve ethical behavior is critical. Little research exists regarding the outcomes of comprehensive ethics programs (CEPs) after implementation and their lasting impact on government organizations (Raile, 2012).

In today's public sector, increasing pressure is being placed on governmental units for openness and transparency in operations, and a commitment to ethical practice. An Enron-like scandal could take place in the government sector, just as it did in business. Already the majority of government employees observe misconduct at work (Brock, 2008). Brock (2008) notes that one quarter of government employees are currently working in situations that are conducive to misconduct and half say they

encounter circumstances in their jobs that invite wrongdoing. Additionally, almost 25% of public sector employees say there is strong pressure to compromise standards in their work environments and about 63% of local government employees say they have observed at least one type of misconduct in the previous year (Ethics Resource Center, 2008).

Context of the Study

Strength of ethical culture in government is declining while pressure to commit misconduct is growing (Ethics Resource Center, 2008). Local governments across the USA provide essential services to the public which include water and sewer systems, police, fire, and libraries. When the public lacks trust in their local elected officials, it is difficult to provide these services effectively and efficiently. Raising rates to cover costs becomes suspect, and a pro-active approach to planning in municipal government is challenging when officials' motives are questioned at every step. Effective ethics and compliance programs that reduce misconduct, along with the establishment of a strong ethical culture, may be part of the solution to the rift between public perceptions of mistrust and providing essential government services (Ethics Resource Center, 2008). The Ethics Resource Center (2008) asserts that with a CEP in place, government's risk of losing public trust can be mitigated.

In the state of Montana, elected and appointed officials and government employees are bound by the Montana State Code of Ethics (Code of Ethics, 2011). However, most government employees are not supplied with a copy or training regarding

the Code. At the 2012 Montana Municipal Institute for Clerks, Treasurers, and Finance Officers (ethics training session, May 6, 2012), 80 municipal clerks were polled through i-clicker technology during an ethics training session. Results revealed that 70% of municipalities do not give new employees a copy of the Montana State Code of Ethics upon hire and 87% of municipalities provide no training on ethics to their employees.

One Montana municipality, the City of Bozeman, implemented a CEP in response to revisions to the Bozeman City Charter in January 2008. Initiated by the citizens of Bozeman due to concerns about ethical decision-making by high profile City leaders, the new charter mandated the creation of an independent board of ethics and annual training for appointed and elected city officials and city employees (Bozeman, Montana- Code of Ordinances, 2013).

The City of Bozeman operates under a stricter Bozeman-specific Code of Ethics which complies with the broader State of Montana Code of Ethics. Since 2008, a series of five annual ethics trainings have been conducted and ethics program components have been implemented. One program component was the establishment of the Board of Ethics in 2008 which is made up of individuals who are residents of the city but not "elected officials of the city, full-time appointed city officials whether exempt or non-exempt, or city employees" (Bozeman, Montana – Code of Ordinances, Sec. 7.01), appointed by the City Commission. Other ethics program components include the identification of ethics resource staff and web pages for ethics information and guidance. An Ethics Handbook was produced by the City of Bozeman Board of Ethics in conjunction with the Montana State University (MSU) Local Government Center to

educate citizens and train employees and public officials in best practices and legal requirements (Lachapelle, 2010). Table 1 identifies the alignments between components of the City of Bozeman's ethics program and components of a CEP.

Table 1. Components of a comprehensive ethics program.

Components of a Comprehensive Ethics Program	City of Bozeman Ethics Program Components
Code of Ethics	• City of Bozeman specific code of ethics with standards of conduct defined • State of Montana code of ethics
Ethics Education and Training	• Annual ethics trainings for all employees, elected officials and appointed officials • City core values as part of annual performance evaluation
Ethics Resources	• City of Bozeman Ethics Handbook • City of Bozeman ethics web pages • Mechanism to report ethical violations defined • Mechanism to discipline employees • Mechanism to seek advice on ethics-related matters • Whistle-blower policy defined • Ethics resource staff identified
Independent Ethics Commission/Ethics Officer	• Independent Board of Ethics (3 members of community at large)

Annual ethics trainings within the City of Bozeman have included education regarding the City of Bozeman code of ethics, an on-line ethics training which tested an employee's knowledge of the code, scenario-based ethical dilemmas presented and discussed among cross-functional small groups, small group discussions about ethics

within the City, and ethics discussion woven into other training topics delivered within the City. See Table 2 for specific training topics aligned with the delivery year.

Table 2. City of Bozeman ethics trainings since 2008.

Year of Delivery	Training Content
2009	Training to teach the content of the City of Bozeman Code of Ethics and the Montana Code of Ethics
2010/2011	Online Ethics Training: City employees and officials read content, took an on-line quiz, and earned a certificate for completing the on-line ethics training
2011	90 minute scenario-based ethics training; Use of i-clicker polling technology in short scenarios, small group discussion for longer scenarios
2012	90 minute small group discussions with scripted questions regarding ethics within the City of Bozeman; supervisors and non-supervisors in separate sessions
2013	75 minute training on topics with ethics content woven into training. Separate trainings for supervisors (confidentiality, privacy and retaliation), regulatory staff (customer service), other staff (leadership), and boards (notice, right to inspect documents, open meetings)

A commitment to ethics that engages all employees at all levels is critical to reducing misconduct and protecting public trust in government (Ethics Resource Center, 2008). According to the Ethics Resource Center (2008), management at local levels of government are the least likely to know about their ethics risk, adding that local governments have few resources in place to encourage ethical conduct.

Given the paucity of research on the outcomes of local government ethics programs (Raile, 2012), and the time, effort and expense associated with this local government example of the implementation of a CEP over a five year period, this study provided an analysis of the outcomes of a specific ethics program within a local government unit. Raile (2012) reports that most ethics research has been conducted in the business sector and there is a deficit in public sector ethics literature. However, business and organizational ethics research findings mirror public sector research findings, so researchers may be able to use the literature from these disciplines to inform their own studies (Raile, 2012). Sunshine laws, including open meeting laws, public right to know, and public right to inspect documents, along with codes of ethics which include standards of conduct for public employees and conflict of interest provisions, guide public agencies in their practices. Private businesses have a duty to their stakeholders and must obey certain federal laws, but do not have the same requirements for openness and transparency in maintaining a public duty and public trust.

Problem and Purpose

Along with corporations, the public sector has implemented CEPs as a preventative strategy and to build stronger ethical environments where the pressure to violate ethical practices is reduced (Bowman & Knox, 2008; Ethics Resource Center, 2008). CEPs include more than just training; a code of ethics, ethics education and training for all employees, ethics resources from which to seek advice, and an independent ethics commission or ethics officer all work together to inform and

strengthen the environment in which ethical or unethical decisions are made (Manske & Frederickson, 2004).

Local governments that implement CEPs, by mandate or by choice, invest significant time, financial and human resources to strengthen the organizational ethical environment through training, education and other ethics resources (Manske & Frederickson, 2004). Little research exists regarding the outcomes of CEPs after implementation and their lasting impact on government organizations (Raile, 2012). If officials are to evaluate the effectiveness of CEPs, it is necessary to collect follow-up data on programs to determine if ethical behavior and perceptions of ethical climate have been impacted. With significant investments in implementing CEPs, leaders of municipal government (mayors, elected officials, city managers, senior management) need to know the outcomes of CEPs.

The purpose of this study was to investigate the outcomes of a CEP within a municipal government setting, five years after implementation. Nationally, a small number of municipal governments have implemented such programs, and few have measured the results (Ethics Resource Center, 2008). With high rates of misconduct at all levels of government (Ethics Resource Center, 2008), knowledge of the outcomes of a multi-year ethics program may inform other governmental units about effective ways to select the components and content to design and implement their own programs.

Research Questions

The principal research question addressed in this study was: what are the outcomes of a comprehensive ethics program in municipal government, five years after implementation? The study was guided by the following sub-questions:

1. What are the perceptions of the ethical climate of municipal government employees after an ethics program has been implemented?
2. Can observations and reporting of misconduct be reliably predicted from municipal employees' perceptions of ethical climate?
3. Which factors most impact observations and reporting of misconduct?
4. How do municipal government employees rate the effectiveness of the components of the ethics program?

Significance of the Study

In the state of Montana, there are 129 incorporated cities and towns, and 56 counties. Knowledge of the outcomes of CEPs in one municipality may better inform local government leaders in selecting the components and content to design and implement their own CEPs. This research study provided new data and understanding of the impact CEPs have on ethical behavior and perceptions of ethical climate in local government. The current study enhanced the knowledge base of the outcomes of public sector ethics programs following implementation. The results of this study may inform other Montana municipalities and counties and local governments in other states.

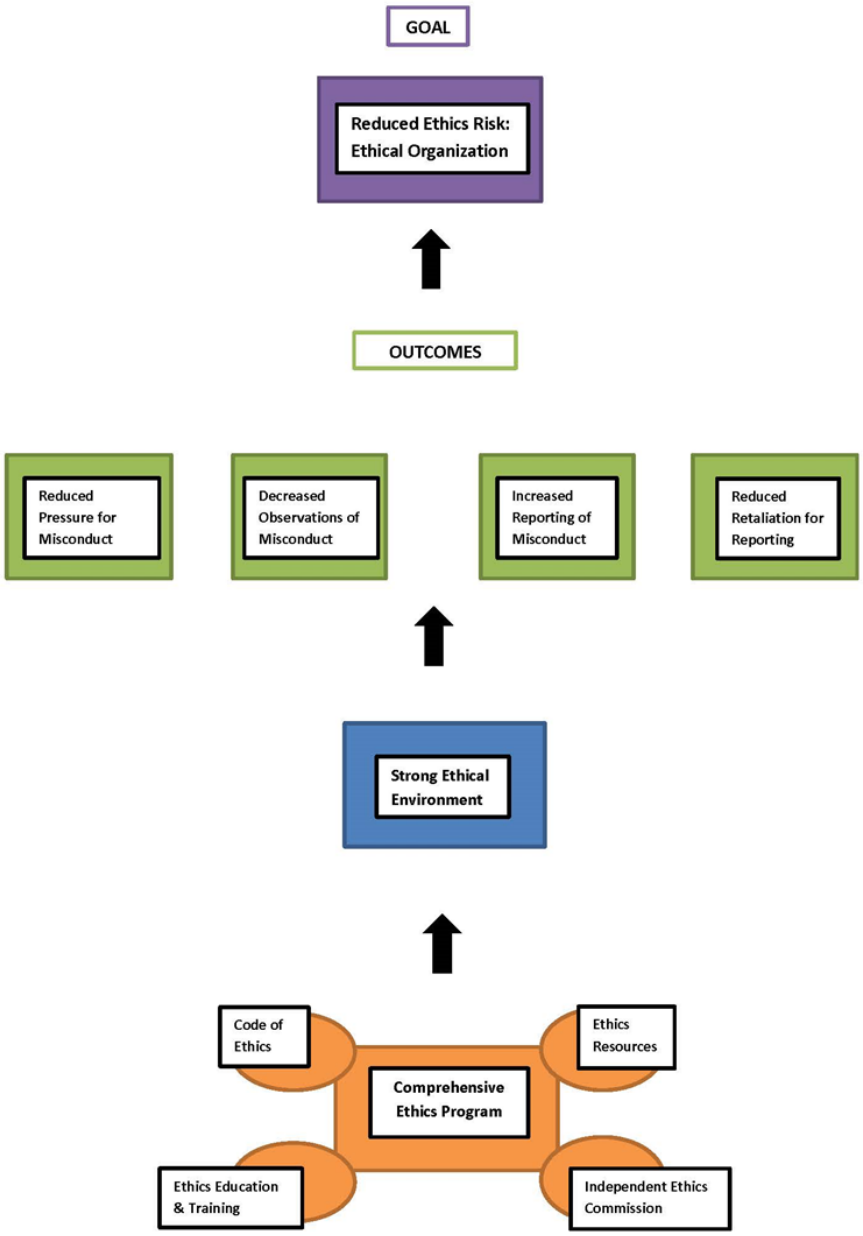
Conceptual Framework

The theoretical perspective for this mixed methods study was derived from organizational culture theory. Organizational culture theory attempts to explain behavior within organizations and among organizations. It is concerned with how members of a group live and make sense of the world. This theory views culture as a lens through which members interpret, interact, and make sense of reality. Patterns of behavior, values, attitudes, and beliefs of its members are considered (Schein, 2004). Ravasi and Schultz (2006) state that organizational culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations. The ethical standards and values of organizational leaders are critical and play a primary role in the creation of the organization's culture related to ethics. In addition, formal and informal mechanisms shape the ethical climate and culture of the organization. Structural policies and procedures directly impact this environment. As employees interact, they develop an overall understanding of the organization's values related to ethics (Ethics & Compliance Officer Association Foundation, 2009). Through an organizational culture theory lens, this study was interested in determining the outcomes of a CEP on ethical behavior and the perceived ethical environment within a municipal government organization.

Figure 1 is a visual depiction of the conceptual model for this study. This model was adapted from two sources; the Ethics Resource Center (2012a) and Manske and

Frederickson (2004), and summarizes the impact of ethics programs and the ethical environment on employee conduct.

Figure 1. Concept map for reducing ethics risk.



The model begins with the CEP (at the bottom of the visual depiction in Figure 1). The City of Bozeman's CEP was initiated by citizens through a charter revision. The 2008 charter mandated the implementation of annual ethics training and the creation of an independent board of ethics, two components of a CEP. The other two components of a CEP include a code of ethics and ethics resources.

The ethical environment of an organization exists with or without a CEP. The implementation of a CEP should inform and strengthen the ethical environment of an organization (Manske & Frederickson, 2004). Together, the CEP and the ethical environment work to achieve the behavioral outcomes related to misconduct and to the ultimate goal of an ethical organization. Behavioral outcomes include reduced pressure to commit misconduct, decreased observations of misconduct, increased reporting of observed misconduct, and reduced retaliation for reporting misconduct.

Research Design

The research design for this study was a mixed methods design that first collected quantitative data from an electronic survey instrument completed by the municipal employees at all levels of the City of Bozeman and then gathered qualitative data through interviews with select employees.

In 2014, the survey repeated the items from a 2011 pilot study with the City of Bozeman (Webb, 2011) which consisted of a 35-question assessment on perceptions of ethical climate developed by Pelletier and Bligh (2006) and three additional questions. The new questions for this 2014 study queried employees about the most effective

components of the ethics program and asked the employee to rate the overall ethical climate within the City. Demographics items in the 2014 survey asked employees to report their gender, age group, years with the City and supervisory status. The survey was distributed to the population of municipal employees (N=355), although participation was voluntary and employees could elect to opt out.

Descriptive statistics and binary logistic regression were conducted on the survey items. One open comment box was included in the electronic survey to allow employees to clarify any responses.

To better understand and explore the quantitative survey results, interviews were conducted with the City Manager, City Attorney and City staff liaison to the Board of Ethics, along with three additional employees who volunteered to be interviewed. The qualitative analysis from the interviews helped to explain and elaborate on the quantitative results from the survey (Gay, Mills, & Airasian, 2009).

Definitions

Comprehensive Ethics Program (CEP). For the purposes of this study, a CEP includes all four of the following: a code of ethics, ethics education and training, ethics resources, and oversight by an independent ethics commission or ethics officer (Manske & Frederickson, 2004).

Ethical Climate. Ethical climate is defined as the shared perceptions of group norms related to organizational policies, procedures, and practices. These norms define distinctions between right and wrong behavior within the organization. This includes the

perceptions of both managers and employees about what constitutes unethical and ethical behavior in the organization (Heugens, Kaptein & Van Ooseterhaut, 2008; Raile, 2012; Trevino, Butterfield & McCabe, 1998).

Ethical Culture. Ethical culture is defined as the values-based outcomes of symbolic interaction between individuals and environments. Ethical culture includes those aspects of the perceived organizational context that may impede unethical behavior and encourage ethical behavior. Ethical culture pertains to the conditions that exist for ethical and unethical behavior (Heugens et al., 2008; Raile, 2012; Trevino et al., 1998).

Ethical Environment. The term ethical environment includes both concepts of ethical climate and ethical culture, as defined above.

Ethics. For this study, ethics are defined as principles of conduct and standards of right and wrong, within an organizational context.

Ethics Resource Center. Founded in 1922, the Ethics Resource Center is America's oldest nonprofit, nonpartisan organization devoted to independent research and the advancement of high ethical standards and practices in public and private institutions. Ethics Resource Center researchers analyze current and emerging ethical issues.

Misconduct. For the purposes of this study, misconduct includes conflicts of interest, abusive or intimidating behavior, lying to employees, discrimination, alteration of documents, alteration of financial records, misreporting hours worked, stealing, bribes, sexual harassment, lying to customers/vendors/public, and/or putting one's own interests ahead of the organization.

Assumptions, Limitations and Delimitations

This study assumed that respondents were truthful as they completed the survey. There was also an assumption that those who chose to respond to the survey were similar to those who chose not to respond.

It is unknown what other factors, beyond the ethics program studied here, affected employee perceptions of ethical climate and ethical behavior during the research time period.

A delimitation of this study was the single sample. This study was limited to the municipal employees of the City of Bozeman (N = 355).

Chapter One Summary

In Chapter 1, an introduction, context of the study, problem, purpose, and significance of the study were presented. Research questions were identified and the conceptual framework was introduced. Limitations, delimitations and assumptions for the study were included. Terminology specific to this study were defined.

LITERATURE REVIEW

Introduction

This chapter is a synthesis of the literature relevant to the study of ethics programs, expected outcomes, and the measurement of ethics. The criteria for literature selection and the context of the study are discussed. The review of the literature was organized into the following themes that are derived from the conceptual framework and concept map introduced in Chapter 1 (Figure 1). The themes include: 1) comprehensive ethics programs (CEPs): including codes of ethics, ethics education and training, ethics resources, and independent ethics commissions; 2) strength of ethical environment: including ethical culture, ethical climate, and ethical leadership; 3) outcomes related to misconduct: decreased pressure to commit misconduct, decreased observations of misconduct, increased reporting of observed misconduct, and decreased retaliation for reporting misconduct; and 4) ways to measure ethics. In addition, a summary of the review, overall weaknesses and strengths of the literature, gaps and saturation points, and avenues for further inquiry are discussed.

Synthesis of the Literature

Criteria for Literature Selection

The research studies cited in this literature review were chosen primarily from studies conducted within the last decade (2000 to present), although citations from earlier

studies were included where they are important to the review. Sources of literature principally included peer reviewed journal articles and chapters from edited books.

This literature review revealed that the majority of organizational ethics research studies have been conducted in the private sector. Where available, public sector studies are included. Raile (2012) notes that researchers should be able to apply the literature from business and organizational management disciplines since the findings mirror public sector research results. This literature review is grouped by theme; and both private and public sector research are included within the same theme.

The Ethics Resource Center (www.ethics.org) and LRN (www.lrn.com) contribute to the available research on ethics. Their comprehensive, large population research is cited throughout the literature review. Nation-wide statistics are included and are derived from extensive surveys of employees in both the private and public sectors, informing this literature review.

Context of the Study

The purpose of this study was to determine the outcomes of a CEP within a municipal government setting, five years after implementation. When significant time, financial and human resources are invested in the implementation of a CEP to strengthen the ethical environment of an organization, it is important to measure and evaluate the outcomes of such programs.

At their core, ethics programs constitute an organizational attempt through people, processes, and systems to prevent organizational crime, fraud and other misconduct that

may cause harm to an organization as well as to the stakeholders (Ethics Resource Center, 2008). Ethics programs are about proactive efforts to prevent unethical behavior and to react swiftly, decisively, and transparently in case an ethics issue should arise (Liautaud, 2013). In the public agency, this extends to the citizens and the trust they place in government agencies to serve the public. According to the 2007 National Government Ethics Survey (Ethics Resource Center, 2008), the most important asset of government is public trust. When present, citizens believe that elected officials, political appointees, and career public servants are acting in their best interest. When public trust erodes, government effectiveness is hindered. Public trust is shaken when misconduct takes place in governmental organizations (Ethics Resource Center, 2008).

Through the review of the literature, the case is made that CEPs are important in setting a tone and expectations for ethical behavior within organizations. Brock (2008) asserts that it is known from research and experience that even people who know what is right and agree with what is right will sometimes behave unethically if the ethical environment is unsound. The most important thing leaders can do to fix these kinds of problems is to invest in programs to teach employees that acting ethically is part of their job. Prince (as cited in Brock, 2008), the director for the Center for Ethical Leadership at the Lyndon B. Johnson School of Public Affairs, says that government workers must be taught the content of ethics or what is the right thing to do in different situations and how to influence others to do the right thing. Many government officials and employees are ill-trained on ethics, are unaware of the ethics rules, and have not been trained in those rules (Brock, 2008; West & Berman, 2004).

However, research has also revealed that static, formal program elements such as a code of ethics and an ethics officer have a far less significant impact on outcomes than employee's perceptions about leadership, consistency and follow-through (Trevino, Weaver, Gibson & Toffler, 1999). This supports organizational efforts to implement a CEP in conjunction with strengthening the ethical environment in order to impact ethical behavior and ethical decision-making. This review introduced the literature related to each component of the conceptual frame work for the study (Figure 1) and included a review of ways to measure ethics in organizations.

Comprehensive Ethics Programs (CEPs)

A CEP is made up of four components: a code of ethics, ethics education and training, ethics resources available to employees and officials, and the oversight of an independent ethics commission or independent ethics administrator (Ethics Resource Center, 2012a; Manske & Frederickson, 2004). Each component plays an important part in an overall ethics program, and each depends upon the other components for reinforcement and support (Manske & Fredrickson, 2004). Manske and Frederickson (2004) assert that a successful ethics program cannot be just a code of ethics or just an ethics training program; all are necessary and must be carefully integrated. Before reviewing the literature related to each of the four components of a CEP, an overview of ethics programs in general will be discussed and will cover why ethics programs are implemented, their purpose, and the outcomes and effectiveness of the programs.

Ethics programs are often implemented as a result of an ethical misstep (Menzel, 2007; Smith, 2003) with the public crying out for accountability and transparency in its government agencies as a result. If ethics programs convey a sense of leadership priority and are responsive to citizens, they may provide symbolic reassurance that governments care about ethical behavior (Smith, 2003).

In alignment with the conceptual framework for this investigation (Figure 1), several authors assert that formal ethics programs are a means to developing and maintaining a strong ethical environment that encourages participation and involvement in ethical discussions (Beeri, Dayan, Vigoda-Gadot & Werner, 2013; Greenburg, 2002; Lockwood, 2009; Pelletier & Bligh, 2006; Trevino et al., 1999). Liautaud (2013) notes that ethics programs extend beyond standard governance procedures like conflict of interest policies and formalized regulatory codes and Menzel (2007) agrees that creating an organization of integrity cannot be achieved by one-shot strategies, and rule-based approaches alone, which may do more harm than good.

Ethics programs have a direct effect on unethical behavior (Weaver & Trevino, 1999). A recent public sector ethics study (Raile, 2012) demonstrated that ethics training, interaction with ethics officials and perceived knowledge about ethics topics through education and training were found to influence perceptions of ethical climate and advice-seeking behavior in a positive way.

A private sector research study by Kaptein (2011b) demonstrates that the mere existence of an ethics program does not imply that it is effective. The effectiveness of the program is determined by how it is imbedded into the culture or the organization, along

with the content and quality of each component. This includes clarity of mission and values, leadership effectiveness, a dedication to quality and fairness in people and processes, and values that are reinforced in every-day execution (Ardichvili, Mitchell & Jondle, 2009). The most successful ethics and compliance programs are the ones that align the code of ethics and other program elements with the organization's strategies, values, and overall objectives (LRN, 2006).

Code of Ethics. There is significant literature available on organizational codes of ethics. The literature provides research on the definition of codes, the purpose of a code, code content, their role in shaping ethical culture, code effectiveness, differences between public sector codes and private sector codes, tying organizational core values to codes, and employee commitment to the code.

A code of ethics is a set of prescriptions developed by an organization to guide the behavior of managers and employees (Kaptein, 2011a). Kaptein (2011a) notes that a code of ethics is the most frequently cited instrument for preventing unethical behavior in the workplace and that unethical behavior occurs more frequently in companies without a code.

The purpose of a code is to raise ethical expectations, focus on dialogue about ethical issues, encourage ethical decision-making, prevent misconduct and establish a platform for enforcement (Lockwood, 2009). Bowman and Knox (2008) report that ethics codes foster the use of judgment and the recognition of responsibility in decision-making.

Government ethics codes specify the rules of acceptable public employee conduct, describe the limitations on individual behavior that are necessary to uphold the responsibility of public stewardship, and set mechanisms for enforcing these rules (Manske & Frederickson, 2004; Van Blijswijk, Breulken, Franklin, Raadschelders & Slump, 2004). Codes of ethics can support the independence of government officials and help administrators resist inappropriate outside influence through the agency's written policies (Bowman & Knox, 2008; Eivens, 2000). One author looks at a code of ethics as a starting point and not the standard for the organization (Liautaud, 2013).

Codes of ethics set clearly defined rules about the acceptance of gifts, handling of confidential information and appropriate exercise of official duties (Lockwood, 2009; Manske & Frederickson, 2004). Codes often include prohibitions against conflicts of interest, gratuities, kickbacks, nepotism, and outside employment. Codes may include whistle-blower protection and provide for confidential communication of ethics complaints through different "hotline" vehicles. Codes may prohibit retaliation against citizens, officials, and employees who make complaints (Manske & Frederickson, 2004). They provide clear language and specific illustrations of how ethical principles apply to the workplace setting and inform employees that there are consequences for not complying with expectations of certain behavior (Lockwood, 2009).

The role a code of ethics plays in shaping organizational culture is developing, even though companies have been writing codes of conduct for decades (LRN, 2006). The focus is shifting from writing a comprehensive set of rules to leveraging a values-based code that inspires ethical performance (Adams, Tashchian & Shire, 2001; LRN,

2006; West & Berman, 2006). Several research studies underline the importance of a code of ethics as a tool to communicate organizational norms; communicating the importance of ethics, communicating that the company takes ethics seriously, and that ethical behavior is a necessary condition for doing business (Adams et al., 2001; Bowman & Knox, 2008; Kaptein, 2011a; LRN, 2006).

Research on the helpfulness of codes has supplied mixed results (Ashkanasy, Falkus & Callan, 2000; James 2000) although public employees see codes as effective (Bowman & Knox, 2008). Svensson and Wood (2004) found that public servants in organizations with codes of ethics do not feel that they are using their code of ethics in their everyday dealings with society, while other research (Berman & West, 2007; LRN, 2006) found that managers and employees make countless decisions based on the code. Svensson and Wood (2004) note that public sector units perceive codes of ethics, and ethics in general, as a necessity of increasing importance. There is a belief that well-designed ethics codes can be important in promoting organizational integrity (Bowman & Knox, 2008). Adams et al. (2001) believe that the existence of codes of ethics in public institutions increases public confidence in their functioning. One of the primary reasons for mixed findings regarding formal ethics codes may lie in the congruence, or lack of congruence, between formal and informal ethics codes (Pelletier & Bligh, 2006).

Research supports that the presence of a code of ethics appears to have a positive impact on perceptions of ethical behavior in organizations (LRN, 2006), even when study respondents cannot recall the specific content of the code (Adams et al., 2001). Use of ethical codes is affected by a perception that others use the code (Ashkanasy et al., 2000).

The research highlights the need for organizations to establish a critical mass of code users, so that code use operates as a normative influence on others in the organization. Senior managers have a key role to play in modeling the use of the codes. Respondents who work for companies having a code of ethics judge their organization to be more ethical than respondents employed in companies not having a formal code (LRN, 2006).

An ethics code can be effective if there is agreement on core values, is stakeholder-based, provides guidance to employees for dealing with ethical dilemmas, and has provisions for employees to obtain advice, raise awareness, receive training, and to speak up (Webley & Werner, 2008). Communication to employees is a key component of the effectiveness of ethics codes. Several studies state the need to clarify and standardize ethical expectations for public employees through agency-wide communications and open dialog (Jovanic & Wood, 2006; Kaptein, 2011a). Ethics codes can be ineffective if poorly designed, are not embedded into the organization, lack commitment from senior managers, or employees have a fear of being retaliated against for reporting violations (Webley & Werner, 2008).

There appears to be significant differences between public codes of ethics and private codes of ethics. A research study conducted by Svensson and Wood (2004) in Sweden notes that codes of ethics in the public sector encourage a focus on employees doing the right thing, where private sector codes focus on employees not doing the wrong thing.

Core values are often included in codes of ethics and serve as a guide for actions and decision-making within an organization (Thompson, Gamble & Strickland, 2007).

Core values provide a common vocabulary for identifying and resolving problems and provide guidelines for actions and justifications for decision (Verhezen, 2010). Organizational principles and values frame the moral boundaries to create an ethical environment in which behavior is able to lead to beneficial consequences for those working within the organization (Verhezen, 2010).

