More than Moral Leadership: Building Organizational Capacity for Promoting Ethical Behavior - Survey Evidence from Alabama Local Governments

by

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A dissertation submitted to the Graduate Faculty of
Auburn University
in partial fulfillment of the
requirements for the Degree of
Doctor of Philosophy

Auburn, Alabama
August 4, 2012

Keywords: Capacity Building, Ethical Organizational Culture, Corruption, Public Organizations

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Abstract

This study addresses a deficiency identified in the public administration literature on how to design and sustain public organizations in which ethical reasoning and decision making is possible. It employs original survey data from local governments in Alabama to answer the following research questions: (1) what ethical organizational culture competencies (patterns of behavior) help reduce corruption within public organizations? And (2) what patterns of behavior help support a sustainable ethical culture over time within public organizations in which ethical action is possible, even in the presence of immoral leaders?

The results of this study indicate that the competency of *learning* —i.e., when organizational members perceive they can improve their education and learn from each other— is likely to reduce *perceived corruption* within public organizations. Also, the results indicate that the competency of *robustness* —i.e., when there is frequent dialogue among organizational members about mistakes and also about ethics; when organizational members feel safe in expressing their knowledge, asking questions about ethics; and when they feel they work in an ethical environment— is likely to reduce *corruption frequency* (i.e., bribing and favoritism by management) within public organizations.

This study suggests the need for leadership who feels a responsibility for enabling ethical reasoning and practice within the organization, rather than merely punishing or rewarding ethical behavior. Based on the findings, this study suggests that organizations that have developed patterns of learning and robustness may be able to sustain their ethics when a "bad apple" is at the helm. This is because in such an environment ethical behavior may not necessarily be the result of organizational members learning to behave ethically based on the example set by their leaders; ethical behavior may not be the result of organizational members being coerced to

behave ethically based on formal controls, such as rewards and punishments. Rather, in such an environment, ethical behavior may be the result of specific values, such as integrity or trust that may have emerged within the organization from the frequent interactions among organizational members.

Acknowledgments

Above all, I thank God for giving me the opportunity to be in this great country that has embraced me and my family as its own. I thank God for giving me the strength and intelligence I needed to successfully finish this project. I also thank God for putting on my path great friends and professors, whose constant teachings, support, and words of encouragement have also made the conclusion of this project possible.

I thank my wife Myriam for her love, unconditional support, patience, and all the many things that I don't have room to list in all the pages in this dissertation… God truly has showed me how much He loves me by putting you in my life. You have not only been with me throughout this difficult but rewarding journey, but also, in the meantime, you have given me the most precious gift a man can get in this life: our children Hugo and David. I could have never accomplished the little that I have without you and our children by my side. I love you all!

I thank my father and mother for their love and unconditional support. I have come a long way thanks to the many things you two have taught me.

To my sisters Mariza and Andrea and my grand-mother Carmen, I thank you for your love and unconditional support.

I thank my mother and father-in-law for their love and for always being there for me and my family. I am humbled by how they have truly adopted me as one of their own children. I

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Chapter 1: Introduction

1.1 Statement of the Problem

The phenomena of corruption has existed for as long as people have lived, and it is present in all cultures no matter what their economic and social makeup; the recognition of its many negative social, economic, and political effects has led many corruption scholars to develop theoretical models and conduct empirical studies that seek to explain the causes of corruption. These theoretical and empirical developments have greatly improved our understanding of corruption and have resulted in a discourse on corruption control that mainly emphasizes the development and implementation of stronger formal mechanisms to control administrative behavior in the public sector.

Different intellectual developments in the field of public administration have, and continue to inform, the approaches taken to address corruption (and unethical behavior in general) in the public sector. The current approach to addressing unethical behavior in the public sector continues to emphasize the development and implementation of stringent external controls in the form of laws, codes of ethics, regulations, and formal administrative controls —clear lines of authority, reporting procedures, systems of accountability, monitoring mechanisms, and reward and punishment systems, among other things— (Cooper, 1998, 2006; Maesschalck, 2004), all aimed at the intense scrutiny of public administrators (Anachiarico & Jacobs, 1994). In general, any attempt has been made to limit the amount of discretion public administrators can exercise when implementing the law (Cooper, 1998, 2006).