Some organizations require employees to sign their name as a commitment to the organization's code of ethics. Research documents the use of signed ethics codes to support on-the-job ethical behavior (Bowman & Knox, 2008).

Ethics Education and Training. The literature on ethics education and training explores ethics training in private and public sectors, training purpose, training goals, training content, training outcomes, training delivery, manager education, public sector education, training as a form of risk management, and documentation of training.

State and local government ethics organizations have strengthened and expanded their programs for ethics training (Bowman & Knox, 2008). Approximately two-thirds of American cities with populations over 50,000 employ some form of ethics training, although they may not call it ethics training (West & Berman, 2004).

The purpose of training programs is to reduce misconduct and corruption, and to encourage ethical decision-making. More than 80% of public employees believe that formal ethics training improves compliance with ethical standards (Bowman & Knox, 2008) and public and private sector studies show a positive linkage between formal ethics

training programs and perceptions of ethical climate (Beeri, et al., 2013; Frisque & Kolb, 2008; Valentine & Fleishman, 2004; West & Berman, 2004).

The goal of training should be to raise awareness and provide employees with the tools to address ethical situations as well as identify the resources that are available to them if they have questions or need to report violations (Verhezen, 2010). Ethics training provides the tools for employees to align their behavior with the organization's values to engage in ethical decision-making (Ethics & Compliance Officer Association Foundation, 2009). Bok (as cited in Menzel, 1997, p. 230) notes the need not to impart right answers, but to help employees be more perceptive in detecting ethical problems and to be more equipped to reason about ethical issues when they arise. Several authors (Jovanic & Wood, 2006; Maesschalck, 2004; Verhezen, 2010) support genuine dialog and interactive training sessions to deepen the understanding of organizational values, promote ethical discourse, and to stimulate ethical decision-making. Valentine and Fleishman (2004) note that ethics training can be used as a forum for employees to discuss pressures with colleagues and management, covering the legal and ethical challenges common to a particular profession.

Ethics training may consist of instruction on policies or codes of ethics along with discussions of ethical dilemmas where the rules of conduct are tested, validated, and given practical meaning and effect (Manske & Frederickson, 2004; Verhezen, 2010).

Studies show that individual employees may lack the sophistication or courage needed to address ethical challenges in a complex and changing environment (Johnson, 2001; Trevino & Brown, 2004). Most employees are decent, hardworking people who

feel challenged by unethical business practices and how to address them (Sullivan 2005). Lyndale (2004) notes that whether an ethics course will make students willing and able to behave ethically at all times is unlikely, but that behavior seems even less likely for students who are never challenged to read, think, or talk about ethics. Several studies address the need for ethics training and initiatives that assist employees in deciding what action to take when faced with ethical challenges (Kolb, Lin & Frisque, 2005). Greater perceived knowledge about ethics topics and exposure to training should have positive impacts on advice-seeking behavior and individuals with greater perceived knowledge should be more alert to potential ethics problems (Raile, 2012; Trevino, 2007; Weaver, Trevino & Agle, 2005).

Where Menzel (1997) asserts that formal training in ethics results in desired outcomes, Raile (2012) notes that governments have made assumptions about program effectiveness where very little empirical evidence exists. Research supports that ethics training increases critical thinking skills and appreciation for opposing viewpoints, heightens awareness of ethical issues, and increases mindfulness of an employee's own behavior (Frisque & Kolb, 2008; Klugman & Stump, 2006; Lyndale, 2004). Research by Frisque and Kolb (2008) demonstrates that employees who participate in ethics training reflect a more positive attitude toward identifying and handling ethical dilemmas when compared with employees who do not receive ethics training. However, these changes were not significantly different beyond a 90-day period post-training. Findings that have emerged from transfer-of-training literature maintain that post-training support from supervisors, peers, and the organization is crucial if new behaviors are to be maintained

(Cromwell & Kolb, 2004). Kutner (as cited in Kerka, 2003), notes that although single workshops may be a useful way to provide information and raise awareness, changes in behavior and practice require longer-term approaches.

Training helps employees apply ethics concepts to real-life situations and to identify strategies for dealing with ethical dilemmas. Trevino, Butterfield and McCabe (2001) report that if employees are aware of ethical and legal issues, they will be more likely to ask the right questions and do the right things when faced with an ethical dilemma. In the absence of intentional efforts to create an ethical workplace, the broader organizational environment may fill the void (Ethics & Compliance Officer Association Foundation, 2009).

Training efforts have become more specific, using a broader range of scenarios and strategies shaping and defining ethical responsibility for specific workplace situations (Bowman & Knox, 2008; West & Berman, 2006). Bowman and Knox (2008) support the value of agency-specific ethics workshops with group-based, interactive exercises, role-plays, and case analysis. They also discuss the incorporation of ethics components into other training programs that remind staff to act in an ethical fashion.

Training needs to cover a wide range of topics to prepare public servants to be familiar with the topics (Raile, 2012) and public servants need to evaluate ethics training as effective. The mere frequency of training and diversity of educational methods are not as important as the breadth and effectiveness of training. Finkel (2010) examines a private sector ethics compliance program designed to engage employees with interactive elements to increase the effectiveness of the program. The study offers anecdotal

evidence of effectiveness. Callan (1992) notes that ethics training initiatives may have limited success when organizations fail to examine actual training needs of employees based on their position in the organization, job characteristics of the employees, or general employee attitudes on ethics.

Training can be delivered in many ways, such as web-based training, webcasts, and in-person training programs (Lockwood, 2009). Many ethics officers now emphasize the importance of communication using multiple channels to raise employee awareness, disseminate organizational values, and accommodate schedules, different learning preferences, and cost-savings opportunities (Lockwood, 2009; LRN, 2006). These may include online education, entertaining venues for discussing ethics, audio-visual media, and roleplaying. Several authors speak to the need to make ethics training more engaging and effective (Finkel, 2010; Gerde & Foster, 2008; Green, 2000).

Manager education should focus on ethical leadership basics that teach modeling of desired behaviors, encouraging a speak-up climate, and ethical reflection among employees. Education should assist managers in developing a climate where employees deal openly and frankly with ethical issues as they arise (Jovanic & Wood, 2006; Nunez, 2010). Effective means of developing leadership skills include self-assessment, peer coaching, scenario-based discussions and role-play exercises. Managers also need coaching on how to engage their teams around mission and values. (Nunez, 2010). Indifference to ethics training and education by management can derail the effectiveness of ethics programs (Bowman & Knox, 2008).

Public sector ethics education may include sessions for existing officials, administrators and employees, and also may require sessions for newly elected officials or recently hired employees (Manske & Frederickson, 2004). Two authors (Marino, 2004; Silva, 2005) present the difficulty in mandating training for elected officials who have behaved unethically, noting that ethics is difficult to teach. Garofalo (2003) adds that mandated ethics training does little but develops ill-will and does not contribute to the development of new skills or awareness related to ethics.

Training may also be viewed as a form of risk management. Preventative efforts, including training and the communication of organizational expectations, will increase the probability of having an organization that meets the high level of ethical conduct expected by citizens (Duggan & Woodhouse, 2011). No amount of training or guiding principles will guarantee that an organization will avoid ethical crises (Finkel, 2010; Lyndale, 2004). Finkel (2010) asserts that if a company has taken all the appropriate steps with code of conduct training, penalties imposed on a company will be dramatically reduced in the case of an individual employee's misconduct.

Completion of ethics education is often noted in personnel files and anniversary dates are reset for a specific period of time, depending on the jurisdiction. Some training sessions end with employees and officials taking an ethics pledge as a commitment to ethical conduct, along with signed agreements to abide by ethics codes (Bowman & Knox, 2008; Manske & Frederickson, 2004).

Ethics Resources. Ethics resources strengthen the effectiveness of a CEP (Manske & Frederickson, 2004). In this section, the ethics resources that will be introduced through the literature include ethics officials, ethics hotlines, hiring for ethics, reward and recognition systems, formal and informal controls, and additional resources.

Ethics officials play an important role in the positive reinforcement of an ethical climate (Bowman & Knox, 2008; Raile, 2012; Thompson et al., 2007). These authors note that ethics officers mentor and coach employees along with having an open-door policy for on-the-spot helpful advice. Ethics officials represent ethical leadership, agency commitment to ethics, and provide ethics knowledge to the organization. Organizations need to make their employees aware of the existence of ethics officials and to be encouraged to seek advice from them. Employees need to come away feeling that the officials were helpful and that the advice was useful (Raile, 2012).

Some government agencies establish ethics hotlines as a resource to citizens, officials, administrators, and employees (Manske & Frederickson, 2004; Thompson, et al., 2007)). The most important purpose of an ethics hotline is to provide a reliable source of advice on ethical dilemmas. The second purpose is to report allegation of ethical misconduct (Manske & Frederickson, 2004).

Using the hiring process to select candidates with the highest standards is another way to support ethics within an agency. This might include agency advertising and job announcements, probing interview questions, and follow up with applicant references (Bowman & Knox, 2008). Nunez (2010) and Adams et al (2001) support that good companies make it clear from the earliest hiring discussion onward that upholding high

ethical standards is expected of every employee. Companies who have demonstrated a commitment to ethical behavior may attract employees with higher ethical standards (Adams et al., 2001). LRN (2007a) and Pelletier and Bligh (2006) note ethical reputation as a significant factor in willingness to work for an employer. A majority of employees say it is critical that the company they work for is ethical (LRN, 2007a) and the recruitment of ethical individuals in key leadership positions is critical to fostering an ethical culture (Pelletier & Bligh, 2006).

Organizations need to consider how to encourage ethical performance through reward and recognition systems. Several authors believe that managers and non-supervisory personnel should be publicly recognized when they champion ethics and when they demonstrate a commitment to core values (Lockwood, 2009; Nunez, 2010). Nunez (2010) recommends leveraging non-material incentives such as recognition and promotion over material or monetary rewards to reinforce ethical behavior. Performance reviews may include a section on organizational values and highlight ways employees have modeled the code of ethics. Recognition helps maintain a focus the organization's commitment to ethical conduct (Lockwood, 2009).

Several authors discussed the use of formal and informal controls to promote ethical behavior by employees (Adams, et al., 2001; Ethics Resource Center, 2008; Schwepker & Hartline, 2005). Formal controls include enforcement of ethical codes and discipline for ethical violations. Informal controls, such as discussion of ethics and ethical climate, are vital to controlling ethical behavior and engendering proper employee perceptions and job responses (Schwepker & Hartline, 2005).

Additional ethics resources not covered in the previous paragraphs will be discussed here. An ethics handbook is one ethics resource. The municipal government being studied in this investigation has developed an ethics handbook for its employees (Lachapelle, 2010). The handbook explains the city core values and city code of ethics as it applies to state statutes and municipal ordinances. The language is intentionally non-technical and relates to everyday work situations. The resource is organized by questions employee's may have regarding ethics and provides information as to where to find the answers to their questions. The municipal government in this study has also developed an ethics webpage for citizens, employees, elected and appointed officials. The web site contains information on why ethics are important to the city and contains resources on ethics materials designed to assist those looking for information. Board of Ethics meeting minutes, profiles on the three appointed Board of Ethics members, and additional ethics resource materials are available to those who visit the page (Bozeman, Montana – ethics, 2013).

Independent Ethics Commission. An independent ethics commission is one component of a CEP that provides guidance on ethics matters (Thompson et al., 2007). The literature on this topic introduces how independent ethics commissions are established and what they do. This section also provides information through the literature about independent ethics administrators, the importance of independence and autonomy, how independent commissions and administrators may be viewed, the potential benefits of having these structures in place, and the ultimate purpose for having

them. No research was discovered that measured the effectiveness or outcomes of having an independent ethics commission.

Manske and Frederickson (2004) assert that the presence of an authoritative body of citizens who can exercise independent oversight is essential to promoting public integrity in government. However, the rise of ethics commissions can often be linked to a specific act of corruption or ethics scandal in government (Smith, 2003). In response to an ethics misstep, citizens may demand an improvement to the ethical environment of government, and require the formation of an independent commission, made up of appointed citizens with no direct reporting to the local government.

Independent ethics commissions are commonly charged with monitoring governmental activities, recommending related code amendments, and issuing advisory opinions when complaints are filed (Manske & Frederickson, 2004; Smith, 2003). Ethics Commissions may be responsible for policy debates affecting the overall ethical environment of a government entity. Commissions review and recommend discipline for complaint cases and respond to inquiries from officials and administrators on the ethical review of proposed policies (Manske & Frederickson, 2004; Smith, 2003). Ethics commissions may monitor conflicts of interest, impose restrictions on outside employment, collect personal disclosure documents, oversee post-employment, perform investigations, and impose penalties (Smith, 2003).

Some government agencies create an office of an independent ethics administrator. Like independent ethics commissions, the administrator is an outsider independent of jurisdictional politics. Ethics administrators sometimes serve as the

executive agent of an ethics commission, preparing meeting agendas and support materials. He/she may operate the ethics hotline, conduct ethics training, investigate allegations of misconduct, and recommend disciplinary measures. They are available for officials and employees to seek advice on ethics matters affecting the jurisdiction (Manske & Frederickson, 2004).

Independence and autonomy are essential to the effective service of an ethics commission or ethics administrator. If appointed by elected officials, those serving on the commission may be reluctant to look at ethical issues associated with those officials (Manske & Frederickson, 2004).

Ethics Commissions may serve as a positive or negative political symbol. If created primarily for appearance or to appease a specific interest, they may be viewed negatively and may appear ineffective or powerless. If they convey a sense of leadership and are responsive to specific issues, they may provide reassurance that governments care about ethical behavior (Smith, 2003).

Independent ethics commissions could establish a proactive presence in government agencies, educating public officials and employees (Smith, 2003). However, providing a purely external control mechanism is not enough to ensure ethical government and using only internal controls is also inadequate. Smith (2003) asserts that ethics commissions can build the ethical capacity of government units by balancing these internal and external controls. Manske and Frederickson (2004) note that while it is important to find misconduct where it is occurring, it is equally important that discoveries not be made with an attitude of "gotcha" (p. 22). The overall purpose of the ethics

commissions should be to promote good and honest government. Smith's (2003) study on state ethics commissions reports that the commissions do not do much to fulfill an internal control role nor do they contribute to developing a moral compass for officials or employees in government. It is because they fill an external control function that they make a real impact on public officials.

Strength of Ethical Environment

The ethical environment of an organization exists with or without a CEP. As presented earlier in the conceptual framework for this study (Figure 1), a code of ethics, ethics education and training, ethics resources, and an independent ethics commission constitute a CEP that informs and strengthens the ethical environment of an organization (Jovanic & Wood, 2004; Manske & Frederickson, 2004). The CEP, in conjunction with the ethical environment, works to build an organization with low unethical conduct and a positive ethical culture (Kaptein, Huberts, Avelino & Lasthuizen, 2005). The literature covered in this section will be organized into ethical culture, ethical climate, and ethical leadership.

As there is a great deal of overlap in the research studying ethical culture and ethical climate, both will be discussed within this literature review. Ethical culture research and ethical climate research have been treated as two distinct fields of study (Trevino et al., 2001) however; Trevino et al. (1998) argue that ethical culture and climate are strongly correlated with each other. The field of ethical culture focuses on formal and informal systems that influence behavior (Ethics & Compliance Officer

Association Foundation, 2009; Trevino et al., 1998) and strong ethical cultures make doing what is right a priority (Trevino et al., 1999). Ethical climate research seeks to investigate the collective personality of the organization. Ethical climate is concerned with attitudes, group norms, perceptions and decision-making processes (Ethics & Compliance Officer Association Foundation, 2009; Raile, 2012; Trevino et al., 2001).

Ethical Culture. This section of the literature review will discuss the role that organizational culture plays in ethics, the outcomes of a strong ethical culture, the effects of ethical lapses on organizational culture, ethics-related actions in companies with strong ethical cultures, ways to strengthen an organization's ethical culture, and ways to reduce the likelihood of unethical behavior.

The strength of an organization's ethical culture is the extent to which the organization makes doing the right thing a priority (Ethics Resource Center, 2010a; Trevino et al., 1998). Several authors note that organizational culture is more critical than program elements in creating and maintaining an ethical organization and that the organizational culture and values are integral to the foundation of an ethical workplace (Ethics & Compliance Officer Association Foundation, 2009; Johnson, 2004; Lockwood, 2009). Ardichvili et al. (2008) note that various research studies have found that ethical cultures are based on alignment between formal structures, processes and policies, consistent ethical behavior of top leadership, and informal recognition of heroes, stories, rituals, and language that inspire employees to behavior in a manner consistent with

ethical standards. The culture is developed through communication, rules, leadership, rewards, rituals and stories.

Research shows that a strong ethical culture creates a happier, healthier organization. Critical studies (Trevino et al., 1999; Trevino et al., 2001; Ethics Resource Center, 2008) connect positive ethical cultures to lower rates of observed misconduct, reduced pressure to compromise standards, increased reporting of misconduct to leadership, greater satisfaction with management's response to misconduct, greater satisfaction with the organization as a whole, lowered exposure to situations inviting misconduct, and an increased sense of preparedness to handle situations inviting misconduct. The results of these studies drive the conceptual framework for this research investigation (Figure 1).

Any type of ethical lapse in a company ultimately erodes its culture (Paul Robert as cited in LRN, 2007c). Ethical lapses harm the perception of a values-driven culture. Addressing even minor issues demonstrates that high standards and performance are important and enables organizations to identify and navigate risks (LRN, 2007c). The systemic cultural change required to address ethical lapses cannot be addressed by CEPs alone (LRN, 2007c). While augmenting and enhancing ethics program components is important, culture change requires a broader approach that addresses both rules and values in order to develop workplaces where employees are empowered to perform at their best while feeling respected and protected from ethical lapses (LRN, 2007c).

Ethics-related actions in organizations with strong ethical cultures can be observed by management communicating ethics as a priority, management setting a good

example of ethical conduct, coworkers considering ethics when making decisions, and coworkers talking about ethics in the work they do (LRN, 2006). To increase the strength of an organization's ethical culture, organizations need to make ethics part of the hiring and recruitment process, provide employee education and training, empower leaders to communicate the importance and role of ethics, celebrate individuals who demonstrate ethical principles, and institute ethics enforcement procedures (Thompson et al., 2007). These studies demonstrate the importance of utilizing the components of a CEP to strengthen the ethical environment in which employees make daily decisions.

A study by Kaptein (2011b) demonstrates ways to strengthen ethical culture and reduce the likelihood of unethical behavior. Management should create an organization in which management and supervisors act as ethical role models. Realistic moral standards are set and sufficient means are provided to behave ethically. Managers and employees are supported and committed to behave ethically and there is adequate opportunity to discuss ethical issues and dilemmas. Ethical organizational cultures will discipline unethical behavior and reward ethical behavior (Kaptein, 2011b).

Ethical Climate. An organization's ethical climate is an important factor affecting employee's perceptions about the nature of the contract between themselves and their employer (Barnett & Schubert, 2002). This section will discuss the literature on ethical climate research and will include a definition of ethical climate, positive factors in an ethical climate, perceptions of ethical climate, perceptions of ethical climate in the public sector, and the role of ethics training in reinforcing a positive ethical climate.

Ethical climate includes the aspects of work climate that determine what constitutes ethical behavior at work (Victor & Cullen, 1988). Ethical climates serve as a perceptual lens through which workers assess situations and how to deal with them (Cullen, Parboteeah & Victor, 2003). Schminke, Arnaud and Kuenzi (2007) refer to climate as the "prevailing weather" in the organization.

Positive factors in an ethical climate include strong leadership, perception about equity, views that ethics is discussed in the organization, and perception that ethical conduct is rewarded (Trevino et al., 1999). Interventions that strengthen an organization's ethical climate help to manage ethical behavior within organizations. A 1998 study (Bartels, Harrick, Martell & Strickland, 1998) shows a statistically positive relationship between an organization's ethical climate and success in responding to ethical issues. A strong ethical climate increases ethical behavior, citizenship behavior, ethics program follow through and performance (Schminke, et al., 2007).

Perceptions of ethical climate do not always match the formal policies or stated values of an organization. These perceptions may influence individuals and behavior within the organization (Raile, 2012). Negative impacts on climate include a perception of blind obedience to authority and a leadership focus on self-interest (Trevino, et al., 1999). If individual employees perceive a climate of self-interest, they may believe that they are encouraged by the organization to pursue their own self-interest and may also view other employees as self-interested. These signals may prevent employees from identifying with the values of the greater organization (Cullen et al., 2003).

Perceptions of ethical climate in the public sector are a function of an employee's place within and history of the organization perceived knowledge about ethics, perceptions and characteristics of ethics training, and perceptions and behavior related to seeking formal advice about ethics related matters (Raile, 2012). Raile (2012) suggests that perceptions of ethical climate by public employees come from predictable sources and that public administrators can help shape those perceptions as a result of this knowledge.

Ethics training offers opportunities to reinforce a positive climate and to provide evidence of leadership commitment. Researchers hold up ethics training programs as a way to improve ethical conduct in organizations, by measuring perceptions of ethical climate (Bowman & Knox, 2008; Raile, 2012). These research studies provide support for the use of a *Perceptions of Ethical Climate* assessment, developed by Pelletier and Bligh (2006), to measure the ethical environment in this study.

Ethical Leadership. All organizational leaders play a key role in establishing values and modeling ethical behavior for their workforce, organization and community (Ethics & Compliance Officer Association Foundation, 2009; Kaptein, 2011b; Stout & Staton, 2011). This section will discuss the literature related to the critical role that leaders play in the ethical environment of organizations and will include leading by example, traits of ethical leadership, leadership perception of ethical climate, visibility and accessibility of leaders, and recommendations for senior leaders.

Several studies highlight the primary role that leaders play in the creation of the culture and climate of an organization through modeling, coaching and communication (Beeri et al., 2013; Ethics & Compliance Officer Association Foundation, 2009; Griffin & Bradley, 2010; Hood, 2003; Kaptein, 2011b; Lease, 2006: Lockwood, 2009; Trevino, Brown & Hartman, 2003). Effective leadership, with open dialogue and thoughtful deliberation, develops the foundation of an ethical workplace. Beeri et al. (2013) underline the decisive role that leadership plays in fostering ethics in the organization, affecting employee's perceptions about the workplace and their colleagues. Leadership starts at the top, and ethical leadership filters throughout the organization (Verschor, 2006). Employees need to hear supervisors talk about ethics and act in ways that model ethical behavior (West & Berman, 2004). Ethical conduct is most prevalent in organizations where leaders and norms encourage and support ethical conduct (Ethics & Compliance Officer Association Foundation, 2009).

All managers have a special duty to set the right tone and lead by example (Ardichvili et al., 2009; Beeri, Vigoda-Gadot & Werner, 2013; Lockwood, 2009; Nunez, 2010). Several studies demonstrate that employees imitate the behavior of others and look to leadership and visible models for guidance and direction when faced with ethical dilemmas (Beeri et al., 2013; Trevino, Weaver & Brown, 2008; Weaver et al., 2005). Ethical role modeling of management and ethical role modeling of supervisors has an inverse relationship with observed unethical behavior (Kaptein, 2011b).

Several authors (Bowman & Knox, 2008; West & Berman, 2004) note that role modeling cannot be the only influence on ethical behavior and that ethical leadership is

more than just integrity or values-based inspirational leadership. Ethical leadership includes a transactional component that involves using communication and the reward system to guide ethical behavior and transformational components including the importance of being perceived as having a people-orientation as well as the importance of engaging in visible ethical action (Trevino et al., 2003). Results from one research study (Trevino et al., 2003) demonstrate that ethical leaders are people-focused; role models; do the right thing; are perceived to be good, open communicators and receptive listeners; create the ground rules for ethical behavior and hold people accountable; create and institutionalize values; use rewards and punishments; do not tolerate ethical lapses; serve the greater good; are concerned about the interests of multiple stakeholders including the community and society; and care a great deal about the bottom line. Yuki (2002) links ethical leadership with exceptional leadership and Hood (2003) notes the clear links between values and ethical practices and values and leadership style. Also concerned with transactional leadership where leaders may follow ethical practices that are legal mandates, and transformational leadership, where leaders go beyond simple legal mandates to implement socially responsible and ethical practices in the organization, Hood (2003) emphasizes an organizational need to consider both the values and leadership styles of top management in order to ensure that ethical practices are observed within the organization.

Top leaders view their organizations as more ethical than employees in lower level positions and leaders have more positive perceptions of ethical climate (Trevino et al., 2008). Perception from the rank and file may be more negative because they view the

higher level leaders as less ethical than themselves (Bowman & Knox, 2008). Trevino et al. (2008) showed that those closest to organizational decision-making rate the ethical climate higher. Individuals in higher positions may believe that their ethics permeate to the rest of the organization (Raile, 2012) and more positive views of ethical climate by top leaders may also result from a need to protect the organization's image (Trevino et al., 2008).

Trevino et al. (2003) discuss the need for leaders to be more visible with their ethical actions. If an executive leader is quietly ethical within the structure of a management team, they are not likely to be perceived as an ethical leader. More distant employees are not likely to infer ethical leadership from routine high-level decisions that are not widely communicated. Leaders need to share information publicly about important organizational decisions and demonstrate that they care about people by listening, demonstrating concern for the greater good, and the long-term interests of the organization. They should communicate with employees regularly about ethical issues and use rewards and punishments to signal support for ethical values (Trevino, et al., 2003). Employees must feel comfortable raising issues about ethics with their supervisors and managers, and they must be aware of how to report incidents. Employees must feel confident that management will respect individuals who report ethical lapses and that reported incidents will be investigated and resolved fairly. Clear procedures and responsive reporting systems build trust. (LRN, 2007a).

The Ethics Resource Center (2010a) has several recommendations for senior leaders wishing to improve their organization's ethical cultures. Senior leaders should

make developing a strong ethical culture a priority. In addition, leaders need to lead by example, develop and promote programs that encourage ethics as a priority among workers at all levels, be mindful of ways to help employees feel invested in the organization, and leaders need to invest time and effort in regular assessment and careful analysis. Where management displays more ethics-related actions, there are fewer instances of observed misconduct, less pressure to compromise ethical standards, and there is increased reporting of misconduct that has been observed (Ethics & Compliance Officer Association Foundation, 2009). How leaders define and reason about ethics, their views on the purpose of codes, and ways to enhance ethical leaderships in organizations are worthy of further exploration (Bowman & Knox, 2008). Kaptein (2011b) highlights the growing body of literature on ethical leadership as an important organizational process, but he also notes that the research demonstrates that ethical leadership is just one of several dimensions of the ethical culture of an organization.

Outcomes Related to Misconduct

The literature relating to behavioral outcomes of CEPs and the strength of ethical environment is largely attributed to research conducted by The Ethics Resource Center. In its 2007 National Government Ethics Survey, The Ethics Resource Center presented statistics related to misconduct. One in four government employees works in an environment conducive to misconduct. Pressure to commit misconduct is growing. However, more than eight in ten employees say that they feel prepared to handle situations inviting misconduct (Ethics Resource Center, 2008). Further, the Ethics

Resource Center (2012a) reports less pressure to compromise ethical standards, decreases in observed misconduct, and increases in reporting misconduct where managers display ethics related actions. Ethical culture continues to have a profound impact on pressure, observed misconduct, reporting of observed misconduct, and rates of retaliation against reporters (Ethics Resource Center, 2010a).

Management at local levels of government are the least likely to know about their ethics risk (Ethics Resource Center, 2008). The most recent National Government Ethics Survey reported that local governments experience the highest pressure to commit misconduct (16%), the lowest levels of reporting (67%), and the highest levels of retaliation for those employees who do report (20%), principally due to having fewer resources in place to encourage ethical conduct (Ethics Resource Center, 2008).

Each of the outcomes related to misconduct (pressure to commit misconduct, observations of misconduct, reporting of observed misconduct, and retaliation for reporting misconduct) will be discussed below.

Pressure to Commit Misconduct. Pressure to commit misconduct is a clear signal of ethical issues in a company (Ethics Research Center, 2010). Throughout the history of the Ethics Resource Center's National Business Ethics Survey research, it has consistently been found that employees who have felt pressure to commit misconduct are far more likely to actually observe misconduct than those who do not (Ethics Research Center, 2010a). When employees feel pressure to compromise an organization's standards of ethical conduct, they are typically observing wrongdoing as well.

Employees in a company with an ethics code feel somewhat less pressure to behave unethically than respondents from companies without an ethics code (Adams et al., 2001). The employees with a code feel fewer restrictions on their ability to behave ethically and are less likely to feel intimidated or threatened for behaving ethically.

Organizations with strong cultures find that fewer employees feel pressure to commit misconduct than in weaker cultures (Ethics Research Center, 2010a). Co-worker culture, or peer pressure, is powerful in decreasing the amount of misconduct witnessed by employees (Ethics Research Center, 2010a).

Workers who feel pressure to commit misconduct and report it are much more likely to experience retaliation as compared with workers who report but do not feel pressure (Ethics Research Center, 2010a).

Observations of Misconduct. Misconduct across government as a whole is very high; nearly six in ten government employees saw at least one form of misconduct in the past twelve months (Ethics Resource Center, 2008). The rate at which employees observe misconduct by co-workers is nearly twice as high in weaker cultures as in stronger cultures (Ethics Resource Center, 2010a).

A large number of employees have recently witnessed unethical conduct. Tens of millions of employees in the U.S have encountered unethical behavior on the job. One-quarter of respondents say it happens daily or weekly, suggesting that unethical activity in the workplace is fairly commonplace in many workers' experiences (LRN, 2007a).

Trevino et al. (1999) found the most significant variables impacting the rates of observed misconduct include leadership, perceptions about fairness, perception that ethics is discussed in the organization, and perception that ethical behavior is rewarded.

Reporting Observed Misconduct. When a CEP includes a useful code and meaningful training, misconduct reporting rates are significantly higher (Ethics Resource Center, 2010c). Reporting observed misconduct reduces ethics risk by ensuring that management is aware of and able to address problems (Ethics Resource Center, 2010c). The 2010 study describes a code of ethics as the cornerstone of an organizational program to encourage reporting within an organizational framework. Reporting, or whistleblowing, begins with a code that guides individual behavior within the organizational context (Callahan, Dworkin, Fort & Schipani, 2002).

In a 2002 study, Callahan et al. (2002) reports that when an organization creates a system and structure for reporting misconduct that delegates authority for the purpose of receiving complaints, it conveys a strong message of openness and accountability. Employees will be less fearful of retaliation and more likely to express concerns.

A study conducted by LRN (2007c) reports that workers are not comfortable reporting ethical lapses to their companies. One in three surveyed Americans working full time (36%) said that they reported an incident they believed to be unethical or questionable to management. Those workers who observed an incident, but did not report it, cited lack of confidence in how management would handle it, lack of comfort in reporting it, a lack of a formal reporting procedure, being unaware of how to report, and a

fear of retribution (LRN, 2007c). This research summary adds that organizations need to develop trust and confidence that reported incidents of unethical behavior will be acted upon appropriately and confidentially (LRN, 2007c).

Moral silence is defined as the inability of employees to speak about issues of moral concern (Verhezen, 2010). Verhezen (2010) describes this as not blowing the whistle on observed misconduct, not audibly dissenting from organizational policies that could be questionable, not questioning or debating decisions, not speaking up, and not providing adequate feedback in supervisory or peer relationships. Two studies (Jovanic & Wood, 2007; Verhezen, 2010) point to the need for organizations to create cultures in which employees do not make ethical choices based on fear of retaliation or punishment. Employees need to be able to openly discuss ethical dilemmas to reach solutions.

Research has documented differences in reporting due to gender, union status, and managerial level (Ethics Resource Center, 2010b). Employees with stricter personal standards of conduct at work are more likely to report than those who experience questionable behaviors as acceptable.

Employees frequently involve others following incidents of ethical lapses or questionable behavior at work. About half said they informed someone (LRN, 2007c), and the first contact is often the supervisor (Ethics Resource Center, 2013b). Despite anonymous or confidential hotlines, supervisors remain the most popular first choice for reporting (LRN, 2007b). Companies often do not have a set practice regarding where employees are expected to turn first to report misconduct (LRN, 2007b). If not turning to a supervisor, the employee is likely to reach out to someone outside their workplace, such

as family or friends (LRN, 2007c). About half of employees face incidents without seeking counsel from others and do not report the violations (LRN, 2007c).

Workers who believe they have employer support in making the right decisions when faced with ethical dilemmas (LRN, 2007c) are more likely to report misconduct. The culture of top management is related to the biggest increase in reporting (Ethics Resource Center, 2010c).

Reporting misconduct is higher among government workers. Seventy percent of government workers who observed misconduct report it to management (Ethics Resource Center, 2008). Most employees contact a supervisor and only a small percentage use a hotline (Ethics Resource Center, 2008).

The Ethics Resource Center (2013a) has released their latest supplemental report on employee reporting. It was found that having a procedurally just process in place significantly increased the chances that employees who report will accept the outcome. A procedurally just process is defined as a fair decision-making process and respectful treatment of employees and their concerns. One of the major findings of the report is that organizations need to have an effective system in place for resolving disputes and grievances. Even if employees are not wholly pleased with the final outcome, the way an organization addresses complaints can be just as important, and employees will believe it is worthwhile to report problems in the future (Ethics Resource Center, 2013a).

Retaliation for Reporting Misconduct. Fear of retaliation is a powerful inhibitor to reporting misconduct. A study by Griffin and Bradley (2010) notes that nearly half of executive teams fail to receive negative news because employees are afraid of being retaliated against for being the bearer of bad news. The 2010 study adds that executive teams lack the information they need to manage effectively because employees withhold important input out of fear. This lack of information sharing can interfere with a company's ability to identify and respond to internal and external threats (Griffin & Bradley, 2010). Breaking down key barriers to honest feedback reduces fraud and misconduct (Griffin & Bradley, 2010). Companies that support open communications outperform their peers.

Retaliation includes employees who observe misconduct, report it to the appropriate person in an organization, and then feel that they are punished as a result of their decision to report (Ethics Resource Center, 2010d). Retaliation takes numerous forms from demotion or termination to more subtle exclusion from informal work groups and reduced decision-making power. Retaliatory actions disrupt organizational functioning when these actions change the culture (Ethics Resource Center, 2010d).

Employees who report misconduct in a company with zero tolerance for retaliation experience it at a lower rate than workers at companies with weak ethical environments (Ethics Resource Center, 2010d).

Eliminating retaliation should be a priority for organizations. As a result of the Ethics Resource Center (2010d) research and special report on retaliation, it is known that retaliation is strongly linked to perceptions of management, feelings about the company

as a whole, employee engagement, and intent to stay. Victims of retaliation trust the company's leadership less and are more likely to leave the company (Ethics Resource Center, 2012b). To reduce retaliation, leaders should make sure that reports are handled appropriately and that reporters feel heard, respected and protected. Organizations should develop a non-retaliation policy. Organizations should train everyone who is likely to receive reports, especially supervisors, to follow-up with reporters in an appropriate manner and to be mindful of how unrelated actions may be misinterpreted. Organizations should encourage all managers to communicate that retaliation is unacceptable and will not be tolerated (Ethics Resource Center, 2010d; Ethics Resource Center, 2012b).

Measuring Ethics

Leaders can only manage organizational ethics if they have a clear idea of the effectiveness of current efforts, such as codes of ethics and training/education programs. Although evaluating a CEP is recognized as a good practice, few organizations have evaluated their programs in any comprehensive way (Johnson, 2004). Several authors note the importance of developing metrics or clear measures to determine the success of an ethics program and to uncover weaknesses with the goal of addressing them (Johnson, 2004; Weber, 2006) but few ethics programs have been able to demonstrate that their programs achieved expected outcomes (Johnson, 2004). Johnson (2004) adds that the best reason to measure ethics programs is that the ultimate measure of success is an organizational culture that is committed to core beliefs, standards, procedures, and

expectations. The responsible organization measures its ethics program performance for a number of reasons; 1) to provide accountability to stakeholders, 2) to monitor and track changes in the organizational culture, 3) to improve program quality, 4) to allocate resources toward programs, and 5) to be able to make the case that the program was effective (Johnson, 2004).

Program evaluation is an essential part of the learning process. An outcomes-based evaluation, recommended by Johnson (2004), measures the extent to which a program achieves its intended results. Governing authorities and managers of organizations with CEPs will want to know the answers to specific outcomes. Johnson (2004) asserts that along with outcomes-based measures, a thorough program evaluation will include process measures such as measuring outputs; the number of ethics trainings, the number of participants at each training, the extent that skills and knowledge are recalled after a period of time, and participant satisfaction with training.

Johnson (2004) maintains that to sustain the confidence of stakeholders in a CEP, its process and outcomes should be evaluated on a regular basis. The organization should ask whether the organization did what they said they would do, and whether the expected changes occurred (Johnson, 2004).

The LRN Ethics and Compliance Risk Management 2007 Practices Report presents data that most companies evaluate their ethics and compliance process on an ongoing basis or at least once per year. The majority use quantitative measures to assess program effectiveness. Companies use their evaluations to improve programs and to

inform their senior management about the results. Some companies share the results with their staff (LRN, 2007b).

Measurement Tools. This section will address various ways to measure ethics. Employee surveys, independent audits, employee interviews and focus groups, reviews of policies, programs and documents, direct observation, targeted feedback, general feedback, informal mechanisms, performance evaluations, benchmarking, comparisons to other organizations, and a variety of metrics will be introduced. Perceptions of ethical climate assessments will be included here due to their relevance to this research study.

Survey methods are available for assessing the ethics of organizations (Ethics Resource Center, 2011; Kaptein 2011b; Kaptein & Wempe, 1998; LRN, 2006; Pelletier & Bligh, 2006). Research on the perceptions of organizational ethics has become increasingly important and is often collected by survey (Credo, 2010; Ethics Resource Center, 2011; Johnson, 2004; Kaptein, 2011b). Together with more objective data (measurement of misconduct), an opinion survey can generate information to determine the ethical quality of the organization (Ethics & Compliance Officer Association Foundation, 2009; Johnson, 2004; LRN, 2006; Raile, 2012; West & Berman, 2006). Employing a questionnaire to measure the perceptions of managers and employees can be helpful in predicting and explaining misconduct as well as estimating the risks and impacts of different kinds of misconduct. The information becomes more valuable if used to track an organization's progress over time and draw comparisons with similar organizations (Lockwood, 2009; Raile, 2012; West & Berman, 2006).

Surveys can be conducted by mail, in person, over the telephone, through the internet, or in a centralized activity as part of an event (Johnson, 2004). Measuring ethics by means of a survey has some drawbacks. There is a limit to how many questions one can expect employees to answer accurately (Johnson, 2004). Many large organizations survey their employees so often that survey fatigue can become an issue. Ethics self-report measures can be difficult to validate and the reliability of ethics surveys can be a concern. Ethics studies that have measured similar constructs have used different measures and thus make empirical comparison difficult (Martin & Cullen, 2006).

Self-assessments of ethical or unethical behavior have been criticized due to their high susceptibility to socially desirable response bias (Brown & Trevino, 2006; Randall & Fernandes, 1991). Problems with collecting accurate self-report measures of ethical behaviors include fearing that anonymity may be compromised, fear of reprisal, unwillingness to violate organizational norms, and the strong relationship between dishonesty and unethical behavior (Credo, 2010). This also holds true if management commitment to ethics is weak and respondents perceive that the review will not result in action. To avoid socially desirable answers or low response rates, the survey should be presented as a tool moving towards the future and not as a tool to identify offenders. Respondents should perceive the survey as non-threatening and as an opportunity to enhance the integrity of the organization (West & Berman, 2006).

Ethics audits can determine whether management's view of the organization is a true state of affairs (West & Berman, 2006). An ethics audit can also be used to assess the effectiveness of implemented policies and to benchmark them (Raile, 2012).

Schiphol Airport in the Netherlands conducted a survey of its ethical climate before and after developing a code of conduct. As a result of the survey, the airport management learned that ethics were being discussed more often, standards were more clearly understood, and employees believed that management was setting a better example (Kaptein & Wempe, 1998). Some organizations engage independent third parties to audit their ethics programs. Auditors evaluate program components and assess a program's effectiveness through document reviews, employee surveys, interviews, and focus groups (LRN, 2006). If managers know that the ethics of their department will be evaluated periodically, they have greater reasons to work on ethical issues (Blanchard & Peale, 1988).

To better interpret organization-wide survey findings, measurement should also include individual interviews, group interviews or focus groups, and reviews of relevant internal documents (Johnson, 2004; LRN 2006). Employee interviews include a series of questions, typically semi-structured or unstructured, conducted in-person or over the telephone. Focus groups interviews are an approach that takes advantage of small group dynamics to conduct interviews with a small group of people of 8-12 individuals (Johnson, 2004).

Reviewing policies, programs and documents is another measurement tool for studying organizational ethics. These may include policies, handbooks, training materials and minutes (Ethics & Compliance Officer Association Foundation, 2008; Johnson, 2004; LRN, 2006). Document review includes a review of organization records that provides both descriptive and evaluative information of the program process and its

outcomes (Johnson, 2004). This includes reviews of the code of conduct (Ethics & Compliance Officer Association Foundation, 2009).

Direct observation within an organization is another ethics measurement tool. It includes first hand observation of interactions and events. Observations are usually guided by protocols to focus the information that is being gathered. Direct observations can be valuable if there are concerns about self-reports or inaccurate data (Johnson, 2004).

A 2006 LRN report introduces feedback tools and informal mechanisms as tools for measuring the effectiveness of ethics initiatives. End-of-training evaluations or feedback captured as educational efforts are delivered is one way to evaluate the effectiveness of training/education efforts. Job satisfaction surveys, exit interviews, stay interviews, and other general feedback tools may also provide valuable insight into organizational culture and the effectiveness of ethics programs. Incorporating ethics-related questions into general surveys provides another channel for employee feedback and may lead to more candid responses. Job dissatisfaction can be a predictor of unethical conduct, so general feedback on the level of job satisfaction among employees may have ethical implications. The LRN report also notes that informal mechanisms such as simply listening to what employees are saying about a code of ethics or ethics education programs provides a measure of the impact of the efforts. Inviting employees to email or visit leaders with their feedback or questions about ethics may generate valuable information and may also send a message to employees about the importance of open discussion about ethics (LRN, 2006).

Performance evaluations for individuals, groups and the organization as a whole can be used as a measure of ethics and should be a part of performance reviews at all levels. By making ethics goals a strategic, measurable objective, an organization can ensure that ethics is a priority, that there are consequences for ethical failings, and that ethical actions are rewarded (Ethics & Compliance Officer Association Foundation, 2009).

Where program evaluation is completed on a regular basis, perhaps every one to three years, the data may serve as benchmark data. Once a baseline of organizational culture, processes, and expected program outcomes is established, later data can be compared with the baseline data to allow the organization to detect patterns and identify trends over time (Johnson, 2004; Raile, 2012).

Metrics. Specific metrics related to outcomes may be used to measure effectiveness of CEPs. These include asking employees about observations of misconduct and reporting of observed misconduct. This data can be compared to earlier measures of the same metric (LRN, 2006) or be used as a benchmark for future measures (Raile, 2012).

Other metrics that are commonly utilized in measuring ethics include keeping track of the number of employees seeking advice on ethical matters, tracking the number of complaints an independent board of ethics receives on an annual basis, and the number of times managers communicate on specific ethics messages. Activities may be reported and tracked as metrics (Nunez, 2010).

Perceptions of Ethical Culture or Climate Scales. Perceptions of employees are important in explaining and managing unethical behavior (Kaptein, 2011b). To reduce unethical behavior, management needs to understand the existing culture. Managers should work to obtain data regarding the frequency of perceived unethical behavior. Based on the results, management can decide which dimensions of the ethical culture should be improved in order to reduce the likelihood of unethical behavior (Kaptein, 2011b).

Several tools have been developed to study perceptions of ethical culture or ethical climate. One of the first tools developed was the *Ethical Climate Questionnaire* by Cullen and Victor (1993). The Ethical Climate Questionnaire measures both individual and organizational levels for analysis. This measure is reported to have strong reliability and validity at the individual level, although this has not been supported at the organizational level.

Another tool is the *Corporate Ethics Virtues Model* (Kaptein, 2008). This model, developed by Muriel Kaptein in 2008, categorizes eight components of ethical cultures. They include clarity in ethics standards, ethical role modeling of management and supervisors, capability to behave ethically, openness to discuss ethical issues, reinforcement of ethical behavior, and the visibility of behavior (Kaptein, 2011b). Kaptein's (2008) model provides guidelines for a questionnaire to be administered to employees to better understand the existing culture. The cultural dimensions in this model were shown to have a statistically significant negative relationship with observed ethical behavior, except for clarity of ethical standards and visibility of ethical behavior.

To help organizations address the influence of organizational culture, the Ethics Resource Center developed a survey instrument that measures indicators of how committed an organizational culture is to ethical conduct. This survey suggests a strong, positive relationship between employees who see their top management, supervisors, and co-workers engage in certain ethics-related actions (Johnson, 2004).

For the current study, the *Perceptions of Ethical Climate* assessment instrument developed by Pelletier and Bligh (2006) will be utilized. This instrument was piloted in 2011 and will be used again for this 2014 study. Pelletier and Bligh (2006) constructed the ethical climate survey based on the work of McDaniel (1997) who earlier constructed the *Ethics Environment Questionnaire*. McDaniel's (1997) survey focused on a single factor of ethics, where Pelletier and Bligh's (2006) *Perceptions of Ethical Climate* assessment divides the concept of ethics into separate scales. Full reporting on the assessment instrument is found in Pelletier and Bligh's (2006) article on perceptions of ethics program effectiveness in a public sector organization.

Pelletier and Bligh's (2006) series of questions aligns well with the conceptual frame work for this investigation (Figure 1). They examined the importance of awareness of ethical code, availability of ethics resources, ethical leadership, and ethics program effectiveness. The results from the assessment will align with the research questions and variables in this study.

Use of Multiple Measures. Pelletier and Bligh (2006) note that using self-report measures as the only form of data collection can be a limitation. The authors suggest supplementing the self-report assessment with additional methods such as interviews, observation, and longitudinal survey measures.

Collecting information using a variety of sources helps to reduce the risk that conclusions reflect bias or limitations based on a single source or method and allows the researcher to gain a broader understanding of the issues being investigated (Maxwell, 2005). Including a mixed method design that involves using qualitative analysis and interpretation may help to explain the quantitative results (Gay et al., 2009). Studies that include only one method are more vulnerable to errors linked to that particular method (Patton, 2002). Patton (2002) explains that no single method ever adequately explains the research problem. Multiple methods of data collection and analysis provide more depth to the study and may point out inconsistencies in results, offering opportunities for deeper insight into the phenomenon being studied.

Evaluation of the Literature

Summary of the Review

Organizational ethics attracts significant attention in both private and public sectors. The majority of ethics research studies are quantitative in nature (LRN, 2007a), and many have studied large data sets of employees across the different sectors. The ethics literature covers individual components of an ethics program: the role of leaders, codes of ethics, education and training programs, ethical climate or ethical culture, and

several research studies attempt to discover relationships among the components. One study (Beeri et al., 2013) measures perceptions of the effectiveness of an ethics program after implementation and only one study attempted to measure the effectiveness of a one-time training session immediately after the session and 90-days following the training (Frisque & Kolb, 2008). Beeri et al. (2013) note the sensitivity and difficulty in researching ethics. The authors attempted to find an organization that was developing an ethics program but had not yet begun the adoption process. Their 2013 study is the most recent and reports ethics program effectiveness on a number of measures but did not study behavioral outcomes related to misconduct. No studies were discovered that measured an organization that had implemented a CEP over a five year time period. There is considerably more research in the private sector than the public sector.

Overall Weaknesses and Strengths of the Literature

Most of the relevant academic literature on ethics training is based on private sector data. While Raile (2012) asserts that the results of more limited research on public organizations largely correspond with private sector findings, having good empirical research in the public sector would strengthen the literature. Less is known about the nature, extent and delivery of ethics programs in the public sector, especially at the local level (West & Berman, 2004). This review utilized literature from both sectors to support the understanding of this topic.

The literature review revealed good depth of authors who conduct ethics research within organizations, along with the Ethics Resource Center and LRN ethics studies.

There were models available for studying this topic from noted and published researchers. Their analyses helped to inform this research study.

Gaps and Saturation Points

The review discovered one 2013 study of an ethics program before implementation and one year after implementation (Beeri et al., 2013), but the study was conducted outside of the United States and measured perceptual awareness of the code of ethics, inclusion of employees in ethical decision-making, ethical climate, and ethical leadership. More objective behavioral measures observations of misconduct, reporting misconduct, and retaliation for reporting misconduct were not conducted. In relation to the conceptual framework for this study, research was available regarding the individual components of a CEP. There is adequate research on codes of ethics. More research on training effectiveness is needed, especially in the public sector. Frisque and Kolb (2008) did measure training results immediately after one ethics training and 90-days after the training, but there is a lack of additional research studies regarding ethics training beyond 90-days. This holds true for the effectiveness of specific ethics resources (including hot lines, reward and recognition systems, and hiring an ethics officer). There was not significant research found on the effectiveness of independent ethics commissions or their impact on organizations. Menzel (2005) highlights the need for systematic information about the variation in ethics management strategies and their consequences.

Research related to measurable outcomes was available, although the research was not associated with individual units of government or business. Large, national-scale

research has been conducted, but individual unit results related to specific programs were not discovered.

Trevino and Weaver (2003) point out that although relevant research is progressing, there is very little scientific knowledge about the structural and cultural causes of ethical violation. Van Wart (2003) pointed out that more work needs to be done on the relationship between leadership, the ethical environment, and unethical behavior. This has led to more recent studies regarding these issues (Kaptein, 2011b; Raile, 2012; Trevino, et al., 1999).

Avenues for Further Inquiry

A variety of instruments and surveys are used by researchers studying the field of ethics. The development and utilization of a consistent standardized questionnaire could be useful for comparing results and deepening knowledge regarding the effectiveness of ethics programs (West & Berman, 2006). Further, a true experimental study, with a control group, will add to the understanding of this research topic. Additional research on the use of benchmarking an organization's ethics should be explored further. Benchmarking may serve as an early warning tool for public agencies (Raile, 2012) and may lead to designing more effective and relevant training. Menzel (2005) suggests that although research on ethics in governance is growing quantitatively and qualitatively, more studies that build and link ethics theory and observation are needed.

Chapter Two Summary

In this chapter, a review of relevant literature contributing to understanding the research problem was presented. The criteria for literature selection and the context of the study are discussed. The review was organized into themes derived from the conceptual framework concept introduced in Chapter 1. The themes included: 1) CEPs; 2) strength of ethical environment; 3) outcomes related to misconduct; and 4) ways to measure ethics. In addition, a summary of the review, overall weaknesses and strengths of the literature, gaps and saturation points, and avenues for further inquiry were discussed.

METHODOLOGY

Introduction

Local governments that implement comprehensive ethics programs (CEPs) invest significant time, financial and human resources to strengthen the organizational ethical environment through training, education and other ethics resources (Manske & Frederickson, 2004). A review of the literature indicates there is little evidence regarding the outcomes of CEPs after implementation and their lasting impact on government organizations (Raile, 2012). If officials are to evaluate the effectiveness of CEPs, it is necessary to collect formative data on programs to determine if ethical behavior and perceptions of ethical climate have been impacted. With significant investments in implementing CEPs, leaders of municipal government (mayors, elected officials, city managers, senior management) need to know the effectiveness and impact of CEPs on their organizations.

The purpose of this mixed methods study was to investigate the outcomes of a CEP within a municipal government setting, five years after implementation. At their core, ethics programs constitute an organizational attempt to prevent organizational fraud or other misconduct that may cause harm to the organization as well as to the stakeholders (Ethics Resource Center, 2008). Nationally, a small number of municipal governments have implemented such programs, and few have measured the results (Ethics Resource Center, 2008). With high rates of misconduct at all levels of government (Ethics Resource Center, 2008), knowledge of the outcomes of a multi-year

ethics program may inform governmental units about effective ways to select the components and content to design and implement their own programs.

The methodology for this investigation is presented in this chapter. Descriptions of the research design and rationale, population and sampling, sample participants and characteristics, instrumentation, data collection procedures, study validity and trustworthiness, data analysis, and research time frame are introduced and discussed.

Research Design and Rationale

A mixed methods research design combines quantitative and qualitative approaches by including both types of data in a single study (Gay et al., 2009). The rationale for combining approaches is to understand a phenomenon more fully than is possible when using either method alone (Gay et al, 2009). Collecting information using a variety of sources and methods helps to reduce the risk that conclusions reflect bias or limitations based on a single source or method and allows the researcher to gain a broader understanding of the issues being investigated (Maxwell, 2005). Further, studies that include only one method are more vulnerable to errors linked to that particular method and no single method ever adequately explains the research problem (Patton, 2002). Johnson and Onwuegbuzie (2004) assert that mixed methods research results in superior research; explaining that many research questions are best answered through mixed research solutions. For example, selected interviews with City ethics administrators and City employees allowed for deeper explanation and exploration of the Likert scale means generated by the survey. The quantitative analysis of this investigation provided

statistically significant results related to the study. Further, the quantitative results assisted in better understanding program effectiveness across the whole organization and identified which ethics factors had the greatest effect. Where the quantitative analysis provided a collation of responses from the organization as a whole, adding the qualitative interviews to a quantitative study allowed for direct discussion of the issues under investigation and gained participant's perspectives in a way that was not available through a quantitative survey alone (Johnson & Onwuegbuzie, 2004). Interviewing employees (City ethics program administrators and other City employees not responsible for the ethics program) allowed for perspectives to be shared from differing viewpoints within the organization, and explored the context and nuances of the quantitative results.

The principal research question addressed in this study was: what are the outcomes of a CEP in municipal government, five years after implementation? The study was guided by the following sub-questions:

1. What are the perceptions of the ethical climate of municipal government employees after an ethics program has been implemented?
2. Can observations and reporting of misconduct be reliably predicted from municipal employees' perceptions of ethical climate?
3. Which factors most impact observations and reporting of misconduct?
4. How do municipal government employees rate the effectiveness of the components of the ethics program?

This mixed methods research study first included a quantitative survey of City of Bozeman municipal employees about their perceptions of ethical climate, observations of

misconduct and reporting of misconduct (Appendix A). No baseline data was available from 2008 when changes to the City of Bozeman charter mandated annual ethics training and the creation of an independent Board of Ethics.

Six qualitative interviews with the City Manager, City Attorney, City Staff Liaison to the Board of Ethics, and 3 additional City employees were conducted following the quantitative analysis of the survey. Interview questions were finalized after the quantitative results were analyzed (Appendix B). The qualitative interviews were used to explain results, to explore the reasons for the results, and to follow up on outliers or extreme cases (Gay et al., 2009; Johnson & Onwuegbuzie, 2004). The qualitative interviews provided depth to the mean scores derived from the Likert scale items of Pelletier and Bligh's (2006) *Perceptions of Ethical Climate* assessment instrument.

Population and Sampling

The population for this study were the employees of the City of Bozeman (N=355). Although the entire population of Bozeman city employees was contacted for inclusion in this study, employees could opt out.

Sample Participants and Characteristics

From the population of the City of Bozeman employees (N = 355), 236 responded to the electronic survey. Complete data was available for 215 participants (21 incomplete data responses were deleted). This resulted in a 60.6% survey return rate, with a 95%

confidence interval and a +/- 4.2% margin of error. Sample characteristics are reported in Table 3.

Table 3. Sample characteristics.

Demographic	Responses	Percentages	Missing Values (n=215)
Gender:			
Male	136	66.02%	
Female	70	33.98%	
Total:	206	100%	9
Age:			
18-24	11	5.42%	
25-34	44	21.67%	
35-44	66	32.51%	
45-54	51	25.12%	
55-64	31	15.27%	
Total:	203	100%	12
Years employed with the City:			
Less than 1 year			
One to less than 5 yrs.	32	15.61%	
Six to less than 10 yrs.	51	24.88%	
Ten to less than 20 yrs.	47	22.93%	
More than 20 yrs.	54	26.34%	
Total:	21	10.24%	
	205	100%	10
Supervisory Status:			
Supervisor	75	36.23%	
Non-supervisor	132	63.77%	
Total:	207	100%	8
Take Survey Previously:			
Yes	73	34.27%	
No	79	37.09%	
I don't remember	61	28.64%	
Total:	213	100%	2

Note: Complete data from the assessment in the survey was available for 215 cases in this study. However, this table reflects cases where demographic item responses were not completed. There were 9 missing values for gender, 12 missing values for age, 10 missing values for years employed with the City, 8 missing values for supervisory status and 2 missing values for taking the survey previously.

Demographic Items Discussion

There was considerable missing data in the 4 demographics questions included in the survey (gender, age group, years employed, and supervisory status). City of Bozeman employees have previously stated that they wish survey responses to be anonymous. Concern has been expressed that identifying information could link an employee to their responses. Due to the missing data in the demographics items in the survey, these items were not included in the data analysis apart from the sample characteristics of the employees who responded to those items (Table 3).