Such an approach to securing responsible behavior in the public sector has developed into a compliance-based approach, in which compliance and adherence to formal rules is all that matters (Rohr, 1989). As Menzel (2007) points out, by stating in the law what unethical behavior is, law-makers have given public employees and officials an opportunity to define ethics as behaviors that simply do not break the law. From this perspective, the "right thing" to do is determined by simply looking at the letter of the law rather than at one's moral sense of duty. As Martinez (2009) points out, the problem is that the specificity of the law does not address all the situations that will arise. Further, employing formal rules to prevent unethical behavior can result in a so-called "check-off" approach (Ashforth et al., 2008) to ethics, in which rules and codes of conduct are simply negotiated and put in place with no appreciation of underlying ethical values (Martinez, 2009). Formal ethics reforms may then not only become decoupled from the day-to-day experiences of organizations (Weaver at al., 1999) but also be seen as mere "window-dressing".

Preoccupied with the above situation, since the early days of the field of public service ethics in the mid-1970's (Cooper, 2001) authors have emphasized the importance of developing individuals' capacity for ethical reasoning and decision making within public organizations. Several writers have sought not only to develop a normative foundation for administrative ethics that can guide administrative behavior in the public sector (see, e.g., Appleby, 1947, 1952; Caldwell, 1943; Cooper, 1984, 1991; Denhardt, 1989; Dimock, 1936; Dobel, 1988; Frederickson & Hart, 1985; Gaus, 1936; Gawthrop, 1984; Golembiewski, 1962, 1965; Goodsell, 1990; Hamon, 1974; Hart, 1974, 1984; Jos, 1990; Levitan, 1942; Ley, 1943, 1952; Marx, 1940, 1949; Morgan, 2001; Pincoff, 1986; Rohr, 1976, 1978, 1989, 1998; Scott & Hart, 1973; Thompson, 1992; Waldo, 1974) but also to develop frameworks and problem-solving guides (see, e.g.,

Cooper, 1982, 1998, 2006; Lewis, 1991; Lewis & Gilman, 2005) to help the individual public administrator resolve ethical dilemmas.

Despite these developments in the public administration literature, much less has been written about how to design and sustain public organizations in which ethical reasoning and decision making is possible (Cooper, 2009). As acknowledged by some authors (see, e.g., Bowman, 2004; Bowman et al., 2010; Denhardt, 1989), developing individuals' capacity for moral reasoning and decision making (while very important) is not sufficient for ensuring ethical behavior within public agencies. This is because, as some scholars (see, e.g., Adams & Balfour, 2006; Cooper, 1994, 2006; Lewis, 1991; Lewis & Gilman, 2005; Martinez, 2009; Milgram, 1974; Zimbardo, 2007) point out, certain organizational arrangements can encourage or discourage ethical behavior within public organizations of otherwise morally competent individuals.

The handful of scholars (see, e.g., Cooper, 1998, 2006, 2009; Denhardt, 1989; Lewis, 1991; Lewis & Gilman, 2005) who have focused on addressing the above question emphasize the importance of having moral leaders (see, e.g., Berman, West, & Cava, 1994; Cooper, 1982, 1998, 2006; Cooper & Wright, 1992; Denhardt, 1989; Lewis, 1991; Lewis & Gilman, 2005; Menzel, 2007; Moore & Sparrow, 1990; Stevulak & Brown, 2011) for building ethical organizations in the public sector. Thus, moral leaders in the public sector are now expected to have a high level of moral development (Bowman et al., 2001), to lead by example (see, e.g., Menzel, 2007; Lewis & Gilman, 2005) and to communicate with employees about ethics (Brown & Treviño, 2006). Leaders have also been tasked with implementing ethics programs (see, e.g., Lewis, 1991; Lewis & Gilman, 2005, Menzel, 2007), changing the organizational structure (see,

e.g., Cooper, 1998, 2006, Denhardt, 1989; Lewis, 1991; Lewis & Gilman, 2005; Menzel, 2007),

and building an ethical organizational culture within their organizations.