Instrumentation

The primary instrument for this research study was an electronic survey consisting of 60 items (Appendix A). The survey consisted of 4 sections including 2 yes/no items related to misconduct, the 35-item *Perceptions of Ethical Climate* assessment instrument, a single item rating of the employee's perception of the ethical climate within the City, an item rating the effectiveness of the components of the City ethics program, an open comment box, and 4 demographics questions. Fifty survey items were presented on a seven-point Likert scale with higher numbers representing higher levels of agreement or rating (6 of the items were recoded as reverse values). Table 4 shows the study's research questions and the electronic survey instrument used to answer each question.

Table 4. Survey sections used to answer the research questions.

Research Question	Instrument
1. What are the perceptions of the ethical climate of municipal government employees after an ethics program has been implemented?	Electronic survey – an overall ethics score was derived from the 35 items in the assessment; 6 ethics factors were considered within the 35 items 1 item rated overall ethical climate by City employees
2. Can observations and reporting of misconduct be reliably predicted from municipal employees' perceptions of ethical climate?	Electronic survey – 2 items asked employees to self-report observations of misconduct and reporting of misconduct (dependent variables); 35 items represent an overall ethics score
3. Which factors most impact observations and reporting of misconduct?	Electronic survey – 35 items were grouped into 6 factors including code of ethics, ethics resources, independent ethics commission, ethical decision-making, informal ethical norms, and ethical leadership
4. How do municipal government employees rate the effectiveness of the components of the ethics program?	Electronic survey – 1 item asked employees to rate the effectiveness of ethics program components from a menu of 14 components

2011 Pilot Study

A pilot study was conducted with a random sample of Bozeman employees (n = 75) in the fall of 2011 (Webb, 2011). The *Perceptions of Ethical Climate* instrument designed by Pelletier and Bligh (2006) was utilized to measure perceptions of ethical climate by the sample of municipal employees.

Current Study

The 2014 research design consisted of a 60-item survey that addressed the research questions. Specifically, the *Perceptions of Ethical Climate* assessment instrument (Pelletier & Bligh, 2006), was embedded in the survey to investigate outcomes of the ethics program. New to the 2014 study, City employees were asked to rate the effectiveness of the ethics program components. This item provided useful information to the City of Bozeman as they continue to design and implement annual ethics trainings and other ethics program components as mandated by the City of Bozeman charter. There were two new items that asked for the employee's rating of the ethical climate within the City and whether they had completed the survey in 2011. City employees were also asked to respond to 4 demographics questions (gender, age group, years employed, and supervisory status).

Perceptions of Ethical Climate Assessment Instrument

The *Perceptions of Ethical Climate* assessment instrument developed by Pelletier and Bligh (2006) and embedded in the survey was developed to measure perceptions of ethics program effectiveness. Respondents were asked to rate each of the 35 *Perceptions of Ethical Climate* assessment instrument items using a 7 point Likert scale where 1 = strongly disagree, 2 = disagree, 3 = somewhat disagree, 4 = neither disagree nor agree, 5 = somewhat agree, 6 = agree, 7 = strongly agree. Cronbach's (1951) coefficient alpha was calculated as an index of the internal consistency of the items as an estimate of reliability for the 2006 assessment instrument developed by Pelletier and Bligh (2006).

An overall alpha was not reported for the assessment instrument as a whole. Factor analysis on each factor was not reported. From the 2006 assessment, the code of ethics factor had an alpha of .82, the ethics resources factor had an alpha of .83, the ethical decision-making factor had an alpha of .55, the informal ethical norms factor had an alpha of .82, and the ethical leadership factor had an alpha of .90. The *Perceptions of Ethical Climate* assessment instrument (Pelletier & Bligh, 2006) was originally piloted with 30 employees in the professional, administrative, and exempt bargaining units of a southern California large government agency. Fifteen managers provided qualitative comment on the assessment items. For this study, face and content validity of the survey were evaluated using an expert panel of professionals comprised of two staff at the Montana State University (MSU) Local Government Center and three city officials from City of Bozeman. This panel met together to review the survey and approve the questions. One MSU staff and one City official timed the survey by completing the assessment. There were no changes made to the assessment instrument, however there was discussion of the ways the City could encourage participation and remove barriers to participation (providing work time and work computers to complete the survey and providing paper copies to employees who requested them).

One limitation of the *Perceptions of Ethical Climate* assessment instrument (Pelletier & Bligh, 2006) is that one component of the CEP is not measured in the survey. There are no individual items that address ethics education and training within the survey. However, ethics education and training was addressed in one survey question outside of the 35 assessment items where employees were asked to rate components of the City's

ethics program. Employees also used the open comment box in the survey to insert comments on training (Appendix C). Training was discussed in the six interviews with ethics administrators and the other City employees, especially in response to the questions about ethics program outcomes and effectiveness of the ethics program (Tables 19 and 20).

Study Variables

Table 5 contains a list of the variables in the investigation. The table provides the label, number of items, measurement, range, and data type.

Table 5. Study variables and measurement used to analyze the data.

Variables	Label	Variable	No. Items	Measurement	Range	Data Type
Overall Ethics Score	Overall Ethics	IV1	35	Likert scale	1-7	Ordinal
Code of Ethics	COE	IV2	6	Likert scale	1-7	Ordinal
Ethics Resources	ER	IV3	8	Likert scale	1-7	Ordinal
Independent Ethics Commission	IEC	IV4	4	Likert scale	1-7	Ordinal
Ethical Dec-Making	EDM	IV5	2	Likert scale	1-7	Ordinal
Informal Eth Norms	IEN	IV6	5	Likert scale	1-7	Ordinal
Ethical Leadership	EL	IV7	10	Likert scale	1-7	Ordinal
Observations of Misconduct	OBM	DV1	1	Yes/No	0-1	Nominal
Reporting of Misconduct	RPM	DV2	1	Yes/No	0-1	Nominal

Data Collection Procedures

Staff from the MSU Local Government Center provided ethics training on an annual basis for the City of Bozeman for all five training cycles (Table 2). The researcher provided three of the annual trainings to the employees. The MSU Local Government Center has conducted three ethics research studies in partnership with the City since 2008. With this on-going partnership, no official letters of permission were required or authored for this study. The Institutional Review Board approval is found in Appendix D.

Quantitative – Electronic Survey

For this 2014 investigation, the entire population of employees (N=355) within the City of Bozeman was invited to participate in the electronic survey. The researcher directly contacted the complete list of employees through their City email addresses, providing a link to the electronic survey. Nulty (2008) noted that making it easy for respondents to access surveys by providing them with a link to the survey in an email sent directly to them, increases response rates to online surveys. Each City employee had an email address and access to a computer to complete the survey during work hours. Survey responses were returned directly to the researcher and URL addresses were not visible in order to provide for the anonymity of respondents. A strategy of assuring respondents of the anonymity of their responses is used by researchers to achieve high response rates to online surveys (Nulty, 2008).

Informed consent and study purpose information were included in the email and within the survey introduction. Participation in the survey was voluntary and employees could choose not to participate. Employees were given 10 working days to complete the survey. A reminder to complete the survey with the deadline information was emailed at 5 and 8 working days after the survey was first delivered. The reminder emails included a thank you to those who had already completed the survey and provided an update on the response rate by City employees. The content of the reminder emails assured respondents that their responses would be used, and that their responses would be kept confidential, as recommended by Nulty (2008). Independently, the City Manager and other top leaders within the City encouraged employees to complete the survey via email and in-person communications. Nulty (2008) recommended frequent reminders (at least 3) to increase response rates to online surveys.

Although the information and link was emailed directly to employees, employees were given the option to complete the survey on paper, rather than through electronic means, if they were so inclined. Nulty (2008) noted that in general, online surveys are less likely to achieve response rates as high as paper surveys. It was expected that some City of Bozeman employees would prefer to complete the survey on paper, although previous online surveys and trainings within the City had yielded high response rates. Sixteen paper surveys were completed at the request of employees, and 220 electronic surveys were submitted via the Survey Monkey platform. Of the 236 surveys submitted, 215 contained complete responses to the *Perceptions of Ethical Climate* assessment (Pelletier & Bligh, 2006) and were included in the study.

Qualitative – Interviews with City Employees

Six 30-minute qualitative interviews with City employees were conducted. The interview questions were designed and reviewed by three City officials from the City of Bozeman. Questions were designed to query the interviewees about their reactions to the research results for deeper understanding, and also asked about ethics program outcomes and effectiveness from their perspectives.

The City Manager, City Attorney, City Staff Liaison to the Board of Ethics and three City employees were interviewed after the electronic survey was completed. Interview questions were finalized after the quantitative results were analyzed; a listing of the interview questions is located in Appendix B. The researcher provided preliminary results to the interviewees and general themes for interview questions included what surprised the interviewee and what confirmed what they already thought, what were the outcomes of the ethics program, whether the employee believed that the ethics program is effective, and anything else the employee wanted to add. This was a mixed methods study where the qualitative interviews were used to explain results, to explore the reasons for the results, and to follow up on outliers or extreme cases (Gay et al., 2009). The interviews were recorded and transcribed verbatim. The transcripts are not included in the text of this document to ensure the confidentiality of the employees who were interviewed and the names of employees discussed in the interviews.

Study Validity and Trustworthiness

External Validity

Every attempt was made to obtain external validity by inviting the entire population of the City of Bozeman employees (N=355) to participate in the study. According to Nulty (2008), a high response rate provides a representative sample from which to draw conclusions. Nulty (2008) cited various authors in his research on the adequacy of response rates to online and paper surveys, stating that response rates of 50% - 60% are desirable, and typically, online surveys have a response rate of 33%. In this study, the response of the City of Bozeman employees was 60.6%. If the sample size is too small, the results obtained from a survey may not be representative of the whole population, and the results might suffer from both sample error and sample bias (Nulty, 2008). A higher than usual response rate to electronic surveys decreases external bias (Nulty, 2008).

An assumption of this investigation is that those employees who responded to the survey were similar to those employees who chose not to respond to the survey. If there were systematic differences between respondents and non-respondents in this study, sample bias could be introduced (Nulty, 2008). Nulty (2008) reports that online users are demographically different than other users, and it should be noted that the full population of the City of Bozeman employees does not work at a computer on a daily basis. For example, Public Works employees regularly perform work duties outside an office environment. However, City of Bozeman employees have previously completed

electronic surveys with high response rates and one of the annual ethics trainings was conducted entirely on-line; by employees who completed the training via a computer at work. In addition, the City of Bozeman has implemented electronic recording of work duties utilizing laptops and iPads for everyday tasks within the City. Thus, electronic access is less likely to be a limitation in this study for this population of municipal employees. Further, this investigation provided an option to complete the survey by paper and sixteen employees chose to complete a paper survey.

Demographic information from City employees was not collected in previous surveys in order to ensure the anonymity of respondents. This has been a sensitive issue for City of Bozeman who voiced concerns regarding anonymity in the open comment box at the end of the 2011 survey and verbally during the 2011 and 2012 ethics trainings with the City. Open-ended responses from the 2011 electronic survey reflected fears that honest responses could lead to retaliation. Beeri et al. (2013) found that despite promises of anonymity, some employees were concerned about identification and exposure. However, Pelletier and Bligh (2006) found that the age of the participant contributes significantly to the prediction of ethics program effectiveness. Older employees perceive ethics programs as more effective than younger employees. Younger employees generally hold a less positive view of a company's ethical culture (Ethics Resource Center, 2010b). A recent study by the Ethics Resource Center (2013b) reports that younger workers are more susceptible to experiencing ethical dilemmas on the job and observe more workplace misconduct. Where Pelletier and Bligh (2006) note that length of employment also has a positive correlation to ethics program effectiveness, a study by

Raile (2012) reports that work tenure of non-supervisory employees has a negative effect on perception of ethical climate. For the 2014 survey, employees were asked to complete demographics questions about gender, age group, number of years working for the City, and supervisory status with the intent of deeper data analysis related to demographic category. However, there was considerable missing data by employees in the demographic items in the survey, which may be an indication of continuing concerns about exposure and fear of negative consequences. The demographics are reported in Table 3, but were not used to interpret results based on these categories.

Internal Validity

This study assumed that the City employees who responded to the survey were honest in their responses. As noted previously, employees have voiced fears about retaliation if the survey results were not truly anonymous. It is unknown whether this was a factor in any of the employee responses in the survey.

The study variables merit further discussion here. The conceptual framework for this investigation was derived from organizational culture theory where formal and informal mechanisms shape the ethical climate where behaviors take place (Ravasi & Schultz, 2006). The concept map for this study (Figure 1) is one-directional. It begins with the formal mechanisms (the comprehensive ethics program components) and the informal mechanisms (the ethical environment) working together to achieve the desired outcomes (decreased pressure to commit misconduct, decreased observations of misconduct, increased reporting of misconduct, and decreased retaliation for reporting

misconduct). The mechanisms were measured through a perceptions of ethical climate instrument (Pelletier & Bligh, 2006). It should be noted, however, that the variables could be viewed as bi-directional. The measured outcomes could have an effect on the perceptions of ethical climate, rather than the perceptions of ethical climate driving the outcomes. For example, if an employee had observed misconduct on the job in the last six months, they may have rated their perceptions of ethical climate lower, rather than the perceptions of ethical climate impacting whether the employee observed misconduct. The concept map for this investigation is based on research by the Ethics Resource Center (2012a) and the work of Manske and Frederickson (2008) where the CEP and environment work together to impact the outcomes relating to misconduct. For this study, this direction was chosen.

Trustworthiness

To establish trustworthiness for the qualitative methods of this mixed methods study, the following strategies were taken into consideration to include credibility, transferability, dependability, and confirmability (Krefting, 1991). Regarding credibility, the authority of the researcher was established over a period of four years. The researcher was involved in designing and implementing the City's ethics program since 2010. This included designing and delivering training components, meeting with City officials, and reporting to the Board of Ethics and City Commissioners. The researcher had worked with the entire population of City employees on at least three occasions. Interviews were conducted off-site for the City employees who volunteered and in a

location of their choosing. Questions were designed to be open-ended, allowing the employee opportunities to respond without researcher interference. Interviews were conducted during paid work hours, with the permission of the City.

For transferability, the three employees who volunteered to be interviewed represented differing viewpoints about the City. All three employees had tenure with the City since the inception of the ethics program. One employee was very positive about the City and the program. The second employee was very critical of the City and of the ethics program. The third employee fell in the middle with viewpoints that were both positive and critical. Three employees with responsibilities for administering the ethics program were also interviewed.

To ensure dependability and confirmability of the investigation, triangulation of research methods was employed. Both quantitative and qualitative research methods were utilized. The electronic survey and interview questions were reviewed by City officials, the MSU Local Government Center, and by peer examination. Interview questions and survey items were tested prior to implementation.

Data Cleaning, Preparation, and Analysis

Preliminary Data Analysis

Preliminary data analysis included tests of normality, skewness, and kurtosis prior to conducting a factor analysis of the items in the assessment. Kolmogorov-Smirnov and Shapiro-Wilk tests of normality were significant for all 35 items ($p < .01$) in the assessment. Visual inspection of the data indicated that the distributions for 32 of the 35

assessment items were negatively skewed (M = -.241, SE = .166). When skewness of the variables is less than 2.00 and kurtosis is not greater than 7.00, maximum likelihood extraction methods for factor analysis are not adversely affected (Fabrigar, Wenger, MacCallum, and Strahan, 1999). None of the individual items in the assessment exceeded these thresholds.

Factor Analysis

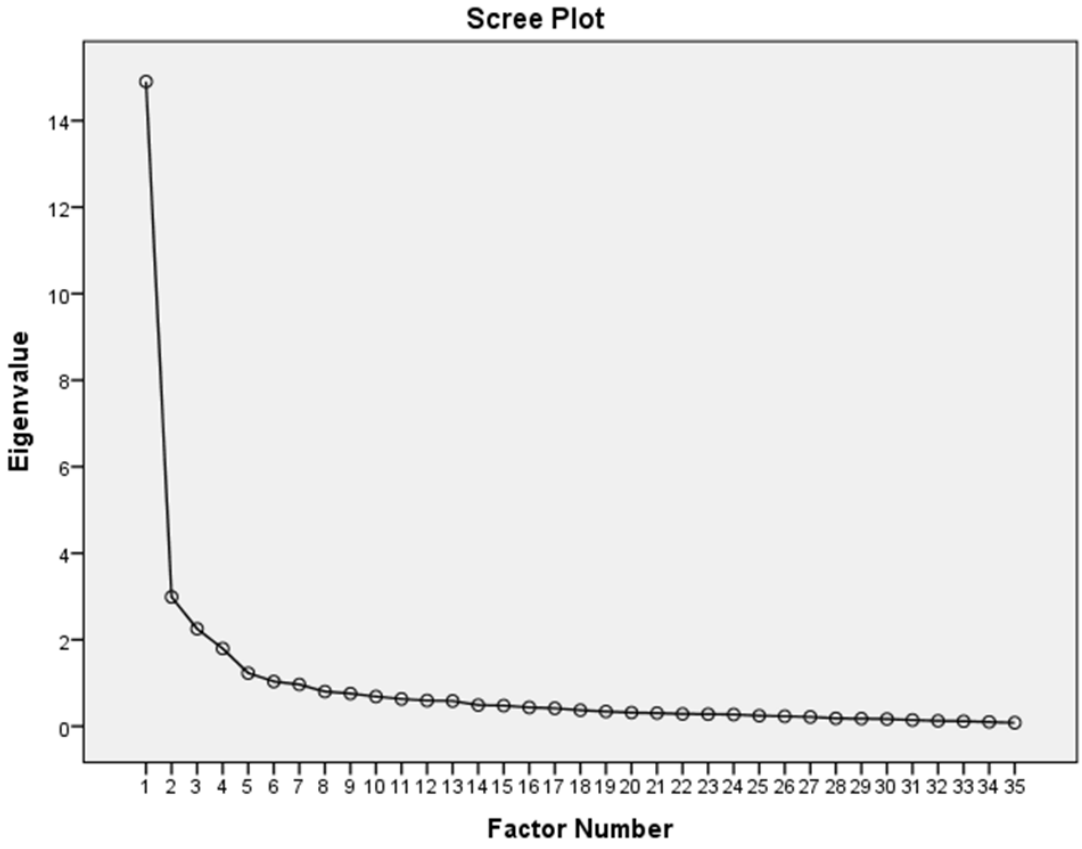
After the preliminary data analysis was completed, the next step was to conduct factor analysis on the instrument. Results from the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (.933) and Bartlett's Test of Sphericity (Chi Square = 5840.095) indicated that the data were appropriate for factor analysis. The Goodness of Fit test was significant ($p < .01$) with a chi-square = 668.743. Factor analysis requires two stages that include factor extraction and factor rotation (Green & Salkind, 2008). The first stage included making a decision about how many factors were involved in the set of variables. For this study, a previously designed assessment instrument was utilized and the factor analysis was conducted to determine if the factors were in alignment with the assessment instrument. For stage one, the absolute magnitude of eigenvalues of factors (eigenvalue greater than one criteria) and the relative magnitude of the eigenvalues (scree test) were considered. Table 6 includes the absolute magnitude of eigenvalues and six factors appear to be revealed.

Table 6. Total variance explained, absolute eigenvalues of factors.

Factor	Initial Eigenvalue Total	% Variance	Extraction Sums Total	% Variance	Rotation Sums Total	% Variance
1	14.902	42.578	14.536	41.532	7.868	22.479
2	2.988	8.538	2.527	7.219	4.525	12.928
3	2.252	6.434	1.646	4.703	2.587	7.391
4	1.796	5.132	1.771	5.059	2.539	7.253
5	1.229	3.511	.862	2.463	2.299	6.569
6	1.034	2.954	.731	2.087	2.255	6.443
7	.966	2.761				
8	.802	2.292				
9	.757	2.162				
10	.687	1.962				
11	.631	1.804				
12	.595	1.700				
13	.584	1.669				
14	.490	1.400				
15	.478	1.364				
16	.437	1.247				
17	.415	1.186				
18	.371	1.059				
19	.342	.978				
20	.316	.903				
21	.305	.871				
22	.284	.812				
23	.279	.798				
24	.272	.777				
25	.245	.699				
26	.231	.660				
27	.215	.615				
28	.183	.524				
29	.177	.505				
30	.168	.480				
31	.144	.412				
32	.125	.357				
33	.116	.333				
34	.100	.286				
35	.082	.234				

The next step in stage one of factor analysis is to conduct a scree test (Figure 2). From a visual inspection of the scree plot, it also appears that there were 6 factors revealed in the assessment instrument.

Figure 2. Scree plot, relative magnitude of eigenvalues.



Although it appeared that there were six factors emerging in stage one, the decision about the number of factors was not a final one. In stage two, factors are rotated (Green & Salkind, 2008). Fabrigar, Wegener, MacCallum and Strahan (1999) assert that maximum likelihood is the best factor analysis choice when the data are relatively normal. The most popular rotational method is Varimax (Costello & Osborne, 2005);

oblique rotations are less frequently applied due to the results being more difficult to summarize (Green & Salkind, 2008). The factor analysis chosen for this study was maximum likelihood with Varimax rotation. Results of the factor analysis of the assessment instrument are found in Table 7.

Table 7. Factor analysis of 35-item assessment instrument.

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
Factor 1: Code of Ethics Six items						
3.5 When a decision has ethical implications, the City's ethics policy guides me in my decision-making process	**.352**	.051	-.092	.273	.305	.269
3.6 I have read the City's ethics code	**.638**	-.021	.039	.071	.006	.105
3.7 I understand what the city expects of me in terms of ethical behavior	**.823**	.114	.074	.074	.172	.142
3.8 I understand the content of the City's ethics code	**.846**	-.042	.096	.015	.074	.056
3.9 When I was hired, the ethical expectations of the City were communicated to me	**.255**	-.013	-.038	.233	.168	.129
3.10 Policies exist that describe how the City expects employees to make ethical decisions	**.463**	.146	.136	.413	.195	.165

Table 7. Factor analysis of 35-item assessment instrument, continued.

Factor 2: Ethical Decision-Making Two items						
3.11 When faced with an ethical conflict at work, I seek guidance to determine possible consequences of my decision	.218	**.380**	-.120	.123	.272	.091
3.12 When faced with making a decision that has an ethical implication, I feel I can discuss the matter with my immediate supervisor	.229	**.847**	.081	.045	.218	.176
Factor 3: Ethics Resources Eight items						
3.13 There are ethics resources available to me if I want to ask questions about ethics	.241	.206	**.584**	.285	.252	.244
3.14 It is easy to get help from the ethics resources that exist	.384	.370	**.698**	.259	.200	.128
3.15 The staff identified for ethics assistance is available when I need help	.366	.231	**.701**	.183	.248	.067
4.16 In the course of my workday, I have felt time pressures that have led to unethical decision-making	.128	.173	**.748**	.010	.011	.109
4.17 In the City, there are many instances where ethical decision-making is sacrificed due to time constraints	.278	.159	**.803**	.111	.114	.073

Table 7. Factor analysis of 35-item assessment instrument, continued.

4.18 Time pressures affect my ability to thoroughly evaluate ethical dilemmas	.165	.126	**.822**	.128	.003	.050
4.19 The City makes ethical decisions even in times of budgetary constraints	.052	.196	**.625**	.139	.290	.158
4.20 The City is willing to do the right thing no matter the financial costs	.173	.249	**.678**	.143	.224	.128
Factor 4: Informal Ethical Norms Five items						
4.21 The City rewards employees who exhibit ethical behavior	.054	.205	.073	**.557**	.295	.118
4.22 Personnel decisions (hiring and promotion) in the City reflect ethical principles	.051	.238	.153	**.656**	.204	.195
4.23 In my opinion, employee concerns about ethical issues are not "heard" in my department	-.014	.462	.265	**.428**	.038	.108
4.24 If I reported a colleague for an ethical violation, there would be retaliation against me	-.418	-.366	-.242	**.057**	-.143	-.222
4.25 If I were to have an ethical concern, I know I would be supported by the City	.116	.398	.207	**.659**	.257	.210

Table 7. Factor analysis of 35-item assessment instrument, continued.

Factor 5: Ethical Leadership Ten items						
5.26 The top leadership of the City is concerned with ethical practice	.150	.273	.150	.085	**.799**	.109
5.27 I feel comfortable consulting with my immediate supervisor when I have to make a tough ethical decision	.330	.094	.105	.030	**.827**	.092
5.28 Top leadership places an equal value on productivity, quality, and ethical practice	.163	.329	.100	.065	**.766**	.180
5.29 Moral concerns are given top priority by the City's top leaders	.247	.237	.210	.113	**.734**	.116
5.30 My immediate supervisor sets a good example of ethical behavior	.306	.094	.170	.019	**.683**	.132
5.31 Top leadership works quickly to resolve ethical issues	.109	.288	.130	.054	**.782**	.140
5.32 My immediate supervisor looks the other way when employees make unethical decisions	.257	.024	.327	.003	**.602**	.089
5.33 Top leadership provides employees with ethical guidance when it is needed	.118	.248	.184	.080	**.735**	.280

Table 7. Factor analysis of 35-item assessment instrument, continued.

5.34 The organization's top leadership routinely strives to make decisions that are ethical	.093	.239	.116	.082	**.878**	.083
5.35 If I reported one of my fellow employees for an ethics violation, my immediate supervisor would support me	.280	.042	.108	-.009	**.720**	.098
Factor 6: Independent Ethics Commission Four items						
6.36 The Board of Ethics handles concerns and inquiries in a confidential manner	.268	.063	.033	.149	.238	**.422**
6.37 The creation of the Board of Ethics has increased my trust in the City	.301	.173	.088	.120	.191	**.698**
6.38 The City instituted the Board of Ethics because it is truly concerned about ethical standards	.489	.190	.112	.094	.123	**.625**
6.39 The ethics program is effective	.160	.269	.093	.229	.452	**.549**

Extraction Method: Maximum Likelihood.
Rotation Method: Varimax with Kaiser Normalization.
6 factors extracted.

In stage two of the factor analysis, six factors were extracted, aligning with the 6 factors identified in the Pelletier & Bligh (2006) *Perceptions of Ethical Climate* assessment. The code of ethics factor had 6 items, the ethical decision-making factor had

2 items, the ethics resources factor had 8 items, the informal ethical norms factor had 5 items, the ethical leadership factor had 10 items, and the independent ethics commission factor had 4 items. Costello and Osborne (2005) note that a factor with fewer than 3 items is generally weak and unstable. One of the factors in this study had two items, but is aligned with the Pelletier & Bligh (2006) assessment. The other factors all had 4 or more items.

The rotated solution shown in Table 7 yielded 6 interpretable factors. Factor 1 (code of ethics) accounted for 42.6% of the item variance, factor 2 (ethical decision-making) 8.6%, factor 3 (ethics resources) 6.4%, factor 4 (informal ethical norms) 5.1%, factor 5 (ethical leadership) 3.5%, and factor 6 (independent ethics commission) accounted for 2.9% of the item variance. The overall loading of the items is high on a single factor and lower on other factors within the analysis. However there are some cases where items loaded on two factors. Factor 1 (code of ethics) had three potential double loadings. The item concerning ethics policy guiding decision-making appeared to double load with the ethical leadership factor. This could be explained by the seeking of advice from a supervisor, rather than the ethics policy, when an ethical dilemma occurs. The other two items involved City expectations upon hire and through policies and appeared to double load with the informal ethical norms factor. This may suggest that although policies exist to guide decisions, there may be informal norms that influence what or how ethical decisions are made. The code of ethics factor had an internal reliability alpha of .696 which is a moderate value (Table 8). In the informal ethical norms factor, there was one potential double loading for the item about whether

employee concerns are heard. This appeared to double load with the ethical decision-making factor. These two items could be associated due to a perception of concerns about not being heard and this perception contributing to how a decision to act or not act might be made in an ethical dilemma. For the rotated solution overall, loadings were primarily high on a single factor and with the exception of the code of ethics factor, the other factors did not have more than 1 item double loading.

According to Green and Salkind (2008), four criteria determine the number of factors to include. These include beliefs about the number of factors based on past research, the absolute values of the eigenvalues from stage one, the relative values of the eigenvalues from stage one, and the interpretation of the rotated solutions from stage two. For the current study, the 35 items in the assessment instrument were analyzed using maximum likelihood factor analysis. Four criteria were used to determine the number of factors to rotate: the use of a previously tested assessment instrument, absolute values of the eigenvalues (eigenvalue greater than one criteria), relative values of the eigenvalues (the scree test), and the interpretability of the factor solution. The scree plot, the eigenvalues, and the rotated solutions all indicated 6 factors, which aligned with the Pelletier & Bligh (2006) assessment instrument.

Internal Reliability

A Cronbach's alpha test of reliability was conducted on the entire survey and each factor to determine internal reliability. The results indicated a strong overall alpha of .946 for the 2014 survey (Table 8). Field (2005) noted that it is generally accepted that

an alpha of 0.8 or better means the construct is reliable and is measuring what it should be measuring.