While moral leaders and formal controls are all very important in building ethical

organizations, nothing has been written about how to build individual capacity within public

organizations for ethical reasoning and decision making that does not necessarily depend on

moral leaders and formal controls.

1.2 Objectives of the Study

This study seeks to address a deficiency identified in the public administration literature

on how to design and sustain public organizations in which ethical reasoning and decision

making is possible (Cooper, 2009). Nevertheless, the emphasis of this study is not on the

conventional role of moral leaders or on how formal controls reduce unethical behavior. Also,

the emphasis is not specifically on the problem of corruption or on its causes. Rather, by

focusing on the local governments in Alabama, this study seeks to identify patterns of behavior

(from the perspective of employees) that not only help reduce corruption but that also have the

potential of supporting sustainable ethical cultures over time in which ethical practice is possible,

even in the presence of immoral leaders. This study also seeks to develop and test scales to

measure ethical organizational culture competencies currently neglected in the literature.

1.3 Research Questions

This study seeks to answer the following research questions: (1) what ethical

organizational culture competencies (patterns of behavior) help reduce corruption within public

organizations? And (2) what patterns of behavior help support a sustainable ethical culture over

time within public organizations in which ethical action is possible, even in the presence of

immoral leaders?

1.4 Theoretical Focus of the Study

The public service ethics literature provides the theoretical framework for this study. Specifically, this study borrows from Dennard's (2005, 2006, 2009) ethical culture framework and assumes that while moral leaders and formal mechanism to control employee behavior can help prevent unethical behavior, public organizations that display (1) *robustness* —i.e., "the extent to which dialogue among individuals is frequent about mistakes, ethics; the extent to which individuals feel safe in expressing their knowledge and asking questions about ethics; the extent to which individuals feel they work in an ethical environment"—, (2) *information* —i.e., "the extent to which information is easily accessible and there are processes in place to share information with both employees and the public"— (3) *learning* —"the extent to which individuals can improve their education and learn from each other"— and (4) *mistake-ability* — "the extent to which individuals are not afraid to admit mistakes, ask for help, and talk about work-related problems" — are not only more ethical but also more capable of sustaining ethical behavior over time, even in the presence of immoral leaders.

1.5 Contributions of the Study

This study contributes to our understanding of how to build ethical public organizations by developing individuals' capacity within public organizations for ethical reasoning and decision making. This is an area currently underdeveloped in the literature as the emphasis continues to be on how moral leaders and formal controls help build organizations supportive of ethical behavior within public agencies.

1.6 Methodology

To answer the above research questions, this study employs a cross-sectional survey design. This means that the data were collected at a single point in time. The Alabama Public

Employee Perception Survey (APEPS) was developed to collect data for this study. The APEPS was administered online to public officials and public employees within 103 local governments in Alabama.

1.7 Limitations of the Study

Despite this study is the first of its kind, it has certain limitations. First and foremost, the small sample size in this study may have prevented certain important relationships from surfacing in the analyses. Second, there may be more nuanced relationships between the variables under study here that the analyses performed in this study were not able to explain. Finally, although the study finds some interesting relationships through the quantitative analysis of original survey data, there may be important contextual factors within the local governments under study here that the study is not able to account for in the analyses.

1.8 Overview of Chapters

Chapter two reviews the relevant corruption and public administration literature that provides the framework for this study. This chapter is constructed as follows: section 2.2 reviews the corruption literature. Specifically, section 2.2.1 discusses the concept, measurement, forms, and types of corruption; section 2.2.2 provides an overview of existing theories of corruption; and section 2.2.3 discusses relevant empirical research on the causes and consequences of corruption. Section 2.3 reviews the public administration ethics literature. Specifically, section 2.3.1 discusses the evolution of the public administration literature on how to control unethical behavior within public agencies. Section 2.3.2 discusses the literature on the normative foundation of administrative ethics. Section 2.3.3 discusses the literature on the role of moral leadership in building ethical public organizations. Section 2.3.4 provides an overview of the literature on how to build ethical public organizations. Finally, section 2.3.5 concludes with a

discussion of the themes found in the literature, as well as with a discussion of the contributions of this study to the existing body of knowledge.

Chapter three outlines the research methodology in this study. It begins with an overview of the research question and hypotheses addressed by this study (Section 3.2). Section 3.3 discusses the research design. Specifically, Section 3.3.1 discusses the unit of analysis in this study. Section 3.3.2 discusses the preferred data collection procedure. Section 3.3.3 provides an overview of the sampling frame. The survey tool designed for this study is discussed in section 3.3.4. Finally, section 3.3.5 provides an overview of the data analysis procedures used in this study.

Chapter four provides a discussion on the operationalization of the dependent, independent, and control variables in this study. It also discusses the procedures for validating the scales developed to measure such variables. Specifically, Section 4.2 provides a discussion on the measurement of the dependent variable in this study. Section 4.3 discusses the measurement of the independent variables, as well as other variables employed as controls in this study. The procedures for measuring the other control variables in this study are discussed in Section 4.4. The measurement of the demographic variables in this study is discussed in Section 4.5. Section 4.6 concludes the chapter and presents an expanded version of the conceptual model presented in chapter three.

Chapter five presents the analyses performed in this study to answer the above research questions. It first provides a discussion on the specific procedures followed by the researcher to collect data for this study (Section 5.2). Then, Section 5.3 provides a descriptive outline of the Alabama Public Employee Perception Survey (APEPS). Specifically, Section 5.3.1 describes which ethical organizational culture competencies are present within Alabama local

governments. Section 5.3.2 discusses the perceived corruption and corruption frequency reported by public officials and public employees within Alabama local governments. Then, the chapter presents the findings of the correlation and regression analyses performed in this study. Section 5.4 presents the correlation analyses performed in this study to establish the relationship between the ethical organizational culture competencies and corruption. Section 5.5 discusses the results from the OLS regression results. Section 5.6 provides a discussion of the findings in this study. Section 5.7 discusses some directions for future research. The chapter concludes by discussing the limitations of this study.

Chapter 2: Literature Review

2.1 Introduction

In the past two decades, both scholars and practitioners have given significant attention to the ubiquitous and ever present problem of corruption in the public sector. The corruption literature includes both theoretical and empirical developments that have greatly contributed to our understanding of corruption. Thus, we now have a better understanding of the challenges students of corruption face when attempting to define, measure, and study corruption. We also have available to us different theoretical frameworks from which we can explain the causes of corruption. Further, we have a better understanding of the many economic, social, and political consequences of corruption, as well as of the approaches we can take to address it.

The public administration literature has also given significant attention to the problem of unethical behavior within public agencies. To date, the main approach to addressing unethical behavior in the public sector has been a compliance-based approach, in which adherence to formal rules is considered to be of the utmost importance. This approach has been coupled with an emphasis on having moral leaders who have been tasked with setting the moral tone within organizations by role modeling ethical behavior, communicating with employees about ethics, and providing rewards and punishments to hold employees accountable for their actions. Formal controls in the form of laws, codes of conduct, and other administrative mechanisms, coupled with the presence of moral leaders within public organizations are expected to secure ethical behavior in the public sector. Nevertheless, while developing formal mechanisms of behavior

control can help prevent unethical behavior, such an approach risks developing into a "check-off" approach to public service ethics, one in which measures taken to prevent unethical behavior become decoupled from the day-to-day affairs of organizations. Such an approach to public service ethics can be seen as mere "window-dressing" and does not build the capacity of public organizations to respond to ethical dilemmas, especially when unethical leaders are in control.