Cronbach's alpha was conducted for each of the 6 ethics factors in the investigation. Three of the factors had strong alpha scores. Two of the factors showed moderate scores. The informal ethical norms factor had a low score of .355. The items in the informal ethical norms factor also had the lowest mean scores in the electronic survey. There was a wide range of responses regarding these survey items and a lower consistency in the perceptions regarding the informal norms was not unexpected. One of the five items in the informal ethical norms factor double loaded with ethical decision-making and one item demonstrated a weak loading.

Table 8. Internal reliability of factors.

Ethics Grouping	Number of items	Cronbach's alpha 2014
Complete survey	35	.946
Code of Ethics	6	.696
Ethics Resources	8	.855
Independent Ethics Commission	4	.831
Ethical Decision-Making	2	.652
Informal Ethical Norms	5	.355
Ethical Leadership	10	.935

Quantitative Data Analysis by Research Question

Research Question 1. *What are the perceptions of the ethical climate of municipal government employees after an ethics program has been implemented?*

Research Question 1 was analyzed through descriptive statistics. Descriptive statistics

(N, mean, standard deviation, frequencies and percentages) were conducted on individual survey items and for the survey as a whole (the overall ethics score). Descriptive statistics were also conducted for 6 ethics factors that make up the conceptual framework for this study (code of ethics, ethics resources, independent ethics commission, ethical decision-making, informal ethical norms, and ethical leadership).

Research Question 2. *Can observations and reporting of misconduct be reliably predicted from municipal employees' perceptions of ethical climate?* To answer research question 2, binary logistic regression was conducted with the overall ethics score as the independent variable. Binary logistic regression is regularly used when there are only two categories of the dependent variable; in this case whether an employee has observed misconduct or not, and whether an employee reported the observed misconduct or not. (Gandhi, 2011; Mertler & Vannatta, 2010). Logistic regression employs probability theory, for example, the person belongs to one group rather than another (Gandhi, 2011). The goal is to correctly predict the category of outcome for individual cases.

Research Question 3. *Which factors most impact observations and reporting of misconduct?* Logistic regression can also determine the impact of multiple independent variables presented simultaneously to predict membership of one or other of the two dependent variable categories (Gandhi, 2011). To answer research question 3, additional binary logistic regression calculations were conducted, entering each ethics factor from the conceptual framework into the regression model to predict membership in the categories of observations of misconduct and reporting of misconduct. This regression

calculation provided an examination of the contribution of each of the ethics factors. The ethics factors include the code of ethics, ethics resources, independent ethics commission, ethical decision-making, informal ethical norms, and ethical leadership (Table 5).

Research Question 4. *How do municipal government employees rate the effectiveness of the components of the ethics program?* One item in the survey asked employees to rate the effectiveness of ethics program components on a Likert scale from a menu of 14 components. Responses were reported through descriptive statistics with particular attention paid to the highest rated components.

Qualitative Data Analysis –
Interviews with City Employees

Six 30-minute qualitative interviews were conducted with 3 City ethics administrators and 3 additional City employees (Table 9). The three non-administrative City employees contacted the researcher for inclusion in the interviews and their identities remain confidential. All three employees have worked with the City since before the first annual ethics trainings were conducted (2009) and the independent board of ethics was created (2009). The interviews were recorded and transcribed verbatim. Responses to the interview questions were coded and key themes were identified and reported.

Table 9. Interviews with City employees.

Employee type	Hire year	Location of Interview	Informed Consent
City Manager	2004	City Offices	Yes
City Attorney	2009	City Offices	Yes
City Staff Liaison	2008	Researcher's office	Yes
Employee 1	2008	Coffee shop	Yes
Employee 2	1996	Coffee shop	Yes
Employee 3	2007	Coffee shop	Yes

Research Timeframe

The research conducted in this study took place over a period of time from 2011-2014. Annual ethics training for elected and appointed city officials and all city employees was mandated in revisions to the City of Bozeman charter which took effect in January 2008. Since that time, components of a CEP were implemented (Table 1), and five annual ethics trainings were conducted (Table 2). The City of Bozeman employees were previously surveyed about ethics two times. A spring 2011 survey studied the effectiveness and preference for in-person ethics trainings versus an on-line ethics training format. A fall 2011 pilot study first measured employee observations of misconduct, reporting of misconduct, and perceptions of ethical climate (at that time, two ethics trainings specific to Bozeman municipal code had been implemented). The January 2014 survey was electronically distributed to all city employees. A series of six interviews were conducted during the month of March 2014 with the City Manager, City Attorney, City liaison to the Board of Ethics, and 3 additional City employees who volunteered to be interviewed.

Chapter Three Summary

The methodology used in this investigation was presented in this chapter. Discussion of the research design and rationale, population and sampling, sample participants and characteristics, instrumentation, data collection procedures, data cleaning, preparation and analysis, and research time frame were introduced and discussed. External validity, internal validity, and trustworthiness were also discussed. The methods used to answer the research questions in this study included a 60-item quantitative electronic survey that measured perceptions of ethical climate, observations of misconduct and reporting of misconduct, along with an overall ethical climate rating, ethics program component effectiveness rating, and employee demographics. Six qualitative interviews were conducted to deepen the understanding of the quantitative electronic survey responses.

RESULTS

Introduction

This chapter presents the results of the investigation of the outcomes of the ethics program in the City of Bozeman. In this section, results from this mixed methods study are provided to address each research question including the descriptive statistics, binary logistic regression calculations and key themes from the six interviews with City employees. The first part of the chapter contains the quantitative analysis of the electronic survey. Following this are the results from the qualitative interviews and comments from employees from the survey's open comment box. A summary of the results is provided.

Ethics programs are implemented to prevent misconduct that may cause harm to an organization as well as to the stakeholders (Ethics Resource Center, 2008). A small number of municipal governments have implemented such programs and few have measured the results (Ethics Resource Center, 2008). With high rates of misconduct at all levels of government (Ethics Resource Center, 2008), knowledge of the outcomes of a multi-year ethics program may inform governmental units about effective ways to select the components and content to design and implement their own programs. The purpose of this study was to investigate the outcomes of a comprehensive ethics program (CEP) within a municipal government setting, five years after implementation. The factors investigated by this research study included: the CEP (components included a code of ethics, ethics education and training, ethics resources and an independent ethics

commission), and the ethical environment in which decisions are made (components included ethical decision-making, informal ethical norms and ethical leadership) and their impact on observations and reporting of misconduct. The following research questions guided the direction of this study: What are the perceptions of the ethical climate of municipal government employees after an ethics program has been implemented? Can observations and reporting of misconduct be reliably predicted from municipal employees' perceptions of ethical climate? Which factors most impact observations and reporting of misconduct? How do municipal government employees rate the effectiveness of the components of the ethics program?

Results of the Quantitative Analysis

Descriptive Statistics

This section presents the descriptive statistics for the dependent and independent variables in the study, and the individual items from the *Perceptions of Ethical Climate* assessment instrument (Pelletier & Bligh, 2006). Tables 10, 11, and 12 present the descriptive statistics which answer research questions 1 and 4.

Table 10. Descriptive statistics – dependent variables in study.

Dependent Variable	N	Frequency	Percentage
Observations of Misconduct	215	Yes = 72 No = 143	Yes = 33.5% No = 66.5%
Reporting Observed Misconduct	72	Yes = 32 No = 40	Yes = 44.4% No – 55.6%

Only those who responded yes to observing misconduct were included in the statistics for reporting observed misconduct.

For the 215 City of Bozeman employees who responded to the survey, 72 employees (33.5%) observed misconduct in the last 6 months. Regarding the reporting of observed misconduct, 32 of the 72 employees (44.4%) who observed misconduct reported the misconduct.

Table 11 presents the descriptive statistics for the independent variables in the study. This includes the overall ethics score and 6 ethics factors.

Table 11. Descriptive statistics – independent variables in study.

Independent Variable	N	Mean	Standard Deviation	Scale
Overall Ethics Score	215	4.8062	.87911	1-7
Code of Ethics	215	5.7577	.76215	1-7
Ethical Decision-Making	215	5.4651	1.29699	1-7
Ethics Resources	215	5.0760	1.05973	1-7
Ethical Leadership	215	4.8718	1.30843	1-7
Independent Ethics Commission	215	4.5746	.90669	1-7
Informal Ethical Norms	215	3.9846	.90669	1-7

For the scale of 1-7; 1 = strongly disagree, 2 = disagree, 3 = somewhat disagree, 4 = neither disagree nor agree, 5 = somewhat agree, 6 = agree, 7 = strongly agree

An overall ethics score of 4.81 was calculated from an average Likert scale rating of the 35 items from the *Perceptions of Ethical Climate* assessment (Pelletier & Bligh, 2006). The means of the overall ethics score and 5 of the 6 ethics factors scored above 4.0 (on a scale where 4.0 = neutral). The code of ethics factor had the highest mean score (5.76), followed by ethical decision-making (5.46) and ethics resources (5.08). The code of ethics factor contained 6 items that spoke to reading and understanding policies that exist and ethical expectations being communicated. The ethical decision-making factor included 2 items regarding seeking guidance for ethical conflicts. The ethics resources

factor contained 8 items that related to time, finances, staff, and other resources. The lowest rated factor, informal ethical norms, had a mean score of 3.98. The informal ethical norms factor consisted of 5 items that addressed support, rewards and punishments for ethical and unethical behavior.

Table 12 presents the descriptive statistics for the 35 individual item responses to the *Perceptions of Ethical Climate* assessment instrument (Pelletier & Bligh, 2006) in the electronic survey from this investigation. Frequencies and percentages are included to demonstrate the continuum of agreement and disagreement with items in survey, allowing for interpretation beyond a mean Likert scale score. The City requested this data for use in identifying areas of strength and weakness to focus attention in education and training efforts. For the purposes of reporting in the main body of this document, frequencies and percentages are grouped into agree (all responses that indicated somewhat agree, agree or strongly agree), neutral (neither agree nor disagree), and disagree (all responses that indicated somewhat disagree, disagree, or strongly disagree). However, the full descriptive data in each category for each survey item is reported in Appendix E. The data contained in Appendix E may allow for further study and response by administrators. Six items were recoded as reverse values in the assessment instrument. For ease in interpretation of the data in Table 12, all of the 35 items are worded so that a higher mean score reflects higher levels of agreement. Items that were reverse coded in the assessment are noted with the symbol (R). The original wording of the reverse coded items is located in Appendix A.

Table 12. Descriptive statistics – 35 items in assessment instrument.

	Mean	Standard Deviation	Frequency	Percentage
Code of Ethics Six items				
3.5 When a decision has ethical implications, the City's ethics policy guides me in my decision-making process	5.3628	1.25248	D = 18 N = 32 A = 165	D = 8.4% N = 14.9% A = 76.7%
3.6 I have read the City's ethics code	6.0985	1.08716	D = 10 N = 5 A = 200	D = 4.7% N = 2.3% A = 93%
3.7 I understand what the City expects of me in terms of ethical behavior	6.2055	.75180	D = 6 A = 209	D = 2.8% A = 97.2%
3.8 I understand the content of the ethics code	6.1023	.86400	D = 3 N = 6 A = 206	D = 1.4% N = 2.8% A = 95.8%
3.9 When I was hired, the ethical expectations of the City were communicated to me	4.8140	1.96293	D = 54 N = 25 A = 136	D = 25.1% N = 11.6% A = 63.3%
3.10 Policies exist that describe how the City expects its employees to make ethical decisions	5.9628	.93154	D = 3 N = 14 A = 198	D = 1.5% N = 6.4% A = 92.1%

Table 12. Descriptive statistics – 35 items in assessment instrument, continued.

Ethical Decision-Making Two items				
3.11 When faced with an ethical conflict at work, I seek guidance to determine possible consequences of my decision	5.3256	1.39627	D = 21 N = 24 A = 170	D = 9.7% N = 11.2% A = 79.1%
3.12 When faced with making a decision that has an ethical implication, I feel I can discuss the matter with my immediate supervisor	5.6047	1.60809	D = 28 N = 11 A = 176	D = 13% N = 5.1% A = 81.9%
Ethics Resources Eight items				
3.13 There are ethics resources available to me if I want to ask questions about ethics	5.9579	1.05153	D = 24 A = 191	D = 11.2% A = 88.8%
3.14 It is easy to get help from the ethics resources that exist	5.4233	1.35427	D = 15 N = 40 A = 160	D = 7% N = 18.6% A = 74.4%
3.15 The staff identified for ethics assistance is available when I need help	5.1775	1.41628	D = 18 N = 58 A = 139	D = 8.4% N = 26.9% A = 64.7%

Table 12. Descriptive statistics – 35 items in assessment instrument, continued.

4.16 In the course of my workday, I have not felt time pressures that have led to unethical decision-making (R)	5.2930	1.52325	D = 33 N = 32 A = 150	D = 15.3% N = 14.9% A = 69.8%
4.17 In the City, there are not many instances where ethical decision-making is sacrificed due to time constraints (R)	4.9860	1.53610	D = 36 N = 42 A = 137	D = 16.8% N = 19.5% A = 63.7%
4.18 Time pressures do not affect my ability to thoroughly evaluate ethical dilemmas (R)	5.1163	1.49781	D = 37 N = 27 A = 151	D = 17.2% N = 12.6% A = 70.2%
4.19 The City makes ethical decisions even in times of budgetary constraints	4.5981	1.69584	D = 48 N = 54 A = 113	D = 22.3% N = 25.1% A = 52.6%
4.20 The City is willing to do the right thing no matter the financial costs	4.0561	1.83849	D = 77 N = 48 A = 90	D = 35.8% N = 22.3% A = 41.9%
Informal Ethical Norms Five items				
4.21 The City rewards employees who exhibit ethical behavior	3.2910	1.56174	D = 99 N = 78 A = 38	D = 46% N = 36.3% A = 17.7%
4.22 Personnel decisions (hiring and promotion) in the City reflect ethical principles	4.1745	1.78066	D = 65 N = 52 A = 98	D = 30.2% N = 24.2% A = 45.6%

Table 12. Descriptive statistics – 35 items in assessment instrument, continued.

4.23 In my opinion, employee concerns about ethical issues are ~~not~~ "heard" in my department (R)	4.5721	1.77552	D = 54 N = 44 A = 117	D = 25.1% N = 20.5% A = 54.4%
4.24 If I reported a colleague for an ethical violation, there would not be retaliation against me (R)	3.4930	1.79790	D = 117 N = 35 A = 63	D = 54.4% N = 16.3% A = 29.3%
4.25 If I were to have an ethical concern, I know I would be supported by the City	4.3925	1.65058	D = 51 N = 62 A = 102	D = 23.7% N = 28.9% A = 47.4%
Ethical Leadership Ten items				
5.26 The top leadership of the City is concerned with ethical practice	4.7907	1.68775	D = 42 N = 38 A = 135	D = 19.5% N = 17.7% A = 62.8%
5.27 I feel comfortable consulting with my immediate supervisor when I have to make a tough ethical decision	5.4512	1.57260	D = 26 N = 14 A = 175	D = 12.1% N = 6.5% A = 81.4%
5.28 Top leadership places an equal value on productivity, quality, and ethical practice	4.6233	1.77796	D = 49 N = 43 A = 123	D = 22.8% N = 20% A = 57.2%
5.29 Moral concerns are given top priority by the City's top leaders	4.2944	1.60381	D = 52 N = 63 A = 100	D = 24.2% N = 29.3 A = 46.5%

Table 12. Descriptive statistics – 35 items in assessment instrument, continued.

5.30 My immediate supervisor sets a good example of ethical behavior	5.2744	1.74389	D = 35 N = 17 A = 163	D = 16.3% N = 7.9% A = 75.8%
5.31 Top leadership works quickly to resolve ethical issues	4.4333	1.61414	D = 42 N = 68 A = 105	D = 19.5% N = 31.6% A = 48.9%
5.32 My immediate supervisor does not look the other way when employees make unethical decisions (R)	5.1869	1.71105	D = 41 N = 28 A = 146	D = 19.1% N = 13% A = 67.9%
5.33 Top leadership provides employees with ethical guidance when it is needed	4.7581	1.56692	D = 37 N = 51 A = 127	D = 17.2% N = 23.7% A = 59.1%
5.34 The organization's top leadership routinely strives to make decisions that are ethical	4.7103	1.69667	D = 43 N = 46 A = 126	D = 20% N = 21.4% A = 58.6%
5.35 If I reported one of my fellow employees for an ethics violation, my immediate supervisor would support me	5.1953	1.49422	D = 25 N = 30 A = 160	D = 11.6% N = 14% A = 74.4%
Independent Ethics Commission Four items				

Table 12. Descriptive statistics – 35 items in assessment instrument, continued.

6.36 The Board of Ethics handles concerns and inquiries in a confidential manner	4.7276	1.04167	D = 3 N = 129 A = 83	D = 1.4% N = 60% A = 38.6%
6.37 The creation of the Board of Ethics has increased my trust in the City	4.2897	1.45660	D = 45 N = 86 A = 84	D = 20.9% N = 40% A = 39.1%
6.38 The City instituted the Board of Ethics because it is truly concerned about ethical standards	4.5896	1.51518	D = 42 N = 62 A = 111	D = 19.5% N = 28.8% A = 51.7%
6.39 The ethics program is effective	4.6916	1.46875	D = 35 N = 61 A = 119	D = 16.3% N = 28.4% A = 55.3%

For frequency and percentage columns: strongly disagree, disagree and somewhat disagree are reported together as "D." "N" = neither disagree nor agree. Somewhat agree, agree, and strongly agree are reported together as "A."

The data from Table 12 may be interpreted by mean scores and by frequencies and percentages. The highest mean scores (over 6.0 in a scale of 1-7) included 3 items from the code of ethics factor and represented having read the code, understanding the code, and understanding what the City expects in terms of ethical behavior. Thirteen items scored from 5.0 to < 6.0, 17 items scored from 4.0 to < 5.0, and 2 items scored from 3.0 to < 4.0. There were no items that had a mean score of less than 3.0. Of the 17 items with mean scores in the 4.0 to < 5.0 range, 7 of the items had a mean score of less than 4.5. These items included whether the City is willing to do the right thing no matter the financial costs, whether personnel decisions reflect ethical principles, whether the

City would be supportive of an employee with an ethical concern, whether moral concerns are given top priority by City leaders, whether top leadership works quickly to resolve ethical issues, and whether the creation of the Board of Ethics increased trust in the City. The 2 items with mean scores less than 4.0 (in the somewhat disagree category) involved experiencing retaliation for reporting a colleague for an ethical violation and whether the City rewards employees who exhibit ethical behavior.

Another way of interpreting the results is through reviewing percentages. Regarding City finances, less than 50% of the employees agree that the City is willing to do the right thing no matter the financial costs and 47% either disagreed or were neutral that the City makes ethical decisions even in times of budgetary constraints. Informal norms items reflected that less than 50% agree they would be supported by the City if they were to have an ethical concern and that personnel decisions reflect ethical principles. A low 17.7% agree that the City rewards employees who exhibit ethical behavior. Regarding top leadership, less than 50% agree that moral concerns are given top priority (about 25% of the employees disagreed) and just under 50% agree that leadership works quickly to resolve ethical issues (about 20% disagreed). Items regarding the Board of Ethics were rated neutrally, and as this resource is largely for citizen access to local government, these results are not a surprise. Two items that included retaliation and City support show that roughly 54% of City employees either agreed that there would be retaliation against them for reporting and roughly 51% disagreed or were neutral that they would be supported by the City if they had an ethical concern.

One item in the 2014 survey asked employees to rate the ethical climate of the City (a single item rating rather than a mean score from the 35 items in the assessment instrument). Table 13 shows the descriptive results of the single-item rating of the overall ethical climate by City of Bozeman employees. For reporting purposes, responses of highly ethical, ethical, and somewhat ethical are grouped as "ethical," neither ethical nor unethical is reported as "neutral," and somewhat unethical, unethical, and highly unethical is reported as "unethical."

Table 13. Single item perception of ethical climate rating by City employees.

	N	Mean	Standard Deviation	Frequency	Percentage
Single Item Ethical Climate Rating	215	5.2850	1.39695	HU = 5 U = 10 SU = 14 N = 13 SE = 43 E = 108 HE = 22	HU = 2.3% U = 4.7% SU = 6.5% N = 6.1% SE = 20% E = 50.2% HE = 10.2%

For the scale of 1-7; 1 = highly unethical (HU), 2 = unethical (U), 3 = somewhat unethical (SU), 4 = neither unethical nor ethical (N), 5 = somewhat ethical (SE), 6 = ethical (E), 7 = highly ethical (HE).

Bozeman employees were asked to rate their overall perception of the ethical climate of the City. The mean of this ethical climate rating was 5.28 and is different from the overall ethics score of 4.81, which was derived from an average of the 35 responses in the *Perceptions of Ethical Climate* assessment instrument (Pelletier & Bligh, 2006). The largest group of employees, 173 employees (80.4%), rated the City as somewhat ethical, ethical or highly ethical. Thirteen employees (or 6.1%) rated the ethical climate as neutral. Twenty-nine employees (or 13.5%) rated the City's ethical climate as somewhat

unethical, unethical, or highly unethical. A mean of 5.28 is in the somewhat ethical range, leaning towards ethical.

Table 14 shows the effectiveness rating of the components of the City of Bozeman's ethics program from a menu of 14 components.

Table 14. Effectiveness rating, City's ethics program components.

	N	Mean	Standard Deviation
Ethical Role-modeling by my peers	215	5.3827	1.28866
Ethical Role-modeling by my supervisor	215	5.2170	1.53772
Talking about ethics on the job	215	5.2093	1.26192
Annual Ethics Training	215	5.1793	1.20975
City of Bozeman Code of Ethics	215	5.1132	1.21763
Ethics Handbook	215	5.0707	1.17596
Accessible Ethics Resources & Staff	215	4.9572	1.23919
State of Montana Code of Ethics	215	4.8946	1.04498
Ethical Role-modeling by City Leadership	215	4.8820	1.66612
City Core Values	215	4.8774	1.48640
Independent Board of Ethics	215	4.7062	1.21859
Ethics Web Pages	215	4.7500	1.22998
City Whistleblower Policy	215	4.5453	1.31813
Performance Evaluation based on City Core Values	215	4.5141	1.62480

For the scale of 1-7; 1 = highly ineffective, 2 = ineffective, 3 = somewhat ineffective, 4 = neither ineffective nor effective, 5 = somewhat effective, 6 = effective, 7 = highly effective.

Six ethics components were rated with a mean higher than 5.0 (somewhat effective). The most effective components were identified from highest to lowest as ethical role-modeling by my peers (5.38), ethical role-modeling by my supervisor (5.22), talking about ethics on the job (5.21), annual ethics training (5.18), City of Bozeman code of ethics (5.11), and the City of Bozeman ethics handbook (5.07). There were no mean scores under 4.5 for any of the listed ethics components. All of the components were

rated leaning towards effective. In addition to rating ethics components from a menu of 14 components, there was a box that accompanied this item that said "other, please specify." The verbatim comments (6 comments) from this box are included in Appendix F. There was one comment stating that the City is on the right track with the ethics program and the ethics board. There was one comment about rating components as neutral when the rater did not have experience with the components. The rest of the comments (4) were critical comments and included topics about hiring, internal complaints/reporting, and top management.

Binary Logistic Regression

Binary logistic regression was used for the statistical analysis of the research questions 2 and 3. The calculations do not assume a linear relationship between the dependent and independent variables nor do the independent variables need to be interval, normally distributed, linearly related, or of equal variance within each group (Gandhi, 2011). Four binary logistic regressions were conducted to determine if observations and reporting of misconduct could be reliably predicted from the City of Bozeman employees' perceptions of ethical climate and 6 ethics factors.

Overall Ethics Score and Observations and Reporting of Misconduct.

The first two binary logistic regression calculations were conducted with the overall ethics score calculated from the *Perceptions of Ethical Climate* assessment (Pelletier & Bligh, 2006). Table 15 shows the binary logistic regression analysis for the overall ethics score and observations of misconduct.

Table 15. Binary logistic regression, overall ethics score and observations of misconduct.

Variables	B	S.E.	Wald	Sig.	Exp(B)
Overall Ethics Score	1.440	.230	39.323	**.000**	4.219

Binary logistic regression (enter method) was conducted to determine if the overall ethics score was a predictor of observations of misconduct by employees of the City of Bozeman. Regression results indicated that the overall model was statistically reliable in distinguishing between observing misconduct versus not observing misconduct in the last six months on the job (-2 Log Likelihood = 218.195, Chi-Square = 55.966, $p < .01$). The model correctly classified 78.1 % of the cases. The overall ethics score significantly distinguishes between employees who observed misconduct from employees who did not observe misconduct. For every one unit increase in overall ethics score, employees of the City of Bozeman are over four times more likely to have not observed misconduct on the job in the last six months (Exp(B) = 4.219, $p <.01$).

Seventy-two employees (of the 215 who completed the survey) observed misconduct in the last six months on the job. The sample size for conducting binary logistic regression on reporting misconduct decreased from 215 to 72 for this regression calculation. Only those employees who observed misconduct could report it. Thirty-two (44.4%) of these employees reported the misconduct they observed. The second binary logistic regression calculation with the overall ethics score and reporting of observed misconduct is found in Table 16.

Table 16. Binary logistic regression for overall ethics score and reporting observed misconduct.

Variables	B	S.E.	Wald	Sig.	Exp(B)
Overall Ethics Score	-.087	.255	.116	.734	.917

Binary logistic regression (enter method) was conducted to determine if the overall ethics score was a predictor of the reporting of observed misconduct by employees of the City of Bozeman. Regression results indicated that the overall model was not statistically reliable in distinguishing between reporting observed misconduct versus not reporting observed misconduct in the last six months on the job (-2 Log Likelihood = 98.807, Chi-Square = 9.377, $p > .01$). The model correctly classified 55.6 % of the cases. The overall ethics score does not significantly distinguish between employees who reported observed misconduct from employees who did not report observed misconduct.

Ethics Factors and Observations and Reporting of Misconduct. Binary logistic regression was also conducted entering the six ethics factors (independent variables as identified in Table 5) to determine if observations and reporting of misconduct could be reliably predicted from any of the ethics factors. Table 17 shows the binary logistic regression analysis for the ethics factors and observations of misconduct and Table 18 shows the binary logistic regression analysis for the reporting of observed misconduct.

Table 17. Binary logistic regression, ethics factors and observations of misconduct.

Variables	B	S.E.	Wald	Sig.	Exp(B)
Code of Ethics	-.476	.293	2.635	.105	.621
Ethics Resources	.440	.300	2.145	.143	1.553
Independent Ethics Commission	-.413	.234	3.125	.077	.662
Ethical Decision-Making	.314	.179	3.075	.079	1.370
Informal Ethical Norms	.216	.344	.396	.529	1.292
Ethical Leadership	.920	.292	9.885	**.002**	2.505

Binary logistic regression (enter method) was conducted entering all 6 ethics factors to determine if any of the ethics factors were predictors of observations of misconduct by employees of the City of Bozeman. Regression results indicated that the overall model was statistically reliable in distinguishing between observing misconduct versus not observing misconduct in the last six months on the job (-2 Log Likelihood = 195.635, Chi-Square = 78.526, $p < .01$). The model correctly classified 80.0 % of the cases. One factor, ethical leadership, was significant in distinguishing between employees who observed misconduct (Exp(B) = 2.505, $p < .01$) from those who did not observe misconduct. For each one unit increase in rating of ethical leadership it can be predicted that employees are 2.5 times more likely to not observe misconduct on the job. The code of ethics, ethics resources, independent ethics commission, ethical decision-making, and informal ethical norms factors were not significant in distinguishing between employees who observed misconduct versus those who did not observe misconduct.

Binary Logistic Regression results for the 6 ethics factors and reporting misconduct are shown in Table 18. The sample size again decreased from 215 to 72 (the

number of City employees who observed misconduct). Only the employees who observed misconduct could report it.

Binary logistic regression (enter method) was conducted entering all 6 ethics factors to determine if any of the ethics factors were predictors of reporting observed misconduct by employees of the City of Bozeman.

Table 18. Binary logistic regression, ethics factors and reporting observed misconduct.

Variables	B	S.E.	Wald	Sig.	Exp(B)
Code of Ethics	-.536	.383	1.958	.162	.585
Ethics Resources	.126	.363	.120	.729	1.134
Independent Ethics Commission	.305	.302	1.021	.312	1.357
Ethical Decision-Making	-.399	.225	3.143	.076	.671
Informal Ethical Norms	.534	.463	1.330	.249	1.706
Ethical Leadership	-.261	.371	.495	.482	.770

Regression results indicated that the overall model was not statistically reliable in distinguishing between reporting observed misconduct versus not reporting observed misconduct in the last six months on the job (-2 Log Likelihood = 91.709, Chi-Square = 7.213, $p > .01$). The model correctly classified 63.9 % of the cases. None of the factors were significant in distinguishing between employees who reported observed misconduct from those who did not report observed misconduct. The reporting of observed misconduct versus not reporting misconduct cannot be predicted by any of the ethics factors; code of ethics, ethics resources, independent ethics commission, ethical decision-making, informal ethical norms, or ethical leadership.