This study seeks to address a deficiency identified in the public administration literature on how to design and sustain public organizations in which ethical reasoning and decision making is possible (Cooper, 2009). The emphasis of this study is not therefore on the conventional role of moral leaders or on how formal controls reduce unethical behavior. Also, the emphasis is not specifically on the problem of corruption or on its causes. Rather, by focusing on the local governments in Alabama, this study seeks to identify patterns of behavior (from the perspective of employees) that not only have the potential of reducing corruption but that also have the potential of supporting sustainable ethical cultures over time in which ethical practice is possible, even in the presence of immoral leaders. This study borrows from Dennard's (2005, 2006, 2009) normative ethical culture framework and assumes that while moral leaders and formal mechanism to control employee behavior can help prevent unethical behavior, public organizations in which interactions among individuals are easy and frequent; information is accessible; individuals are free to openly correct mistakes, ask questions, doubt, and learn; and individual differences are not merely tolerated but engaged, are not only more ethical but also more capable of sustaining ethical behavior over time, even in the presence of immoral leaders. Other behaviors identified in the literature said to characterize ethical cultures will also be examined.

This study reviews the relevant literature on corruption and public administration ethics, as these two bodies of knowledge have greatly informed the current approaches to addressing corruption in the public sector. The literature on corruption is reviewed in order to learn about: the concept of corruption, its measurement, forms and types of corruption, theories of corruption, and empirical research on the causes and consequences of corruption. The public service ethics literature provides the theoretical framework for this study. The review first focuses on the intellectual developments that have informed the approaches to address unethical behavior in the public sector. Then the review focuses on the intellectual developments in the field of public administration to establish a normative foundation for administrative ethics. It also examines the role of moral leaders in securing ethical behavior within public organizations, as well as the literature on how to build ethical organizations in the public sector.

This chapter therefore is constructed as follows: section 2.2 reviews the corruption literature. Specifically, section 2.2.1 discusses the concept, measurement, forms, and types of corruption; section 2.2.2 provides an overview of existing theories of corruption; and section 2.2.3 discusses relevant empirical research on the causes and consequences of corruption. Section 2.3 reviews the public administration literature on ethics. Specifically, section 2.3.1 discusses the evolution of the public administration literature on how to control unethical behavior within public agencies. Section 2.3.2 discusses the literature on the normative foundation of administrative ethics. Section 2.3.3 discusses the literature on the role of moral leadership in building ethical public organizations. Section 2.3.4 provides an overview of the literature on how to build ethical public organizations. Finally, section 2.3.5 concludes with a discussion of the themes found in the literature, as well as with a discussion of the contributions of this study to the existing body of knowledge.

2.2 Corruption Literature

2.2.1 Corruption: Definition, Measurement, Forms, and Types

2.2.1.1 Definition

Throughout the years, corruption has been defined in a myriad of ways (see, e.g., Friedrich, 1972; Huntington, 1968; Hurstfield, 1967; LaPalombara, 1994; Leff, 1964; Nye, 1967; Rogow & Lasswell, 1963; Senturia, 1931; Van Klaveren, 2002). Nevertheless, as Philp (1997, 2002) and Peters and Welch (1978, 2002) points out, some scholars (see, e.g., Heidenheimer, 1970; Heidenheimer, Johnston, & Le Vine, 1989; Heidenheimer & Johnston, 2002; Scott, 1972) have been able to classify these definitions in three broad categories: (1) public office-centered, (2) public interest-centered, and (3) market-centered definitions of corruption. A fourth category, drawn from the work of Peters and Welch (1978), can also be added to this typology: (4) public opinion or attitudinal-based definitions (Gibbons, 1989).

Public office-centered definitions attempt to describe corruption as deviations from the formal duties of public office. Among the public office-centered definitions of corruption (or legalistic definitions, as Peters & Welch (1978) would call them), one can find those of scholars, such as Samuel Huntington (1968), Joseph LaPalombara (1994), Joseph Nye (1967), and Joseph Senturia (1931), among others. For example, Nye (1967) defines corruption as:

> . . . behavior which deviates from the normal duties of a public role because of private-regarding (family, close private clique), pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence. This includes such behavior as bribery (use of reward to pervert the judgment of a person in a position of trust); nepotism (bestowal of patronage by reason of ascriptive relationship rather than

merit); and misappropriation (illegal appropriation of public resources for private-regarding uses) (p. 284).

Huntington (1968) defines corruption as "behavior of public officials which deviates from accepted norms in order to serve private ends (p. 59). Senturia (1931) defines it as the misuse of public power for private profit, which has been the definition adopted in recent years by transnational institutions, such as the World Bank (Tanzi, 1998) and Transparency International (Moody-Stuart, 1997).

While public office-centered definitions are said to be useful because they are clear-cut and can be operationalized (Peters & Welch, 1978), several objections have been raised against them. For example, critics argue that public office-centered definitions are too narrow (see, e.g., Heidenheimer, 1970; Peters & Welch, 1978) and leave out important political phenomena which could also be considered as corruption (Gibbons, 1989). Critics also argue that the idea of public office, which public office-centered definitions assume, is a Western concept not universally applicable since such behaviors as nepotism, patronage, and bribing —considered to be corrupt in modern western democracies— are, in fact, socially approved in non-western cultures (Messersmith, 2003; Philp, 1997). Further, they argue that public office-centered definitions "become less useful as the formal duties of office or the appropriate rules of influence become ambiguous" (Peters & Welch, 1978, p. 974). Another problem with public-office-centered definitions, critics argue, is the fact that sometimes governments set norms and standards for those in public office leading to situations in which oppressive regimes might actually be condoned (Messersmith, 2003). In this regard, Rose-Ackerman (1978) observes, "one does not condemn a Jew for bribing his way out of a concentration camp" (p. 9).

In light of the above mentioned criticisms, some scholars (see, e.g., Friedrich, 1972, Hurstfield, 1967; Rogow & Lasswell, 1963) have adopted broader definitions of corruption, which are closely connected to the public interest (Messersmith, 2003). These definitions assume there is a public interest which transcends the law itself; these definitions focus on how corruption negatively impacts the public interest (Gibbons, 1989). For example, Friedrich (1972) writes:

> The pattern of corruption can be said to exist whenever a power holder who is charged with doing certain things, i.e., who is a responsible functionary or office-holder, is by monetary or other rewards not legally provided for, induced to take actions which favor whoever provides the rewards and thereby does damage to the public and its interests (p. 127).

While the notion of public interest is fundamental to develop a normative definition of corruption (Girling, 1997), thereby broadening the range of behaviors one might investigate — compared to public office-centered definitions— (Peters & Welch, 1978, 2002), critics of public interest-centered definitions raise some important objections. For example, they argue that because the concept of public interest is open to broad interpretation —depending on the observer's judgment— (Heidenheimer & Johnston, 2002) accepting local norms and judgments as the only valid criteria to identify corrupt behavior risks embracing a conceptual relativism, which would render any cross-national analysis of corruption incoherent (Philp, 1997). Also, critics argue that just as ruling political elites can manipulate legislative and legal processes (Williams, 1987), public interest-centered definitions enable politicians to justify almost any act by claiming that it is in the public's best interest (Peters & Welch, 1978).

Furthermore, some authors argue (see, e.g., Becker & Stigler, 1974; Beck & Maher, 1986; Friedrich, 1972; Graziano, 1980; Huntington, 1968; Leff, 1964; Lui, 1985; Tullock, 1996) that under certain conditions corruption can, in fact, be in the public's best interest (Messersmith, 2003). For example, (1) when corruption is institutionalized, people can know where to pay for government services; (2) corruption can help improve efficiency and growth by removing government regulations, which often interfere with investment and growth; (3) corruption can promote efficiency in bidding competitions, where those who can afford the highest bribes could be, in fact, the most efficient; (4) corruption can minimize the costs associated with queuing and government labor; (5) corruption can allow politicians gather funds to maintain stability in a country and promote growth; and (6) bribes can supplement the low wages of government employees, thereby allowing the government to maintain a lower tax level and promote growth.

In the end, however, neither public interest nor public office-centered definitions reach a standard that could be used to determine what actions damage the public interest or what constitutes "private-regarding, pecuniary, or status gains" (Johnston, 2001; Morgan, 1998; Philp, 1997). It remains unclear whether such standard should be established from public opinion, legal norms, or standards derived from modern western societies (Philp, 1997).