Results of the Qualitative Analysis

Interviews

Six interviews were conducted with 3 City ethics administrators and 3 additional City employees to explain and further explore the results from the survey. Tables 19 and 20 contain summary comments that emerged from the interviews. The comments contained in the tables are representative of the interviews. Verbatim transcripts are not included to protect confidentiality of the interviewees and employee names mentioned during the interviews.

Table 19. Summary comments from interviews with ethics administrators.

Category	Administrator 1	Administrator 2	Administrator 3
Ethics Program Effectiveness		City moved from "checking a box" with ethics training to ethics as an indicator of organizational health.	Giving employees tools to make ethical decisions. We're going in the right direction.
Ethics Program Outcomes	More employees are talking about ethics. There are cross-departmental conversations about ethics.	Overall awareness about ethics has increased. More employees are asking questions about ethics. Employees having discussions provide internal controls. Employees are more aware of ethics resources available to them. Greater buy in from the directors. It has changed our thinking as leaders.	Overall awareness about ethics has increased. More employees are asking questions about ethics. More employees are seeking advice about ethical decisions. The City Ethics Code has been revised.

Table 19. Summary comments from interviews with ethics administrators, continued.

Observations/ Reporting of Misconduct	Surprised that 1/3 of employees observes some form of misconduct (unacceptable).	The level of observations of misconduct is too high, even though lower than national statistics.	There is no way to report anonymously, employees want somebody who is not the City Attorney. Employees need to feel supported in the process. Employees need to know that reports are investigated with follow up.
City Culture	Great that employees recognize that the environment is most important in ethics – over the code and rules. Ethics is becoming part of the City culture. The increase in engagement in the trainings by employees shows that the culture is changing.	The increase in engagement in the trainings by employees shows that the culture is changing.	
Ethical Climate	Having any employee rating the City as unethical is unacceptable.	The perceptions of ethical climate survey is a good benchmark to use for on-going measurement of the climate.	Morale is low among some employees which may not be directly linked to ethics, but are perceived to be. Hiring outside the City, no raises, little recognition leads to lower morale.
Top Leadership			There is a big division between top leaders and the front line.

Table 19. Summary comments from interviews with ethics administrators, continued.

Ethics Training	Our challenge will be to do training differently. So that it becomes integrated and supervisors are role modeling and providing training. Eventually we need to do it in-house.

With regard to the effectiveness of the ethics program, the ethics administrators demonstrated a "big picture" view of the effort. They talked about the ethics program being an indicator of organizational health, providing employees with tools to make the right decisions, and that the CEP is moving the City in the right direction.

One ethics administrator noted that revisions to the City code of ethics were an outcome of the program. Another ethics administrator noted that the ethics program has changed the way leaders think about the organization as whole and that internal controls are occurring among employees as a result of the program, that conversations are taking place across departments.

Regarding observations and reporting of misconduct, two of the ethics administrators noted that 33.5% of employees observing misconduct is too high and they would like to see it lower. Another ethics program administrator noted a need for an anonymous way to report ethical violations. The administrator also noted that employees need follow up after they have brought an ethical issue to the attention of City leaders.

When asked about the rating of the ethical climate by City employees, one ethics administrator said that any employee rating the City as unethical is unacceptable. The ethics administrator viewed the ethical climate rating as a benchmark statistic that can be conducted again in future years for comparison.

Two ethics administrators noted that the increased engagement of employees in the ethics program is an indicator that ethics are becoming part of the culture within the City of Bozeman. The administrators also noted the employees' rating the importance of the environment in the overall ethical arena in the City.

There were similarities and differences among the City ethics administrators and the other City employees in their responses in the interviews for this study. Table 20 contains the summary comments from the interviews with 3 City employees who volunteered to be part of the qualitative portion of the study.

Where the ethics administrators looked at the ethics program from a "big picture" perspective, the other employees discussed the day-to-day impacts of the ethics program. Several observed that employees are thinking and talking more about ethics as a result of the program. The City employees noted having tools and knowing where to go to seek advice. One employee noted that the ethics program is a good program and has opened up space for seeking advice on ethical issues. A full range of opinions comprised the 3 employee interviews. All of the interviewees had been employed with the City of Bozeman since the inception of the ethics program. One was very positive about the

Table 20. Summary comments from interviews with City employees.

Category	Employee 1	Employee 2	Employee 3
Ethics Program Effectiveness	Good program. Nothing horrible happening on ethical front, maintains ethics. Think about ethics more. Talk about ethics more. Learn from examples.	There is a modicum of effectiveness because there is a handbook.	Increase in tools for employees to make ethical decisions. Think about ethics more. Talk about ethics more. Learn from examples. City places a priority on ethics. Employees know where to go for advice and who to talk to. Ethics program opened space to seek advice.
Ethics Program Outcomes	Overall awareness about ethics has increased. More employees are talking about ethics. Employees learn from the bad examples used in training. Annual training is a good reminder of ethics.	Handbook. Need more specifics and less gray areas.	Overall awareness about ethics has increased. More employees are asking questions about ethics. More employees are seeking advice about ethical decisions. More employees are talking about ethics. External auditors like the City ethics program.
Observations/ Reporting of Misconduct	Some top managers hold a grudge which could affect reporting.	Reporting of misconduct is low due to fears of retaliation. People who report are the ones that get in trouble. An outside reporting agency would be great. There is no ease of reporting and no guarantee of	Seems higher than what would be expected.

Table 20. Summary comments from interviews with City employees, continued.

		anonymity, even though we have a whistleblower policy	
City Culture		Perceptions about ethics by employees have not changed. Ethics within the City won't change without a change in the culture. The culture of Bozeman is "cover your butt." The culture is killing ethics in this city.	
Ethical Climate	Thought employees would rate the City as having a stronger ethical climate. City of Bozeman promotes its core values. City talks about core values, but top leaders don't model it. Lack of following core values, lack of team work.	Overall ethics perceptions are myopic, from the department. I think my coworkers are very ethical. I honestly believe everybody tries to do the right thing. Top leaders have shared confidential information. The ethics program has not changed the ethical climate.	I trust that people will do the right thing.
Top Leadership	Management see themselves as highly ethical. There is a perception that top leaders participate in illegal behavior. Top leaders hold grudges and retaliate against employees. Top leaders could provide a more positive model of leadership.	Massive disconnect between the "boots on the ground" and "I don't know what to see." Top managers need to lead by example. Organization is run top down. Employees don't report misconduct to top leaders. Top leaders are not held accountable.	

Table 20. Summary comments from interviews with City employees, continued.

Ethics Training	Ethics scenarios and examples are useful. Interactive training is best. Cross-departmental training is good.	Keep providing the trainings.	Ethics scenarios and examples are useful. Thought that training would score higher as more effective component of ethics program. Scenarios should be tailored to the department. Don't think training can go wrong as long as City keeps discussing ethics.

program and the work of the City. One was more neutral and shared critical comments. The third voiced strong negative opinions about leadership within the City.

Both groups of ethics administrators and employees identified an increase in awareness about ethics, talking more about ethics, asking more questions about ethics, and seeking advice on ethical matters as outcomes of the ethics program. The City employees added to the ethics program outcomes that the handbook is a helpful tool in guidance in gray areas, that they learn from the examples explored in the ethics program, and that auditors external to the City like the program.

The City employees spoke of a fear of retaliation if they report misconduct, stating that employees have lost their jobs, "gotten in trouble" or have left the City as a result of reporting. An avenue to report ethical violations to an outside agency was recommended.

The ethics administrators and the City employees shared differing viewpoints on ethical culture within the City. The employees noted that perceptions of ethics within the

City have not changed with the program. One employee stated that the culture is to "cover your butt," and that the culture within the City "is killing the ethics" of the City.

One City employee noted that they trust that colleagues will do the right thing and thought the rating of ethical climate within the City would be higher. Another employee stated that although the City promotes core values, they are not modeled. This employee noted a lack of team work and leaders divulging confidential information.

One ethics administrator noted that there is a gap between top leaders and the rest of the organization. The City employees were more specific. They noted that managers view themselves as ethical, but that there is a need for modeling the behavior they want to see. The employees shared that there is a perception of illegal behavior that takes place among top managers, there is a perception of managers holding grudges and retaliating against employees who bring complaints forward, a disconnect between top managers and other employees, and that top managers are not held accountable.

Regarding ethics education and training, both the ethics administrators and the City employees had some positive comments. The ethics administrators noted the need to have ethics training integrated into other aspects of City trainings, that it include modeling ethical behavior, and that it eventually be conducted in-house. City employees found scenarios and interactive training useful. They noted that cross-departmental and department-specific ethics training can be effective, and that the City needs to keep providing the training. One employee wanted more clarity about ethics in the trainings and for the handbook to be more specific. One employee thought that the trainings would

be rated higher in the survey, noting that as long as the City keeps offering ethics training, the program can't go wrong.

Electronic Survey Open Comment Box

Included in the electronic survey was one item that asked employees to add any clarifying comments regarding the City of Bozeman's ethics program. It was an open comment box and 36 comments were collected from the 215 employees who completed the survey. Table 21 contains a summary of the comments, organized by ethics factor.

These comments support the quantitative survey and qualitative interview results and add to the discussion. Fourteen of the comments related to the leadership of the top managers in the City. This was a theme in the other measures for this study. The gap between top leadership and the rest of the municipality was noted, although some comments reflected a positive view of City leaders and supervisors. Ethics training received 7 comments, which were primarily focused on the content and frequency of training but also noted that training guides ethical decision-making. Ethics resources were noted. The theme of modeling ethical behavior was also revisited in these comments. There were 2 comments about the Board of Ethics in the open comment box. Employees noted that they do not have much information about the way the Board conducts its business and noted that there is not an avenue to contact the Board confidentially. Verbatim comments from the open comment box in the electronic survey are found in Appendix C.

Table 21. Electronic survey open comment box, by ethics factor.

Ethics Factor	# Comments	Summary
Ethics Education & Training	7	Training content, training frequency, guides decisions
Ethics Resources	1	Resources provided, comfortable discussing ethics issues with department and City Attorney's office
Independent Ethics Commission	2	Lack of knowledge about Board of Ethics, who they are, when they meet. No way to contact board without using city email – confidentiality
Ethical Environment	2	Ethics is about modeling. Actions speak louder than words – talking means nothing. Ethical atmosphere is displayed by City.
Ethical Leadership – Top Leaders	14	Senior leadership – poor role models. Upper management does a bad job. Weak links on director team with character and integrity. Serious employment law violations. High ranking individuals turn blind eye. Does not seem to apply to leaders and supervisors. "leadership, integrity, teamwork" mantra is not being fulfilled by current city administration. If someone is a whistleblower, they get fired. Elected officials ethics could be sharpened up. Number one ethical concern is the commissioners. Do believe City Leaders are ethical.
Ethical Leadership – Immediate Supervisor	2	My immediate supervisor is very ethical. There is zero ethical role modeling by my boss.

Verbatim comments from open comment box are listed in Appendix C.

Summary of the Results

This section summarizes the quantitative and qualitative results for this chapter. Table 22 depicts a summary of the quantitative results from the electronic survey conducted during this investigation.

Table 22. Summary of quantitative results.

	2014 n=215
Observations of Misconduct	Bozeman: 33.5% NGES 2008: 63%
Reporting of Misconduct	Bozeman: 44.4% NGES 2008: 67%
Overall Ethics Score (mean score of 35 items in assessment)	4.81 (scale 1-7)
Relationship of Perception of Ethical Climate on Observations of Misconduct	Significant relationship. If the overall ethics score increases by one, it is over 4 times more likely that an employee will not have observed misconduct on the job.
Ethics Factors and Observations of Misconduct	Significant relationship, one significant factor. If the ethical leadership factor increases by one, it is about 2.5 times more likely that an employee will not have observed misconduct.
Single Item Rating of Perception of Ethical Climate – Mean Score	5.28 (scale 1-7) Ethical: 80.4% Neutral: 6.1% Unethical: 13.5%
Most Effective Components (highest to lowest, includes all scores over 5 on scale 1-7. 5 = somewhat effective	Ethical role modeling by peers Ethical role modeling by supervisor Talking about ethics on the job Ethics Training Bozeman Code of Ethics Ethics Handbook

NGES = National Government Ethics Survey (Ethics Resource Center, 2008)

The qualitative measures for this study deepened the understanding and depth of the quantitative results from the survey. Interviews and open comment boxes added employee perspective that was not gained in the Likert scale averages from the survey items. Themes that continued to be revealed in the qualitative measures included leadership of top managers, outcomes and effectiveness of the ethics program, ethics resources available to employees, ethics training, and the ethical environment of the City. A perception of a gap between top leaders and the rest of the employees emerged in the interviews as it did in the electronic survey and open comment boxes. Key areas of leadership that were discussed included role modeling ethical behavior, holding employees accountable, and creating a strong ethical culture. Employees also discussed the effectiveness of the ethics program; there is more awareness about ethics, employees are talking more about ethics, and employees know how to seek advice and guidance when faced with ethical dilemmas.

In alignment with the concept map introduced in Chapter One (Figure 1), the following results are reported for the CEP, ethical environment, and observations and reporting of misconduct.

Code of Ethics

The code of ethics factor mean was 5.76, the highest rated factor from the electronic survey. There was strong agreement that employees have read the code, understand the code, know what the City expects in terms of ethical behavior, and that policies exist that describe how the City expects employees to make ethical decisions.

The City's code of ethics was rated as one of the most effective components of the City's ethics program. The code of ethics was noted in the qualitative interviews as a resource and a source of guidance to employees.

Ethics Education and Training

There were no items in the *Perceptions of Ethical Climate* assessment instrument (Pelletier & Bligh, 2006) that addressed the quality or effectiveness of ethics education and training. Annul ethics training was rated as one of the most effective components of the City's ethics program. Training was discussed by both the ethics administrators and the City employees in the qualitative interviews. Training was noted as providing guidance in ethical decision-making and that the scenarios, examples and discussion are helpful.

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Ethics Resources

The ethics resource factor mean was 5.08. Close to 90% of the City employees agreed that there are ethics resources available if they want to ask questions about ethics. The ethics handbook was rated as one of the most effective components in the City's ethics program. Available ethics resources were highlighted in the qualitative interviews, relative to seeking guidance and knowing where to go for resources. Two of the ethics resources items related to finances received low ratings, however. Fifty-eight percent of employees disagreed or were neutral about whether the City is willing to do the right thing no matter the financial costs, and 47% disagreed or were neutral about whether the City makes ethical decisions even in times of budgetary constraints.

Independent Ethics Commission

The independent ethics commission factor mean was 4.57 and reflected the neutral view that employees appeared to have regarding the Board of Ethics. Employees have not had contact or experience with the Board. Employees noted a desire for an anonymous avenue to report ethical issues.

Ethical Environment

The ethical decision-making factor mean was 5.46, the informal ethical norms factor mean was 3.98, and the ethical leadership mean was 4.87. Role modeling by peers, role modeling by my supervisor, and talking about ethics on the job were rated as three of the most effective components of the City's ethics program. These components that exist within the ethical environment were rated higher than any other ethics components. The ethical culture and climate of the City were discussed by the ethics administrators and the City employees in the interviews. There were differences regarding the perceptions of the ethical culture of the City between the ethics administrators and the City employees, and this may be representative of the low mean score for the informal ethical norms factor. The items in the informal ethical norms factor included rewarding ethical behavior, personnel decisions reflecting ethical principles, ethical issues being heard, retaliation for reporting ethical violations, and being supported by the City with an ethical concern. A perception of a gap between top leadership and the rest of the employees was revealed through the survey, open comment box, and employee interviews.

Observations and Reporting of Misconduct

A CEP should support and strengthen the ethical environment of an organization, leading to fewer observations of misconduct and increased reporting of misconduct when it is observed (Manske & Frederickson, 2004). A logistic regression statistical analysis found that an increase in perception of ethical climate by employees predicted fewer observations of misconduct. The only significant ethics factor in observing less misconduct was ethical leadership. Statistical analysis for reporting observed misconduct was not significant. The percentage of City of Bozeman employees who observed misconduct (33.5%) was low in comparison to national local government statistics (63%) (Ethics Resource Center, 2008). The percentage of City of Bozeman employees (44.4%) who reported the misconduct they observed was low in comparison to national local government statistics (67%) (Ethics Resource Center, 2008). There were no measures for reduced pressure for misconduct but responses to the electronic survey demonstrated that roughly 45% of City employees either agreed or were neutral that there would be retaliation against them for reporting misconduct.

Chapter Four Summary

This chapter presented the results of the investigation. Results from this mixed methods study were provided in separate sections for quantitative and qualitative data. Descriptive statistics included number, mean, standard deviation, frequencies and percentages. Binary logistic regressions were conducted to determine significant predictive relationships between employees' perceptions of ethical climate and

observations and reporting of misconduct. Key themes from the six interviews with City employees were identified and employee comments from the open-comment box in the electronic survey were summarized. A summary of the results was included in this chapter.

CONCLUSIONS

Introduction

At their core, ethics programs constitute an organizational attempt through people, processes, and systems to prevent misconduct that may cause harm to an organization as well as to the stakeholders (Ethics Resource Center, 2008). Ethics programs are about proactive efforts to prevent unethical behavior and to react swiftly, decisively, and transparently in case an ethics issue should arise (Liautaud, 2013). In the public agency, this extends to the citizens and the trust they place in government agencies to serve the public. According to the 2007 National Government Ethics Survey (Ethics Resource Center, 2008), the most important asset of government is public trust. When present, citizens believe that elected officials, appointees, and public servants are acting in their best interest. When public trust erodes, government effectiveness is hindered. Public trust is shaken when misconduct takes place in governmental organizations (Ethics Resource Center, 2008).

With increasing scrutiny and demand for transparency in all government transactions by citizens, every employee's commitment to ethical behavior matters. To manage ethical risks, expanding the knowledge of effective means to achieve ethical behavior is critical. In an effort to ensure public trust in government through ethical management of citizen resources, leaders of agencies should be intentional in their adoption of a Comprehensive Ethics Program (CEP) and in measuring the impact the program has on the ethical climate, observations of misconduct and reporting of observed

misconduct. The purpose of this study was to investigate the outcomes of a CEP within a municipal government, five years after implementation.

In this concluding chapter, the results of each research sub-question are discussed in greater detail and conclusions for this investigation are drawn. The limitations and one delimitation of the study are noted. Recommendations to the City of Bozeman and for further study are made.

Discussion of Research Results

The principal research question addressed in this study was: What are the outcomes of a CEP in municipal government, five years after implementation? The responses to the four sub-questions addressed in this study are detailed below.

Research Question 1

What are the perceptions of the ethical climate of municipal government employees after an ethics program has been implemented?

As a whole, the City of Bozeman employees regard their ethical climate leaning towards ethical. An overall ethics score of 4.81 was calculated from an average of responses to 35 items in the *Perceptions of Ethical Climate* assessment instrument (Pelletier & Bligh, 2006). A mean of 4.81 indicates a higher score than neutral, but lower than somewhat agree. A single-item survey question about the employee's own view of the ethical climate in the City of Bozeman was rated at 5.28. This rating suggests that on average the City of Bozeman employees consider the climate to be between somewhat

ethical and ethical. Roughly 80% of the 215 employees who responded to this item rated the City as ethical (somewhat ethical, ethical or highly ethical). About 14% of the employees rated the City as unethical (somewhat unethical, unethical or highly unethical).

Any unethical rating by an employee was a concern to one administrator. In his interview, he noted,

> "The reason why we're having this conversation is because we really want to understand and correct what (employees) are seeing as unethical behavior. Because if there really is something unethical going on, it needs to be resolved and people need to stop doing that. If it's your perception that something's going on, perception becomes reality. It's destructive to our productivity and delivering services to our citizens" (Administrator 1, personal interview, March 18, 2014).

The results of the qualitative findings are mixed. The findings ranged from those individuals who perceive the City climate to be ethical to those individuals who think the top leaders are less ethical. Employee interviews revealed that most think their co-workers are ethical and that employees will do the right thing, however, a perception about a gap between the City's top leaders and the rest of the employees was demonstrated in the interviews and in survey responses.

The findings from this study can be used by City leaders to educate employees, communicate ethical standards, and assess the ethical climate of the City of Bozeman municipality. While the employees rate their perceptions of the City's climate leaning towards ethical, there are opportunities to strengthen the climate through addressing the perception of the gap between top leaders and the rest of the employees, and understanding the informal ethical norms that may contribute to lower ethical

perceptions. The overall ethics score and single-item rating of the ethical climate may be used as a benchmark measure in the future.

Research Question 2

Can observations and reporting of misconduct be reliably predicted from municipal employees' perceptions of ethical climate?

Binary logistic regression was conducted and demonstrated that observations of misconduct could be reliably predicted from municipal employees' perceptions of ethical climate. The overall ethics score significantly distinguished between employees who observed misconduct from those employees who did not observe misconduct. For every one unit increase in the overall ethics score, City of Bozeman employees were over 4 times more likely to have not observed misconduct on the job in the last six months. Bozeman employees observed misconduct at a low rate of 33.5% when compared with a national research survey that showed local government employees observing misconduct at a rate of 63% (Ethics Resource Center, 2008). It should be noted here that the variables in the regression may impact each other. The concept map for this study (Figure 1) is one-directional, however the rating of the perceptions of ethical climate and observations of misconduct may be circular. An employee who observed misconduct may have rated their perceptions of the ethical climate lower. In this study, the CEP and ethical environment were measured via an overall ethics score to determine if the perception of ethical climate rating could distinguish between whether an employee had observed misconduct or not.

The logic regression calculations for the reporting of observed misconduct were not statistically significant. The reporting of observed misconduct could not be reliably predicted from the overall ethics score in this study.

Reporting misconduct appears to be an area for further study within the City of Bozeman. The interviews with the City employees revealed concerns about retaliation. An interviewee shared that one City administrator "definitely holds a grudge," and if an employee reports misconduct "you will be punished" (Employee 1, personal interview, March 10, 2014). A second interview reflected a similar sentiment stating that "reporting that goes right back to my 'cover your butt' attitude because we've seen people who report and they're the ones who got in trouble" (Employee 2, personal interview, March 10, 2014). The same employee reflected that the culture modeled by top management is that "when you hear something you're not supposed to hear, you walk away." One item in the electronic survey was worded, "If I reported a colleague for an ethical violation, there would be retaliation against me." Greater than half of the employees (54.4%) agreed with this statement. This is higher than national statistics where almost 28% of non-reporters in local governments feared retaliation (ERC, 2008). Another survey item read, "If I were to have an ethical concern, I know I would be supported by the City." For this item, less than half (47.4%) of the employees agreed, and 23.7% disagreed. Support for reporting misconduct appears to be an area to strengthen in future ethics program components.

An ethics administrator shared thoughts about the reporting process within the City,

> "I have heard that people have reported and then there has been no follow up with that person. I do think there needs to be some kind of follow up to say 'thank you for reporting, we did take care of the matter, we can't share details with you, but I do want you to know that it's been dealt with,' and from what I've heard, that doesn't happen as much as it should. And I think that's where people then go, 'well, great, why did I bother, nothing happened.' Whether or not something did happen is a totally different story, but they don't think anything happened… It wouldn't have to be throughout the whole organization. You could just go back to that one person that reported and say thank you and have some follow up" (Administrator 3, personal interview, March 12, 2014).

From the quantitative results of the survey, observations of misconduct could be reliably predicted from the overall ethics score from the ethical climate assessment and from a single ethics factor, ethical leadership. The reporting of misconduct could not be reliably predicted. Low reporting and concerns about retaliation for reporting should be studied and addressed.

Research Question 3

Which factors most impact observations and reporting of misconduct?

One ethics factor, ethical leadership, significantly distinguished between employees who observed misconduct from employees who did not observe misconduct. For every one unit increase in ethical leadership, City employees were about 2.5 times more likely to have not observed misconduct. The other factors of code of ethics, ethics resources, independent ethics commission, ethical decision-making, and informal ethical norms were not reliably significant predictors of membership in either category. The binary logistic regression calculations were not significant for any of the 6 ethics factors

and the reporting of observed misconduct. No predictions regarding the reporting of misconduct could be made.

This study revealed a perception of a gap between top leaders and other employees with the City. It is unknown if this was a factor in the low rates of reporting in Bozeman. Supervisors are the most popular first choice for reporting (LRN, 2007b) and immediate supervisors were rated highly in the electronic survey by the municipal employees.

Research Question 4

How do municipal government employees rate the effectiveness of the components of the ethics program?

One electronic survey item listed a menu of 14 ethics program components and asked employees to rate the effectiveness of each component on a seven-point Likert scale. Six ethics components were rated higher than 5.0 on a 7.0 point scale (where 5.0 = somewhat effective). The highest rated components were role modeling by peers, role modeling by supervisors, talking about ethics on the job, annual ethics training, the City of Bozeman code of ethics, and the City of Bozeman ethics handbook. None of the 14 components listed in the menu of ethics program components were rated lower than 4.5.

Bozeman employees identified role modeling by their peers and supervisors and talking about ethics on the job as the most effective components of the ethics program. In the open comment box of the electronic survey, one Bozeman employee wrote, "Actions speak louder than words… talking means nothing" (Appendix C). The

Bozeman employees noted the effectiveness of talking about ethics on the job. Employee interviews all noted an increase in awareness and talking about ethics as a result of the implementation of the CEP. Ethics administrator interviews highlighted how cross-departmental conversations are taking place and serving as an internal control mechanism (Administrator 2, personal interview, March 6, 2014).

The Bozeman employees rated training as one of the most effective ethics program components. There were no individual items in the electronic survey that addressed the effectiveness of ethics training, but the interviews and open comment box responses suggested that employees are learning from ethics training and view it as helpful. A veteran of the Bozeman municipal employee base added, "Please know when I was hired 25 years ago there was no ethics training upon hire" (Appendix C).

The City of Bozeman, in partnership with the Montana State University Local Government Center, produced an ethics handbook (Lachapelle, 2010). The handbook is written in non-technical language as a resource for employees when they have an ethical dilemma and don't know where to go for assistance. There were no questions about this type of resource in the electronic survey; however one survey item asked if there are ethics resources available to employees if they wanted to ask questions about ethics. There was 88.8% agreement on this item. One employee in an interview stated, "I would say that there is a modicum of effectiveness because there is a handbook" (Employee 2, personal interview, March 10, 2014).

One component that was rated neutrally should be noted here. The independent ethics commission (Board of Ethics) is part of a CEP, and in the case of the City of

Bozeman, was created by mandate for citizens to have a non-governmental avenue to voice ethics complaints. The three volunteers appointed by the City Commission are independent of the City of Bozeman and are not employees. Items from the survey that ask about the independent board demonstrated largely neutral responses. It is not surprising to see neutral employee responses to the Board of Ethics, since it was primarily created for citizen complaints (employees have internal avenues to report ethics violations). Sixty percent of employees were neutral about whether the Board of Ethics handles concerns and inquiries in a confidential manner and forty percent of employees were neutral about whether the creation of the Board of Ethics increased their trust in the City.

> One of the employees interviewed added, "I have no idea who's on the ethics committee. I have no idea. I've actually looked on the website, and if it's there it's hidden, and I'm not the only one who makes that comment. If I have an ethical problem, I want a little anonymity because these departments are small; it doesn't take much to figure out" (Employee 2, personal interview, March 10, 2014). Another employee noted, "I think we are on the right track with our ethics program and, especially the ethics board. The fact that they have not had to hear a case is evidence we have an ethical culture (for the most part)" (Appendix C).

To the present date, no citizen has filed an ethics case with the Board of Ethics, although the Board conducted a process to hear a mock complaint in 2011.

The City of Bozeman employees rated all ethics program components in the menu of 14 components with a mean higher than 4.5 (where 4.0 = neutral). Six components were rated higher than 5.0 (somewhat effective). The qualitative interviews added meaning to the quantitative results.

Comparison to the Literature

Factors identified as having a positive influence on public sector employees' perceptions of ethics include ethical leadership, ethics training, interaction with ethics officials, and perceived ethics knowledge (Raile, 2012). Raile (2012) adds that leaders of public agencies can take action in specific ways to improve perceptions of ethical climate by employees which may then influence perceptions of government accountability and public trust in a broader way beyond the agency. In this investigation, City of Bozeman employees also noted the critical role of leadership in their perceptions of ethical climate (top leaders and immediate supervisors). Ethics training was selected by employees as one of the most effective ethics program components, and asking questions, talking about ethics, and seeking advice from City officials were all noted in the individual interviews.

Three studies noted that the ethical environment is more critical than CEP components (Ethics & Compliance Officer Association Foundation, 2009; Johnson, 2004; Lockwood, 2009) and these studies are consistent with how the City of Bozeman employees rated the ethics components. Along similar lines, Trevino et al. (1999) note employee's perceptions about leadership have a stronger impact on ethics than formal program elements. In the current study, top leaders were rated lower than immediate supervisors. The interviews and open comment box in the survey demonstrated a perception of a gap between the City's top leaders and the rest of the employees. The lower ratings within the informal ethical norms factor concerned issues around rewards, support, personnel decisions, ethical issues being heard, and retaliation for reporting. To

strengthen Bozeman's perceptions of ethical climate, informal ethical norms and City leadership will need to be addressed.

Role modeling by peers and role modeling by supervisors were rated as 2 of the 6 most effective components in Bozeman's ethics program. This is consistent with literature that asserts that employees need to see others acting in ways that model ethical behavior (West & Berman, 2004). Since employees imitate the behavior of others, they look to peers and leadership as visible models (Beeri et al., 2013; Kaptein, 2011b; Trevino et al., 2008; Weaver et al., 2005). Ethical leadership must also encourage a speak-up climate, ethical reflection and a perception that ethics are discussed in the organization (Jovanic & Wood, 2006; Nunez, 2010; Trevino et al., 1999). Leaders must then provide adequate opportunity to discuss ethical issues and dilemmas (Kaptein, 2011b). It is also important that co-workers talk about ethics in the work they do (LRN, 2006). Discussion of ethics by managers and co-workers is vital to behavior, perceptions and job responses (Schwepker & Hartline, 2005).

Ethics literature notes that the most significant variables impacting observed misconduct include leadership, perceptions about fairness, perception that ethics is discussed in the organization, and perception that ethical behavior is rewarded (Trevino et al., 1999). In this study, ethical leadership was identified as a significant variable impacting observed misconduct. Also in line with the literature, Bozeman employees identified that an effective ethics program component included talking about ethics on the job. However, Bozeman employees rated their perception that ethical behavior is

rewarded lower than any other item in the *Perceptions of Ethical Climate* assessment (Pelletier & Bligh, 2006).

With a somewhat favorable perception of ethical climate and a CEP in place, it is expected that employees will report the misconduct they see (ERC, 2008). Immediate supervisors were rated highly by City of Bozeman employees, and it might be expected that reports of misconduct would be made to these immediate supervisors (Ethics Resource Center, 2008; Ethics Resource Center 2013b; LRN, 2007b). The literature supports that when a CEP includes a useful code and effective training, reporting rates should be significantly higher (Ethics Resource Center, 2010c). The City of Bozeman's reporting rate of 44.4% is low when compared to national local government statistics at 67% (Ethics Resource Center, 2008). The literature that exists about employees who do not report misconduct cited a lack of confidence in how it would be handled, a lack of comfort in reporting, a lack of a formal reporting procedure, not being sure of how to report the misconduct, or a fear of retaliation or punishment (Griffin & Bradley, 2010; Jovanic & Wood, 2007; LRN, 2007c). Employees need to trust that reports will be acted on appropriately and confidentially (LRN, 2007c). Raile (2012) notes that employees need to be encouraged to seek advice from ethics officials and come away feeling that the resources were helpful and the advice was useful. Concerns about reporting, City support, follow up, and retaliation appeared in survey results and employee interviews in this study.

Kerka (2003) notes that changes in behavior and practice require longer-term approaches and that one-shot training will not change behavior or the ethical

environment. Cromwell and Kolb (2004) add that post-training support by supervisors is important to employees applying what they learn in training to their jobs. Bozeman's ethics program has been in place since 2009. The City of Bozeman employees participate in annual ethics training as mandated by City charter, and other ethics program components add support to reinforce the training. The purpose of this study was to investigate the outcomes of a CEP five years after implementation. A continuing commitment to incorporating ethics on a day-to-day basis, along with supervisor and leadership support, will strengthen the environment in which ethical or unethical decisions are made.

Much of what was measured and observed in this study with the City of Bozeman is supported by ethics literature. Although Bozeman employees observe less misconduct than is reported in national government ethics surveys (Ethics Resource Center, 2008), they also report misconduct at lower rates. The survey results, along with employee interviews, point to areas for attention within the City, including perceptions of support by the City for ethical concerns, addressing fear of retaliation if they do report, and strengthening the informal ethical climate.

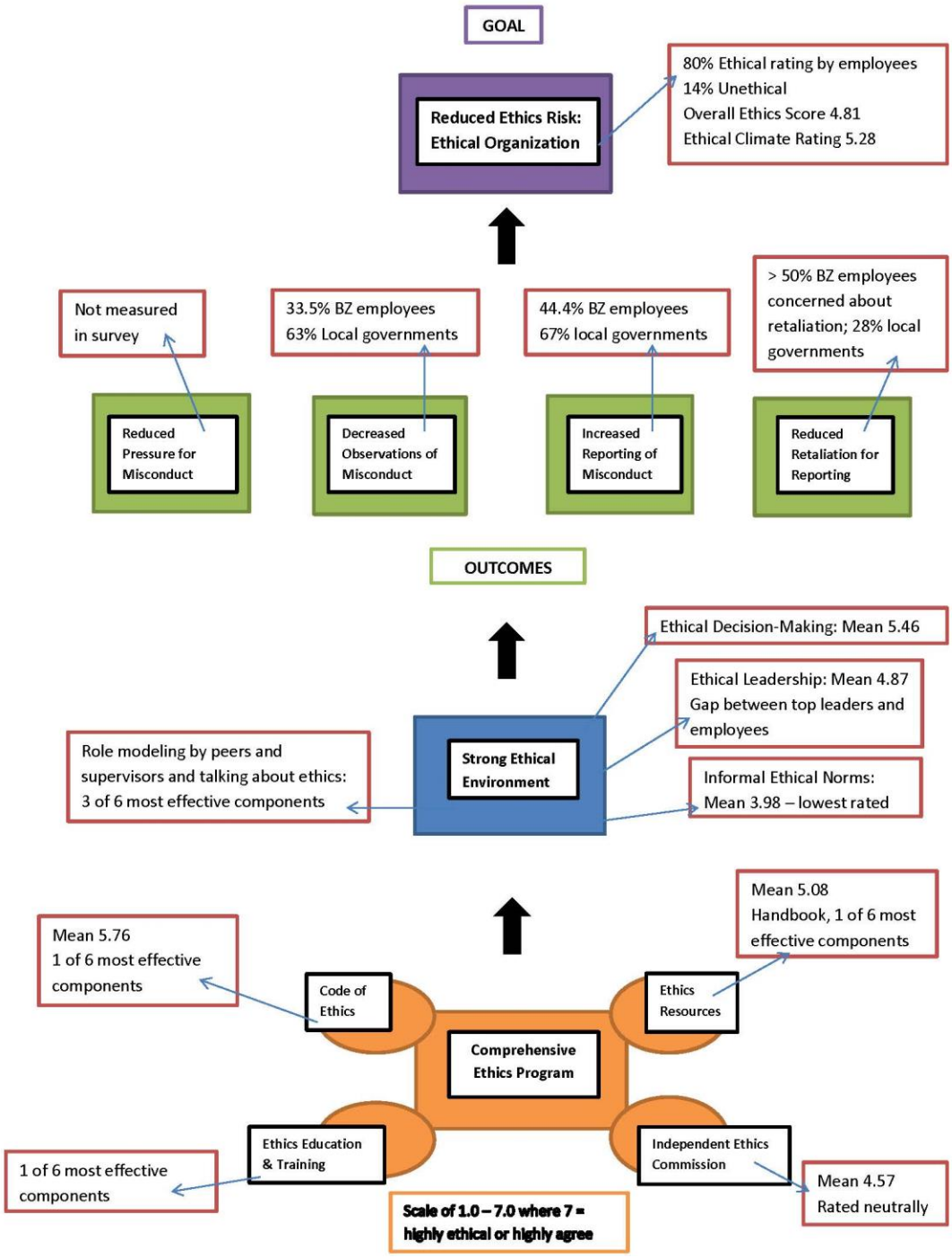
Conclusions/Discussion

Five years after the implementation of mandated annual training and the creation of an independent Board of Ethics within the City of Bozeman, the outcomes of a CEP, the perceptions of the ethical environment, observed misconduct and the reporting of observed misconduct were measured to understand the impacts of the program. In

conclusion, the following paragraphs revisit the concept map for this study (Figure 1) where a CEP adds strength to the ethical environment which impacts the outcomes of observed misconduct and the reporting of observed misconduct with an ultimate goal of an ethical organization. Figure 3 provides an update to the original concept map, demonstrating the results of this study.

Within the City of Bozeman, the CEP consists of four components. The first is a code of ethics (the Montana State code of ethics and a more specific City of Bozeman code of ethics). The second component is annual ethics training that is mandated for all elected and appointed City officials and all City employees. The third component includes the ethics resources that are available to employees and officials (ethics web pages, an ethics handbook, and staff identified as resources to City employees and officials). The fourth component of the CEP is the independent Board of Ethics. Bozeman employees rated ethics training, the specific City of Bozeman code of ethics, and the ethics handbook as 3 of the most effective components of the CEP. Two employee comments are included in the following quotations; "It is helpful to have this program guide decisions" and, "Great ethics program – keep it up" (Appendix C). Eighty-eight percent of the employees who responded to the survey agreed that there are ethics resources available to them if they have ethics questions. When commenting on ethics resources, one employee noted, "I would feel comfortable discussing ethical issues with individuals in my department or with the CA's office. The resources the City has put out there are pretty clear, so it's usually cut and dry and you don't need to ask questions" (Appendix C).

Figure 3. Concept map with summary results.



Expected outcomes of a CEP (Ethics Resource Center, 2008) include that employees are willing to seek ethics advice, employees feel positive about organizational efforts to encourage ethical conduct and employees feel that their organization is an ethical workplace. These outcomes were confirmed by Bozeman employees through this investigation. However, additional outcomes that may be expected of a CEP (Ethics Resource Center, 2008) include that employees receive positive feedback for ethical conduct, feel they can question the decisions of management without fear of reprisal, and are rewarded for following ethical standards. These outcomes were weakly rated in this investigation and may provide areas for strengthening within the City of Bozeman in the future.

Although formal program elements of a CEP are expected to have a less significant impact on outcomes than employee's perceptions of leadership, consistency, and follow-through (Trevino et al., 1999), the implementation of a CEP should strengthen the ethical environment in which ethical or unethical decisions are made on the job (Manske & Frederickson, 2004). Bozeman employees offered the following opinions about the ethical environment; "In general, I believe that City employees are a well-meaning, ethical group of employees" and, "The ethical atmosphere of the City is displayed and I think it keeps unethical people from working here" (Appendix C).

The Ethics Resource Center (2008) adds that a strong culture requires ethical leadership. The tone at the top, where leaders are trusted to do the right thing, is essential to the environment. The electronic survey, open comment box comments, and employee interviews revealed a perception of a gap between the top leaders within the City and the

rest of the employees. One employee stated in the open box in the survey, "A chain is only as strong as its weakest link. There are some extremely weak links on the director team when it comes to character and integrity, and everybody throughout the organization knows it" (Appendix C).

The Ethics Resource Center (2008) reports that 21% of government employees believe that top leadership is not held accountable for their own ethics violations. This was expressed by one employee, "Some of the top tier leadership is not ethical and they do not seem to have consequences for their ethical violations. Several are tainting the whole the whole organization" (Appendix C). Another employee added, "City administration likes to talk about ethics, pushes it like the employees are unethical, but do not practice what they preach. Ethical behavior of employees will be, and is, modeled after leader behavior" (Appendix C). An area for strengthening within the City of Bozeman is the perception of the gap between the top leaders and the rest of the municipal employees.

Beyond leadership, other areas within the ethical environment were ethical decision-making (mean score of 5.46) which included 2 items about seeking guidance in ethical conflicts, and informal ethical norms (lowest mean score of 3.98) which consisted of 5 items. The informal ethical norms items included rewards, personnel decisions, support by the City, whether ethical concerns are heard, and if there would be retaliation for reporting.

An additional area for attention by the City of Bozeman in strengthening ethics within the City may be in the area of finances. Less than 50% of the employees agreed

that the City is willing to do the right thing no matter the financial costs and 47% either disagreed or were neutral that the City makes ethical decisions even in times of budgetary constraints.

In the 2014 electronic survey, City of Bozeman employees observed misconduct on the job within the last six months at a rate of 33.5%. The Ethics Resource Center (2008) reported that local government employees observed misconduct at a rate of 63% suggesting that Bozeman employees are seeing a lot less misconduct than the national survey results. City ethics administrators were pleased at the comparison but they all agreed that they would like the observed misconduct to be lower. The forms of misconduct observed most frequently by local government employees include abusive behavior, putting one's own interests ahead of the organization, and internet abuse (Ethics Resource Center, 2008). For the City of Bozeman, it is unknown what kinds of misconduct were observed.

Almost a third of government employees do not report misconduct they observe (Ethics Resource Center, 2008). Local governments have the lowest levels of reporting at 67% (Ethics Resource Center, 2008) and the City of Bozeman employees report at a much lower rate of 44.4%. It appears that there are obstacles to reporting within the City. One interviewee noted, "We've seen people report and they're the ones who got in trouble… I'm not here just to vent on administration, but there really truly is this barrier between first floor and second floor of City Hall" (Employee 2, personal interview, March 10, 2014). The National Government Ethics Survey research (Ethics Resource Center, 2008) found that a well-implemented ethics program leads to a 25% decrease in

observations of misconduct and twice as many employees reporting the misconduct. In this study, with a CEP in place, and a somewhat favorable perception of the ethical climate by employees, it would be expected that employees would report misconduct they see in higher percentages (Ethics Resource Center, 2008).

The same National Government Ethics Survey study noted that 28% of employees in local governments who observed misconduct feared retaliation from management and chose not to report it and that 25% believe top leaders tolerate retaliation against those who report misconduct (Ethics Resource Center, 2008). About half of Bozeman employees noted a concern about retaliation in the electronic survey. A fear of retaliation was demonstrated in this interview quote, "If someone is a whistleblower, about what's going on, they get fired (three so far that I know of)." About 24% of Bozeman employees disagreed that they would be supported by the City if they had an ethical concern. The most recent Ethics Resource Center (2011) National Business Ethics Survey notes that high retaliation rates interfere with employees making reports and makes it more difficult for organizations to identify and correct unethical behavior. Internal vigilance among employees is one of the best ways to prevent wrongdoing in an organization (Harned, 2014). To ensure that government workers speak up, an environment must be created in which whistleblowing is both expected and rewarded. Callahan et al. (2002) adds that when an organization creates a system and structure for reporting misconduct for receiving complaints, it sends a message of openness and accountability. Employees will be less fearful of retaliation and more likely to express concerns (Ethics Resource Center, 2013a). The City of Bozeman does have a

whistleblower policy that prohibits retaliation, but it was not rated as one of the most effective components of the ethics program.

Interviews with the ethics administrators and City employees reflected overall outcomes from the implementation of the CEP. The 6 interviews revealed an increase in awareness about ethics, an increase in talking about ethics on the job, cross-departmental conversations, internal controls, asking more ethics questions, seeking advice for ethical dilemmas, code revisions taking place as a result of discussions, a handbook that serves as a resource to employees, and learning from training examples and interactive discussions. Menzel (2007) notes that "organizations of integrity" are a result of a continuous effort, and not one-shot approaches. Ethics management requires flexibility and adaptability and the utilization of all the tools available.

Figure 3 depicts a visual summary of the investigation. The components of the CEP that were identified by City employees as most effective included annual training, the City of Bozeman specific code of ethics and the ethics handbook. The independent ethics commission was rated neutrally and primarily exists as an avenue for citizens to access local government ethics. A CEP should work to strengthen the ethical environment. In this study, ethical leadership was found to be a significant factor in predicting observations of misconduct. Strengthening the perceived gap between top leaders and other employees should contribute to lower observations of misconduct. Informal ethical norms were not strongly rated by employees and may contribute to the low reporting of misconduct in this municipality. With a CEP in place and a strong ethical environment, we would expect to see reduced pressure for misconduct (not

measured in this study), decreased observations of misconduct (there were low rates of observed misconduct in this study), increased reporting of misconduct (there were not high rates of reporting misconduct in this study) and reduced retaliation for reporting (a concern about retaliation was revealed in this study).

In pursing the goal of an ethical organization, the Bozeman City Attorney discussed the outcomes of the implementation of the CEP from his perspective. He reflected that in the beginning, training was conducted as a result of the charter mandate, like checking a box. However, his current perspective is that the ethics program provides a measure of organizational health for the municipality. He believes that managers understand the need for training, regular discussion of ethics, and the importance of modeling the behavior they want to see. "The way I think about it now, this is really critical, the way it impacts morale, the overall organizational health, doing our jobs, doing our jobs better for the public – that's why we do it now" (City attorney, personal interview, March 6, 2014).

Limitations/Delimitation of Study

For this investigation, there was an assumption that those who responded to the electronic survey were similar to those who didn't. This study did have a good survey response rate of 60.6% (95% confidence interval and a +/- 4.2% margin of error) which contributes to generalization to rest of the body of employees.

A second assumption is that no other factors, beyond the implementation of the CEP, influenced the outcomes of the study.

The *Perceptions of Ethical Climate* assessment instrument (Pelletier & Bligh, 2006) embedded in the electronic survey did not address evaluation or effectiveness of ethics education and training efforts, one of the components of a CEP. Any development of future assessments should include this component.

A delimitation of this study is the single municipal government studied that makes up the sample.

Recommendations

1. *Benchmark Organizational Ethics*. Benchmarking perceptions of ethical climate is a way to monitor organizational ethics health (Raile, 2012). The *Perceptions of Ethical Climate* assessment (Pelletier & Bligh, 2006) and collecting data regarding observations and reporting of misconduct should be repeated at various time intervals.
2. *Focus on the tone at the top*. Supervisors and top leaders are "culture carriers" and key to establishing a culture of ethics and integrity (Bennett & Fredeen, 2014). The electronic survey, open comment box, and employee interviews demonstrated a perception of a gap between the top City leaders and other employees. City leaders need to be communicating ethical expectations, modeling ethics, making ethics a priority, supporting whistleblowers and following reports with action (Ethics Resource Center, 2010b).
3. *Investigate low reporting by Bozeman employees.* To reduce workplace misconduct, employees must be protected against retaliation when they report

(Harned, 2014). Although the City of Bozeman has an established whistleblower policy that prohibits retaliation, the employees in this study expressed concerns about retaliation.

a. An anonymous reporting avenue should be researched. Ethics literature suggests that employees most often report misconduct to an immediate supervisor (Ethics Resource Center, 2013b), but an anonymous venue for reporting was suggested by employees in interviews and the open comment box of the survey. A hotline could be a resource to citizens, officials, administrators, and employees as a reliable source of advice or to report allegations of misconduct (Manske & Frederickson, 2004; Thompson et al., 2007).

b. Trainings should be developed to prepare supervisors to act on reports of misconduct. Unless top leaders train supervisors to address and document reports, reporting may not be handled properly and the appropriate measures may not be taken to prevent future incidents (Ethics Resource Center, 2008). Everyone who is likely to receive reports should be trained on their responsibilities as leaders in receiving reports, handling complaints, and how to follow up with reporters (Bennett & Fredeen, 2014; Ethics Resource Center, 2010d).

4. *Research results should guide the design of future City of Bozeman ethics trainings*. Employees noted that the most effective components of the ethics program focused on the ethical environment. Role modeling by peers and

supervisors can be incorporated into education and trainings. Employees rated annual training as effective and noted that they learn best from scenarios, interactive discussion, and realistic examples. Areas of weakness identified in the survey and though employee interviews can be addressed through annual training.

5. *Share research results with employees*. The abstract, conclusions, and a link to this investigation should be shared with the City of Bozeman employees. Sharing the research results was specifically asked for in training sessions, in comment boxes, and in the employee interviews. One employee who was interviewed asked that the results be shared, "'Hey this was brought to our attention. It hasn't gone unnoticed.' You'd be amazed what that would do" (Employee 2, personal interview, March 10, 2014).

Further Research

1. *Citizen survey*. A survey of the citizens of Bozeman should be conducted. This was noted in the interviews of both the City Attorney and the City Manager. To date, all the ethics research related to the City has been conducted with employees. While the views of employees are critical, Vigoda-Gadot (2007) asserts that the perceptions of the public should also be investigated, as a powerful tool in understanding the organizational environment in which ethical or unethical behavior occurs. Organizational ethics are a good predictor of citizens' satisfaction with governmental services and trust in governance (Vigoda-Gadot, 2007). The City of Bozeman charter revision in 2008 created the Board of Ethics

and mandated annual ethics training for elected and appointed officials and all municipal employees. The charter was written and voted in by citizens. Any changes made to the charter will have to come from a citizen vote. An understanding of current citizen perceptions of municipal ethics will be useful to the City and its citizens.

2. *Experimental study*. An experimental study on this topic will add to the usefulness of available research in the public sector. This would involve identifying a municipality at the beginning of the implementation of a CEP, measuring outcomes prior to and after implementation, along with a control group of a comparable municipality that is not implementing a CEP.

Chapter Five Summary

This chapter contained the conclusion and discussion of the investigation. The overall research question and each of four research sub-questions were answered. Recommendations were provided to the City of Bozeman and for future research. This concluding chapter discussed the limitations and a delimitation of this investigation.

Five years after the implementation of a CEP, the perceptions of ethical climate by the City of Bozeman employees was somewhat favorable. Opinions about the ethical climate existed on the full continuum from highly ethical to highly unethical, however, the overall perceptions reflected leaning towards an ethical climate. Observations of misconduct were low in comparison to national survey results for local governments. An increase in the overall ethics score does distinguish between employees who observe

misconduct on the job from those who do not observe misconduct. Every one unit increase in the overall ethics score predicts that is more than 4 times more likely that employees will not have observed misconduct. A significant factor in the observations of misconduct was ethical leadership and for every one unit increase in the ethical leadership factor, it was 2.5 times more likely that employees would not have observed misconduct. The overall ethics score and 6 ethics factors were not statistically significant predictors of the reporting of misconduct. Reporting of misconduct was low in this municipality compared to national survey results for local governments and the sources of low reporting should be further explored. The most effective components of the ethics program identified by employees were role modeling by peers and supervisors, talking about ethics on the job, ethics training, the code of ethics, and the ethics handbook.

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APPENDICES

APPENDIX A

ELECTRONIC SURVEY AND INFORMED CONSENT

APPENDIX A. Electronic Survey and Informed Consent

2014 Measuring the Outcomes of the City of Bozeman Ethics Program

SUBJECT CONSENT FORM FOR PARTICIPATION IN HUMAN RESEARCH AT MONTANA STATE UNIVERSITY

Project Title: A Study of the Outcomes of a Comprehensive Ethics Program in Municipal Government

Investigator: Elizabeth J. Webb

Faculty Sponsor: Dr. Marilyn Lockhart

Introduction: You are being asked to take part in a research study conducted by Elizabeth J. Webb for her dissertation on ethics programs in municipal government, under the supervision of Dr. Marilyn Lockhart at Montana State University. The survey will be distributed to all employees within the City of Bozeman. Your participation in the survey is voluntary and your responses will be anonymous - the City will not know which employees participated and which employees did not. For those of you who participated in the 2011 survey, these questions will be familiar to you, although additional items have been added. We appreciate your time and input into this survey. The results will guide municipalities in developing and implementing effective ethics programs for their employees, elected and appointed officials.

Purpose: The purpose of this research study is to determine the outcomes of an ethics program, five years after implementation, on observations of misconduct, reporting of misconduct, and the perception of ethical climate in municipal government.

Procedures: Participation is voluntary. If you agree to participate, you will be asked to:
* Complete an electronic survey (about 15 minutes of your time).
* You may complete the survey on work time at your work computer, or you may complete it elsewhere.

Risks/Benefits: There are no foreseeable risks involved in participating in this research beyond those experienced in everyday life. There are no benefits to you from participation, but your participation will bolster the understanding of this field and may guide the development of effective ethics training programs for local governments in the future.

Confidentiality:
* At the end of the survey, you will be asked to share your gender, age group, years with the City, and supervisory status. Only aggregate results will be shared with the City.
* Confidentiality will be maintained to the degree permitted by the technology used. No absolute guarantees can be made regarding the confidentiality of electronic data, but every effort will be made to ensure the confidentiality of your responses. Your responses will be delivered directly to the investigator. City staff will only view the aggregate results when the study is completed.

Voluntary Participation:
* Participation in this study is voluntary, and you can choose to not answer any question that you do not want to answer, and you can stop at any time.
* However, if you complete this anonymous electronic survey and submit it to the investigator, then the investigator will be unable to extract anonymous data from the results should the participant wish it to be withdrawn.

Contacts and Questions:
If you have questions about this research study, please feel free to contact Elizabeth J. Webb at elizabeth.webb@montana.edu or 406-994-4275. If you have additional questions about the rights of human subjects, contact the Chair of the Institutional Review Board, Mark Quinn, 406-994-4707 or mquinn@montana.edu.

In the electronic survey, you will be asked if you consent to participation in the survey. If you choose "yes," please complete the survey questions. If you choose "no," you will not proceed with the survey.

1. Do you choose to participate in this survey?

◯ Yes ◯ No

If you are choosing NOT to participate in this study, please exit the survey now (exit button in upper right corner).

APPENDIX A. Electronic Survey and Informed Consent, Continued

2014 Measuring the Outcomes of the City of Bozeman Ethics Program

For the purposes of this research study, please use the following definitions:

Ethics: Ethics are the science of morals, concerned with the principles of human duty. Common definitions of ethics include standards of conduct on two dimensions; what is right and what is good. Ethics can be defined as good and bad, moral duty and obligation, standards of right and wrong, principles of conduct, fairness and equity, based on values.

Misconduct includes:
* conflicts of interest
* abusive or intimidating behavior
* lying to employees
* discrimination
* alteration of documents
* alteration of financial records
* misreporting hours worked
* stealing
* bribes
* sexual harassment
* lying to customers/vendors/public
* putting own interests ahead of the organization

2. Please choose a yes or no response for the following statements:

	Yes	No
2.2 In the past 6 months, I have observed misconduct on the job	◯	◯
2.3 In the past 6 months, I have reported misconduct I observed on the job	◯	◯
2.4 I have received training on the Code of Ethics for my work with the City	◯	◯

APPENDIX A. Electronic Survey and Informed Consent, Continued

**2014 Measuring the Outcomes of the City of Bozeman Ethics Program
**

3. Choose the response that most accurately reflects your thoughts about the following statements:

	Strongly Agree	Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Disagree	Strongly Disagree
3.5 When a decision has ethical implications, the City's ethics policy guides me in my decision-making process	◯	◯	◯	◯	◯	◯	◯
3.6 I have read the City's ethics code	◯	◯	◯	◯	◯	◯	◯
3.7 I understand what the City expects of me in terms of ethical behavior	◯	◯	◯	◯	◯	◯	◯
3.8 I understand the content of the ethics code	◯	◯	◯	◯	◯	◯	◯
3.9 When I was hired, the ethical expectations of the City were communicated to me	◯	◯	◯	◯	◯	◯	◯
3.10 Policies exist that describe how the City expects its employees to make ethical decisions	◯	◯	◯	◯	◯	◯	◯
3.11 When faced with an ethical conflict at work, I seek guidance to determine possible consequences of my decision	◯	◯	◯	◯	◯	◯	◯
3.12 When faced with making a decision that has an ethical implication, I feel I can discuss the matter with my immediate supervisor	◯	◯	◯	◯	◯	◯	◯
3.13 There are ethics resources available to me if I want to ask questions about ethics	◯	◯	◯	◯	◯	◯	◯
3.14 It is easy to get help from the ethics resources that exist	◯	◯	◯	◯	◯	◯	◯
3.15 The staff identified for ethics assistance is available when I need help	◯	◯	◯	◯	◯	◯	◯

APPENDIX A. Electronic Survey and Informed Consent, Continued

**2014 Measuring the Outcomes of the City of Bozeman Ethics Program
**

4. Choose the response that most accurately reflects your thoughts about the following statements:

	Strongly Agree	Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Disagree	Strongly Disagree
4.16 In the course of my workday, I have felt time pressures that have led to unethical decision-making	○	○	○	○	○	○	○
4.17 In the City, there are many instances where ethical decision-making is sacrificed due to time constraints	○	○	○	○	○	○	○
4.18 Time pressures affect my ability to thoroughly evaluate ethical dilemmas	○	○	○	○	○	○	○
4.19 The City makes ethical decisions even in times of budgetary constraints	○	○	○	○	○	○	○
4.20 The City is willing to do the right thing no matter the financial costs	○	○	○	○	○	○	○
4.21 The City rewards employees who exhibit ethical behavior	○	○	○	○	○	○	○
4.22 Personnel decisions (hiring and promotion) in the City reflect ethical principles	○	○	○	○	○	○	○
4.23 In my opinion, employee concerns about ethical issues are not "heard" in my department	○	○	○	○	○	○	○
4.24 If I reported a colleague for an ethical violation, there would be retaliation against me	○	○	○	○	○	○	○
4.25 If I were to have an ethical concern, I know I would be supported by the City	○	○	○	○	○	○	○

APPENDIX A. Electronic Survey and Informed Consent, Continued

**2014 Measuring the Outcomes of the City of Bozeman Ethics Program
**

5. Choose the response that most accurately reflects your thoughts about the following statements:

	Strongly Agree	Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Disagree	Strongly Disagree
5.26 The top leadership of the City is concerned with ethical practice	○	○	○	○	○	○	○
5.27 I feel comfortable consulting with my immediate supervisor when I have to make a tough ethical decision	○	○	○	○	○	○	○
5.28 Top leadership places an equal value on productivity, quality, and ethical practice	○	○	○	○	○	○	○
5.29 Moral concerns are given top priority by the City's top leaders	○	○	○	○	○	○	○
5.30 My immediate supervisor sets a good example of ethical behavior	○	○	○	○	○	○	○
5.31 Top leadership works quickly to resolve ethical issues	○	○	○	○	○	○	○
5.32 My immediate supervisor looks the other way when employees make unethical decisions	○	○	○	○	○	○	○
5.33 Top leadership provides employees with ethical guidance when it is needed	○	○	○	○	○	○	○
5.34 The organization's top leadership routinely strives to make decisions that are ethical	○	○	○	○	○	○	○
5.35 If I reported one of my fellow employees for an ethics violation, my immediate supervisor would support me	○	○	○	○	○	○	○

APPENDIX A. Electronic Survey and Informed Consent, Continued

2014 Measuring the Outcomes of the City of Bozeman Ethics Program

6. Choose the response that most accurately reflects your thoughts about the following statements:

	Strongly Agree	Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Disagree	Strongly Disagree
6.36 The Board of Ethics handles concerns and inquiries in a confidential manner	◯	◯	◯	◯	◯	◯	◯
6.37 The creation of the Board of Ethics has increased my trust in the City	◯	◯	◯	◯	◯	◯	◯
6.38 The City instituted the Board of Ethics because it is truly concerned about ethical standards	◯	◯	◯	◯	◯	◯	◯
6.39 The ethics program is effective	◯	◯	◯	◯	◯	◯	◯

7. 40 Rate your perception of the overall ethical climate within the City of Bozeman

◯ Highly Ethical ◯ Ethical ◯ Somewhat Ethical ◯ Neither Ethical nor Unethical ◯ Somewhat Unethical ◯ Unethical ◯ Highly Unethical

8. 41 Did you previously complete this survey in 2011?