Market-centered definitions focus on the concept of self-interest and describe corruption as an activity in which self-interested office holders seek to earn illegal income and thus to maximize their utility. Market-centered definitions employ social or public choice methods to analyze corruption (Philp, 1997) and focus on the exchange relationships between office holders, who can make decisions on government's scarce resources, and individuals (or firms) willing to pay in order to obtain such scarce resources in violation of the law. Market-centered definitions

are illustrated by those of Van Klaveren (2002) and Leff (1964). Van Klaveren, for example, writes:

> Corruption means that a civil servant abuses his authority in order to obtain an extra income from the public . . . Thus we will conceive of corruption in terms of a civil servant who regards his office as a business, the income of which he will seek to maximize. The office then becomes the maximizing unit (p. 83).

Leff defines corruption as ". . . an extra-legal institution used by individuals or groups to gain influence over the actions of the bureaucracy" (p. 8).

While market-centered definitions are committed to look at corruption in a neutral way and might adequately explain under what conditions it becomes likely that individuals will engage in corruption (Philp, 1997; Johnston, 2001), they do not offer an alternative definition of corruption. They also overlook the intangible benefits, such as prestige and promises of political support, among others, resulting from the abuse of authority, as well as other non-quid pro quo exchanges, such as embezzlement (Johnston, 2001).

Finally, public opinion or attitudinal-based definitions define corruption simply as what public opinion in a given society determines to be corrupt (Rundquist & Hansen, 1976; Theobald, 1990). Moodie (1980) argues that the best indicator of corruption in a given society is the existence of scandal, i.e., a hostile and shocked response to a particular action. Further, in terms of what the public in a given society might conceive as corruption, Heidenheimer (1970, 2002) proposes three types of corrupt behavior: "white corruption", which is not condemned at all by neither elite opinion nor mass public opinion; "gray corruption", which refers to an ambiguous situation where there is no consensus of opinion, but usually some elites would

condemn the behavior; and "black corruption", which is condemned by both elite opinion and mass public opinion.

While using public opinion as a standard for assessing corrupt conduct could be useful given the fact that legality and public interest are prone to appropriation by the politically powerful (Williams, 1987), several criticisms can be raised against public opinion-centered definitions. For example, as Johnston (1982) points out, how are we to define who the public is? Is it only those knowledgeable about politics or those with a direct interest in a particular area of policy making? Further, "on many issues public sentiments are either ambiguous . . . or are divided in their opinions" (Peters & Welch, 2002, p. 156), so whose view should we then take into consideration? —the majority's view or the consensus among the political elites— (Scott, 1972). Further, what the public considers to be corrupt today may be regarded as legitimate tomorrow; thus, a definition of corruption based on public opinion will lack consistency (Williams, 1987).

From the above discussion, it is clear that political corruption can be defined in different ways —each offering some advantages and disadvantages. Nevertheless, the above definitions seem to focus on some common elements, i.e., "a distinction between the public and the private sphere[;] . . . a recognition that corrupt acts involve an exchange, in which one party offers inducements . . . to a public official in return for . . . political goods[;] . . . [and] a sense that such exchanges are improper [because] they violate established norms" (Sandholtz & Koetzle, 2000, p. 34-35). Thus, corruption can be said to occur when an individual, in violation of existing norms, improperly uses his/her public office in exchange for private gains.

2.2.1.2 Measurement

Just as there is no universally accepted standard in the academic community on how to define corruption, there is no standard on how to measure it. This lack of standard results from the fact that, by its very nature, corruption is difficult to measure since, in most cases, it is carried out in secret and away from the public eye (Jain, 2001; Pellegrini & Gerlagh, 2008; Sandholtz & Koetzle, 2000). Thus, researchers who want to measure corruption face some real challenges since they are trying "to measure something that those who know about are trying to hide" (Jain, 2001, p. 76).