◯ Yes ◯ No ◯ I don't remember

APPENDIX A. Electronic Survey and Informed Consent, Continued

2014 Measuring the Outcomes of the City of Bozeman Ethics Program

9. Rate the following components of the City's ethics program in terms of effectiveness:

	Highly Effective	Effective	Somewhat Effective	Neither Effective nor Ineffective	Somewhat Ineffective	Ineffective	Highly Ineffective
9.42 City of Bozeman Code of Ethics	◯	◯	◯	◯	◯	◯	◯
9.43 State of Montana Code of Ethics	◯	◯	◯	◯	◯	◯	◯
9.44 Annual Ethics Training	◯	◯	◯	◯	◯	◯	◯
9.45 City Core Values	◯	◯	◯	◯	◯	◯	◯
9.46 City Whistleblower Policy	◯	◯	◯	◯	◯	◯	◯
9.47 City of Bozeman Ethics Handbook	◯	◯	◯	◯	◯	◯	◯
9.48 City of Bozeman Ethics Web Pages	◯	◯	◯	◯	◯	◯	◯
9.49 Accessible Ethics Resources/Staff	◯	◯	◯	◯	◯	◯	◯
9.50 Independent Board of Ethics	◯	◯	◯	◯	◯	◯	◯
9.51 Talking about ethics on the job	◯	◯	◯	◯	◯	◯	◯
9.52 Ethical Role-modeling by my peers	◯	◯	◯	◯	◯	◯	◯
9.53 Ethical Role-modeling by my supervisor	◯	◯	◯	◯	◯	◯	◯
9.54 Ethical Role-modeling by City Leadership	◯	◯	◯	◯	◯	◯	◯
9.55 Performance Evaluation based on City Core Values	◯	◯	◯	◯	◯	◯	◯

Other (please specify)

10. 56 Add any clarifying comments regarding the City of Bozeman Ethics Program here:

11. 57 What is your gender?

◯ Female

◯ Male

APPENDIX A. Electronic Survey and Informed Consent, Continued

2014 Measuring the Outcomes of the City of Bozeman Ethics Program

12. 58 Select your age group from the options list below:

- ◯ 18 to 24
- ◯ 25 to 34
- ◯ 35 to 44
- ◯ 45 to 54
- ◯ 55 to 64
- ◯ 65 to 74
- ◯ 75 or older

13. 59 How many years have you been employed with the City of Bozeman?

- ◯ Less than one year
- ◯ 1 to less than five years
- ◯ 5 to less than ten years
- ◯ 10 to less than 20 years
- ◯ more than 20 years

14. 60 Supervisory Status

- ◯ I supervise one or more employees
- ◯ I am not a supervisor

Thank you for completing this survey. Your time and responses are appreciated and will assist in enhancing knowledge about ethics training and ethical climate in local government. The summary results of this study will be shared with the City of Bozeman.

APPENDIX B

INTERVIEW QUESTIONS

APPENDIX B. Interview Questions

Interviews
1. Administrator 1 2. Administrator 2 3. Administrator 3 4. Employee 1 5. Employee 2 6. Employee 3
Interview Questions
1. Looking at the research results, what surprises you or confirms what you already thought about the City of Bozeman Ethics Program? 2. What do you see as the outcomes of implementing a comprehensive ethics program in the City of Bozeman? 3. Do you think the program is effective? 4. Is there anything else you would like to add?

APPENDIX C

ELECTRONIC SURVEY - OPEN COMMENT BOX, COMMENTS

APPENDIX C. Electronic Survey - Open Comment Box, Comments

10.56 Add any clarifying comments regarding the City of Bozeman Ethics Program here:

1. People of Bozeman are not push-overs. They will hold their ground on ethical beliefs.
2. As the saying goes "actions speak louder than words".....talking means nothing.
3. My immediate supervisor is very ethical. The [redacted] and management above [redacted] are very unethical and self -serving. The quote, do as i say and not as i do, reminds me of them. I have been with the city for a while and could tell you numerous unethical decisions made by the senior leadership. They are poor role models.
4. there is absolutely zero ethical role modeling by my boss(blatantly lied numerous times, reported to admin with no consequences), people's positions eliminated due to personality([redacted]), position created and pay raised without job posting, blatant lying about bridger creek housing issue, etc.
5. None.
6. This year's ethics training was just a big bitch session with almost no ethics training
7. There has been a presumption that the rigid conflict of interest provisions, multiple disclosure forms, etc., build trust with the community. I am not persuaded that is the case. It may be perceived as saying that we don't trust our people to live by the high expectations set by the ethics ordinance and in which they are trained annually. I am interested in seeing any data correlating the amount of work required for all the paperwork involved to actual improvement in either ethical behavior or improved public trust.
8. I believe ethical behavior is a product of hiring, training and modeling and less about boards and policies.
9. good idea but upper management does bad job
10. it was said in the training that the city was forced to have a yearly ethics training because of past history
11. I think ethics has to do with who you are as a person. If you have strong ethics in the first place, then in theory, you should be able to make and model ethical decisions and behaviors.
12. should be every 3 to 4 years, not every year!
13. A chain is only as strong as its weakest link. There are some extremely weak links on the director team when it comes to character and integrity, and everybody throughout the organization knows it. This has nothing to do with rumors of directors sleeping with each other - I am talking about serious employment law violations.

APPENDIX C. Electronic Survey - Open Comment Box, Comments, Continued

14. I personally don't know how ethical or unethical other departments are in the city because I don't visit them often. I also am not hugely affected by other departments except HR. The board of ethics committee in my opinion is non-existent. Who is on this board and when do they meet? I guess we don't know until we need help from them.
15. I believe that there are a couple of high ranking individuals in the city that turn a blind eye and that many things have been swept under the carpet by these individuals. I also feel that because of the ethics of a couple people it has directly influenced how my department has run... and it could be run better by blind monkeys.
16. [redacted] are very unethical people. [redacted] is oblivious to what is going on. If someone is a whistleblower about what's going on, they get fired (three so far that I know of).
17. There are some Boards that are not part of the City of Bozeman Ethics Program that are creating some ethical conflict for staff. They do not have the same purchasing policies and their funds can be used as a way for staff to circumvent City and State policies and regulations. In addition, they do not have to follow the same procedures as other citizens when using City property which sometimes makes it difficult for staff.
18. It was difficult to evaluate the ethics of City Leadership because I do not know what issues they may have had to work through. I do believe that they are ethical because I have not had any indication that they are not. I was not certain what you meant by rewarding employees who behave ethically. Short of an 'atta boy' what other reward doe anyone receive? It is also difficult to evaluate the Board of Ethics because I am again not aware of any issues that have been brought to them.
19. The ethics of the employees of the City of Bozeman are fairly strong. The ethics of the elected officials could use some sharpening up...but they are politicians, so what you goin' do?
20. It is helpful to have this program guide decisions.
21. no way to contact the ethics board without using city email, which makes it feel like it's not confidential.
22. My number one ethical concern with the City is not the staff, it is the Commissioners. I no longer expect ethical behavior from them.
23. no consistency. Does not seem to apply to leaders and supervisors.
24. the "leadership, integrity, teamwork" mantra is NOT being fulfilled by the current city administration
25. Our leaders here at the City of Bozeman need to stop abusing their positions to put them in a better place and yet take the workers down or make them feel down.
26. Please know when I was hired over 25 years ago there was no ethics training upon hire.

APPENDIX C. Electronic Survey - Open Comment Box, Comments, Continued

27. Morals and ethics are not the same.
28. Some of the top tier leadership is not ethical and they do not seem to have consequences for their ethical violations. Several are tainting the whole organization.
29. As far as ethics board, I cannot answer well as I have had no dealing with them. A bad thing is, I do not even know who is on the ethics board. City admin. likes to talk about ethics, pushes it like the employees are unethical, but do not practice what they preach. Ethical behavior of employees will be, and is, modeled after leader behavior. The leaders sense what they are doing is unethical, therefore, they think the employees are acting the same way. This is not the case - too much.
30. Ethics are a form of personal honesty, respectfullness, and integrity. When Political Correctness gets confused with ethics it dangerously silences the constitutional right of free speech.
31. In my opinion, no need for yearly training.
32. I really haven't been put on the "spot" regarding an ethical issue, so it is hard for me to judge the response. But I would feel comfortable discussing ethical issues with individuals in my department or with the CA's office. The resources the City has put out there are pretty clear, so it's usually cut and dry and you don't need to ask questions. That in it of itself takes out bias as well.
33. My "Neither effective/inef.." are because I don't see or hear anything in either direction.
34. Great ethics program - keep it up. The problem is with [redacted]; he is perceived to follow the rules when it suits him.
35. In general, I believe that city employees are a well-meaning, ethical group of employees. Top city management may also be, but actions speak louder than words and because of that they are not always believable in what they do and say.
36. I just feel you are an ethical person or you aren't. The ethical atmosphere of the City is displayed and I think it keeps unethical people from working here.

APPENDIX D

INSTITUTIONAL REVIEW BOARD APPROVAL

APPENDIX D. Institutional Review Board Approval

MONTANA STATE UNIVERSITY
Local Government Center

SUBJECT CONSENT FORM
FOR PARTICIPATION IN HUMAN RESEARCH AT
MONTANA STATE UNIVERSITY

Project Title: A Study of the Outcomes of a Comprehensive Ethics Program in Municipal Government

You are being asked to participate in a research study. The purpose of this study is to determine the outcomes of an ethics program, five years after implementation. The results will guide municipalities in developing and implementing effective ethics programs for their employees, elected and appointed officials.

Interview selection: 6-8 City of Bozeman employees have been selected for 1:1 interviews following the electronic survey that was emailed to all the city employees. For these interviews, city employees contacted the investigator to volunteer for the interviews.

Procedures involved: If you agree to participate, you will be asked to meet with the investigator for a personal interview that is designed to last about 30 minutes. The interview will ask you about your observations of the ethics program in the City of Bozeman. The interviews may take place during work hours and away from the work site. The interviews will be recorded for the purposes of accurate data collection but the recordings and transcripts will not be given to the City of Bozeman. Participation is voluntary and you can choose to not answer any questions you do not want to answer and/or you can stop at any time.

Risks/Benefits: There are no foreseeable risks involved in participating in this research beyond those experienced in everyday life. There are no benefits to you for participation, but your participation will bolster the understanding of this field and may guide the development of effective ethics programs for local governments in the future.

Confidentiality: Your name and any identifying information will not be included in the report or shared with the City of Bozeman. Your responses will be kept anonymous. Quotes of your responses from the 1:1 interviews may be included in the final report, although they will not be identified with the individual employee. If you choose to share your position or title with the interviewer, it may be included in the report.

Contacts and Questions: If you have questions about this research study, please feel free to contact Elizabeth Webb at elizabeth.webb@montana.edu or 406-994-4275. If you have additional questions about the rights of human subjects contact the Chair of the Institutional Review Board, Mark Quinn, 406-994-4707 or mquinn@montana.edu.

APPROVED
MSU IRB
01-07-2014
Date approved

APPENDIX D. Institutional Review Board Approval, Continued

AUTHORIZATION: I have read the above and understand the inconveniences and risks of this study. I

_____ *(name of subject)* agree to participate in this research. I understand that I may later refuse to participate, and that I may withdraw from the study at any time. I have received a copy of this consent form for my own records.

Signed: _____

Investigator: _____

Date: _____

APPROVED
MSU IRB
01-07-2014
Date approved

APPENDIX D. Institutional Review Board Approval, Continued

MONTANA STATE UNIVERSITY
Request for Designation of Research as Exempt from the Requirement of Institutional Review Board Review
(9/23/2013)

****

THIS AREA IS FOR INSTITUTIONAL REVIEW BOARD USE ONLY. DO NOT WRITE IN THIS AREA.
Confirmation Date:
Application Number:

****

DATE: ___1/4/2014_____

I. INVESTIGATOR:
Name: **Elizabeth J. Webb**
Department/**Complete** Address: **Human Resources, 920 Technology Blvd, Suite A, PO Box 172520, Bozeman, MT 59717-0525**
Telephone: **406-994-4275**
E-Mail Address: elizabeth.webb@montana.edu
DATE TRAINING COMPLETED: **__09/18/11__** *[Required training: CITI training; see website for link]*

Name of Faculty Sponsor (if above is a student; also must complete CITI training):
Dr. Marilyn Lockhart

SIGNATURE (**INVESTIGATOR** or ADVISOR): _____ 1.4.2014

II. TITLE OF RESEARCH PROJECT: (Try to keep title on first page.)
A Study of the Outcomes of a Comprehensive Ethics Program in Municipal Government

III. BRIEF DESCRIPTION OF RESEARCH METHODS (also see section VII). If using a survey/questionnaire, provide a copy with this application.
The research design for this study is an explanatory mixed methods design that first collects quantitative data from an electronic survey instrument completed by the municipal employees of the City of Bozeman and then gathers qualitative data related to the survey results through interviews with select employees (6-8 interviews). Municipal employees of the City of Bozeman will be contacted through their city email address. Participation in the electronic survey is voluntary and anonymous. Some demographics data will be collected but employees will not be identifiable through these responses. A copy of the electronic survey is provided. A copy of proposed interview questions is provided.

IV. RISKS AND INCONVENIENCES TO SUBJECTS (also see section VII; **do not answer 'None'**):
None to little risk or inconvenience to subjects. The survey will take about 15 minutes to complete during work time at a work computer. No identifying information will be collected. For the 6-8 individual interviews, employees who volunteer for the interviews will be kept anonymous, unless they choose for their title or position to be reported.

V. SUBJECTS: **City of Bozeman municipal employees**

A. Expected numbers of subjects: **__roughly 350____**

B. Will research involve minors (age <18 years)? Yes No

APPENDIX D. Institutional Review Board Approval, Continued

(If 'Yes', please specify and justify.)

C. Will research involve prisoners? Yes **No**

D. Will research involve any specific ethnic, racial, religious, etc. groups of people? (If 'Yes', please specify and justify.) Yes **No**

E. Will a consent form be used? (Please use accepted format from our website. Be sure to indicate that participation is voluntary. Provide a stand-alone copy. Do not include the form here.) **Yes**

VI. FOR RESEARCH INVOLVING SURVEYS OR QUESTIONNAIRES:
(Be sure to indicate on each instrument, survey or questionnaire that participation is voluntary.)

A. Is information being collected about:

Sexual behavior?	Yes	**No**
Criminal behavior?	Yes	**No**
Alcohol or substance abuse?	Yes	**No**
Matters affecting employment?	**Yes**	No
Matters relating to civil litigation?	Yes	**No**

B. Will the information obtained be completely anonymous, with no identifying information linked to the responding subjects? **Yes** No

C. If identifying information will be linked to the responding subjects, how will the subjects be identified? (Please circle or bold your answers) **Not applicable**

By name	Yes	No
By code	Yes	No
By other identifying information	Yes	No

D. Does this survey utilize a standardized and/or validated survey tool/questionnaire? **Yes** No

VII. FOR RESEARCH BEING CONDUCTED IN A CLASSROOM SETTING: **Not applicable**

A. Will research involve blood draws? (If Yes, please follow protocol listed in the "Guidelines for Describing Risks: blood, etc.", section I-VI.)

VIII. FOR RESEARCH INVOLVING PATIENT INFORMATION, MATERIALS, BLOOD OR TISSUE SPECIMENS RECEIVED FROM OTHER INSTITUTIONS: **Not applicable**

A. Are these materials linked in any way to the patient (code, identifier, or other link to patient identity)? Yes No

B. Are you involved in the design of the study for which the materials are being collected? Yes No

C. Will your name appear on publications resulting from this research? Yes No

D. Where are the subjects from whom this material is being collected?

APPENDIX D. Institutional Review Board Approval, Continued

E. Has an IRB at the institution releasing this material reviewed the proposed project? (If 'Yes", please provide documentation.) Yes No

F. Regarding the above materials or data, will you be:
Collecting them Yes No
Receiving them Yes No
Sending them Yes No

G. Do the materials already exist? Yes No

H. Are the materials being collected for the purpose of this study? Yes No

I. Do the materials come from subjects who are:
Minors Yes No
Prisoners Yes No
Pregnant women Yes No

J. Does this material originate from a patient population that, for religious or other reasons, would prohibit its use in biomedical research?
Yes No Unknown source

IX. FOR RESEARCH INVOLVING MEDICAL AND/OR INSURANCE RECORDS: **Not applicable**

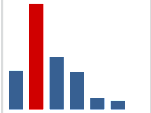
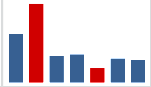
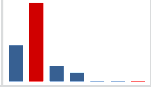
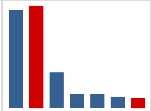
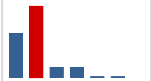
A. Does this research involve the use of:
Medical, psychiatric and/or psychological records Yes No
Health insurance records Yes No
Any other records containing information regarding personal health and illness Yes No

If you answered "Yes" to any of the items in this section, you must complete the HIPAA Worksheet.

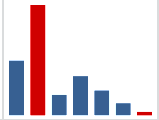
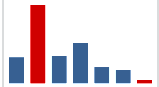
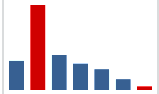
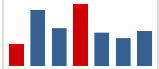
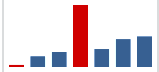
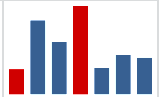
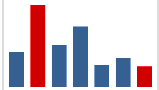
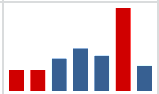
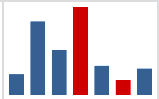
APPENDIX E

ELECTRONIC SURVEY – COMPLETE CATEGORY RESPONSES

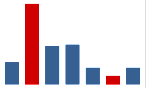
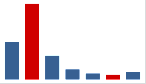
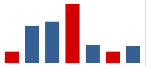
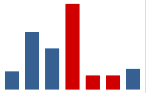
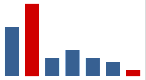
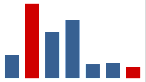
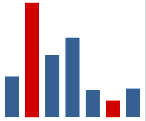
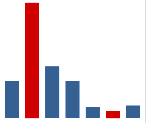
APPENDIX E. Electronic Survey – Complete Category Responses

Choose the response that most accurately reflects your thoughts about the following		Stongly Agree	Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Disagree	Strongly Disagree	Sparkline*	*n*	Mean
3.5	When a decision has ethical implications, the City's ethics policy guides me in my decision-making process	15.3%	41.0%	20.5%	14.9%	4.6%	3.7%	0.0%		215	5.36
3.6	I have read the City's ethics code	39.1%	46.0%	8.0%	2.3%	2.3%	2.0%	0.3%		215	6.10
3.7	I understand what the City expects of me in terms of ethical behavior	35.3%	53.5%	8.4%	2.3%	0.0%	0.5%	0.0%		215	6.20
3.8	I understand the content of the ethics code	31.6%	54.0%	10.2%	2.8%	0.0%	1.4%	0.0%		215	6.10
3.9	When I was hired, the ethical expectations of the City were communicated to me	20.0%	32.1%	11.1%	11.5%	6.0%	10.1%	9.2%		215	4.81
3.10	Policies exist that describe how the City expects its employees to make ethical decisions	26.0%	54.9%	11.2%	6.5%	0.5%	0.5%	0.4%		215	5.96
3.11	When faced with an ethical conflict at work, I seek guidance to determine possible consequences of my decision	15.8%	40.9%	22.3%	11.1%	2.3%	5.6%	2.0%		215	5.32
3.12	When faced with making a decision that has an ethical implication, I feel I can discuss the matter with my immediate supervisor	34.0%	35.3%	12.6%	5.1%	5.1%	4.2%	3.7%		215	5.60
3.13	There are ethics resources available to me if I want to ask questions about ethics	31.2%	49.2%	8.4%	7.9%	1.9%	1.4%	0.0%		215	5.96
3.14	It is easy to get help from the ethics resources that exist	22.3%	35.3%	16.7%	18.6%	3.7%	1.5%	1.9%		215	5.42
3.15	The staff identified for ethics assistance is available when I need help	17.7%	33.0%	14.0%	27.0%	3.2%	3.2%	1.9%		215	5.18

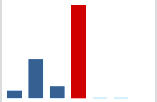
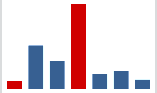
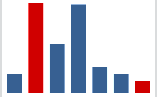
APPENDIX E. Electronic Survey – Complete Category Responses, Continued

	Choose the response that most accurately reflects your thoughts about the following	Stongly Agree	Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Disagree	Strongly Disagree	Sparkline*	*n*	Mean
4.16	In the course of my workday, I have not felt time pressures that have led to unethical decision-making	20.5%	41.4%	7.9%	14.8%	9.3%	4.7%	1.4%		215	5.29
4.17	In the City, there are not many instances where ethical decision-making is sacrificed due to time	12.6%	37.7%	13.5%	19.5%	7.9%	6.5%	2.3%		215	4.99
4.18	Time pressures do not affect my ability to thoroughly evaluate ethical dilemmas	14.0%	39.5%	16.7%	12.6%	10.2%	5.1%	1.9%		215	5.12
4.19	The City makes ethical decisions even in times of budgetary constraints	8.8%	33.0%	10.8%	25.2%	8.8%	6.0%	7.4%		215	4.60
4.20	The City is willing to do the right thing no matter the financial costs	7.9%	20.5%	13.5%	22.3%	12.4%	10.1%	12.8%		215	4.06
4.21	The City rewards employees who exhibit ethical behavior	2.0%	6.5%	9.3%	36.3%	11.1%	16.7%	18.1%		215	3.29
4.22	Personnel decisions (hiring and promotion) in the City reflect ethical principles	7.4%	21.4%	15.3%	25.7%	7.9%	11.6%	10.7%		215	4.17
4.23	In my opinion, employee concerns about ethical issues are “heard” in my department	12.1%	27.9%	14.4%	20.5%	7.9%	10.2%	7.0%		215	4.57
4.24	If I reported a colleague for an ethical violation, there would not be retaliation against me	8.3%	8.3%	12.6%	16.3%	13.5%	31.2%	9.8%		215	3.49
4.25	If I were to have an ethical concern, I know I would be supported by the City	7.0%	24.7%	15.3%	29.3%	9.8%	5.1%	8.8%		215	4.39

APPENDIX E. Electronic Survey – Complete Category Responses, Continued

	Choose the response that most accurately reflects your thoughts about the following	Stongly Agree	Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Disagree	Strongly Disagree	Sparkline*	*n*	Mean
5.26	The top leadership of the City is concerned with ethical practice	10.2%	35.3%	17.2%	17.8%	7.4%	4.2%	7.9%		215	4.79
5.27	I feel comfortable consulting with my immediate supervisor when I have to make a tough ethical decision	22.3%	44.7%	14.4%	6.5%	3.7%	3.3%	5.1%		215	5.45
5.28	Top leadership places an equal value on productivity, quality, and ethical practice	8.8%	35.8%	12.6%	20.0%	6.5%	7.0%	9.3%		215	4.62
5.29	Moral concerns are given top priority by the City's top leaders	6.0%	19.1%	20.9%	29.9%	9.3%	6.0%	8.8%		215	4.29
5.30	My immediate supervisor sets a good example of ethical behavior	23.7%	38.6%	13.5%	7.9%	4.7%	5.1%	6.5%		215	5.27
5.31	Top leadership works quickly to resolve ethical issues	7.4%	22.8%	16.3%	33.9%	5.6%	5.6%	8.4%		215	4.43
5.32	My immediate supervisor does not look the other way when employees make unethical decisions	24.2%	34.9%	8.8%	13.0%	8.8%	7.0%	3.3%		215	5.19
5.33	Top leadership provides employees with ethical guidance when it is needed	9.8%	30.2%	19.1%	23.7%	6.0%	6.5%	4.7%		215	4.76
5.34	The organization's top leadership routinely strives to make decisions that are ethical	11.2%	30.7%	16.7%	21.4%	7.4%	4.7%	7.9%		215	4.71
5.35	If I reported one of my fellow employees for an ethics violation, my immediate supervisor would support me	13.5%	41.9%	19.1%	13.8%	4.2%	2.8%	4.7%		215	5.20

APPENDIX E. Electronic Survey – Complete Category Responses, Continued

	Choose the response that most accurately reflects your thoughts about the following	Stongly Agree	Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Disagree	Strongly Disagree	Sparkline*	*n*	Mean
6.36	The Board of Ethics handles complaints and inquiries in a confidential manner	5.6%	25.1%	7.9%	60.0%	0.9%	0.5%	0.0%		215	4.73
6.37	The creation of the Board of Ethics has increased my trust in the City	4.2%	20.9%	13.5%	40.5%	7.4%	8.8%	4.7%		215	4.29
6.38	The City instituted the Board of Ethics because it is truly concerned about ethical standards	6.5%	29.3%	15.8%	28.9%	8.8%	6.5%	4.2%		215	4.59
6.39	The ethics program is effective	6.5%	30.2%	18.6%	28.4%	7.9%	3.7%	4.7%		215	4.69

APPENDIX F

EFFECTIVE ETHICS PROGRAM COMPONENTS, COMMENTS

APPENDIX F. Effective Ethics Program Components, Comments

9. Rate the following components of the City's ethics program in terms of effectiveness.

Other (please specify):

1. Most of the things I rated as neutral were because I had no basis, not having had to utilize that component.

2. There needs to be an outside independent review of all disciplinary action taken by the City in the last 10 years and an outside independent review of the City's hiring and compensation practices in the last 10 years. This needs to be done at a level higher than the City Commission - perhaps by the State.

3. Hiring at the library is done very badly and inconsistently, making it appear unethical because rules change depending on who is the candidate for hits.

4. There is nowhere for employees to go to file internal complaints against top management.

5. Top management has let people go (or the employee chose to go) for strongly perceived (by the rest of us) unwarranted reasons that has permanently left a bad taste in many people's mouths. Other upper levels have appeared to leave due to not 'fitting' with some in top mgmt ('elitists' is a word I've heard) even though their work ethic, quality of person and work and fitting in with everyone else was fine, if not great.

6. I think we're on the right track with our ethics program and, especially the ethics board. The fact that they have not had to hear a case is evidence we have an ethical culture (for the most part)