Despite the above, several scholars have still attempted to estimate levels of corruption. One approach taken by scholars focuses on developing objective proxies to measure actual levels of corruption in particular settings. In Uganda, corruption has been measured as the amount of bribes paid by firms (Svensson, 2003; Henderson & Kuncoro, 2004; Fisman & Svensson, 2007). In Argentina, it has been measured as the amount of prices paid by hospitals for basic supplies (Di Tella & Schargrodsky, 2003). In Italy, Golden and Picci (2005) compare the value of infrastructure stocks to past infrastructure spending to estimate corruption. Olken (2006) measures corruption in a road construction project in rural Indonesia by comparing the official expenditure reports on building materials with an independent estimate of the actual amount each road costs to build. Although such proxies aim at objectively measuring actual corruption, some authors argue that these so-called objective measures only provide imperfect proxies for real corruption as conditions on the ground might be very different (see, e.g., Kaufmann, Kraay, & Mastruzzi, 2005; Kraay, 2006). Further, other authors argue that such proxies do not allow for a comparative study of corruption (Seldadyo & de Haan, 2006).

Another approach taken by scholars focuses on measuring the actual frequency of corruption. Some authors (see, e.g., Ferraz & Finan, 2008; Reinikka & Svensson, 2006; Seligson,

2006) have developed corruption measures, based on country surveys asking citizens if they have

been direct victims of bribery. The development of such public opinion-based measures of

corruption frequency has also been possible thanks to the efforts of the Latin American Public

Opinion Project and the World Bank, who have been conducting public opinion surveys of

corruption since 1996 and 1998, respectively (Seligson, 2006; Ruhl, 2011). Although public

opinion-based measures attempt to estimate corruption frequency based on actual citizen

experiences with corruption (rather than just perceptions of corruption), some authors point out

that such measures still suffer from some basic limitations (Seligson, 2006; Ruhl, 2011). First, it

is difficult to tell if all survey respondents are truly "victims" of corruption, rather than willing

"partners" in the transaction, "seeking to circumvent rules and regulations in order to advance

their own objectives" (Seligson, 2006, p. 389). Second, such corruption measures only provide a

limited understanding of corruption as they can only measure low-level corruption (Seligson,

2006; Ruhl, 2011).

Related, other authors have used written documents (i.e., press reports, judicial records,

or records from anti-corruption/public integrity agencies) to measure the frequency of corrupt

acts (see, e.g., Correa, 1985; Della Porta & Vannucci, 1995; Eker, 1981; Glaeser & Saks, 2006;

Goel & Nelson, 1998; Meier & Holbrook, 1992; Morris, 1991; Pharr, 2000; Rehren, 1994;

Schlesinger & Meier, 2002; Whitehead, 1983). Nevertheless, relying on archival sources to

measure corruption can be problematic (Lancaster & Montinola, 1997). First, measures derived

from records of judicial proceedings may lack validity as these records may be systematically

biased (Lancaster & Montinola, 1997). Second, newspapers may under-report corruption not

necessarily due to low levels of corruption, but due to a lack of press freedom (Andvig &

Fjeldstad, 2001; Lancaster & Montinola, 1997). Similarly, when newspapers are owned by

members of one political party, editors may decide to under-report acts of corruption if these were committed by fellow party members (Lancaster & Montinola, 1997). Third, measures derived from records of rates of indictments or convictions for corruption may not necessarily reflect the actual level of corruption but the competence of the judiciary (Lambsdorff, 2005; Treisman, 2007), as well as the "political priority placed on fighting corruption" (Treisman, 2007, p. 216). Finally, because record-keeping practices vary across counties, measures derived from national written records or newspapers may not only lack validity but may also render any comparative study of corruption impossible (Lancaster & Montinola, 1997).

In light of the above obstacles, many researchers and organizations now rely on data from perception-based surveys to measure corruption (Lambsdorff, 2005; Lancaster & Montinola, 1997; Seldadyo & de Haan, 2006). Some measures have been developed by risk assessment firms, such as Political and Economic Risk Consultancy, the Institute for Management Development, Political Risk Services, and Business International, among others (Johnston, 2001). Other measures come from advocacy groups, such as the World Economic Forum and Freedom House; survey organizations, such as Gallup; publications, such as *The Wall Street Journal*; and other groups of analysts (Johnston, 2001). Some scholars have also developed measures of corruption, based on perception-based surveys (see, e.g., Boylan & Long, 2003). Other corruption measures, such as Transparency International's (TI) Corruption Perceptions Index (CPI) and the World Bank's (WB) Control of Corruption Index (CCI), aggregate data from surveys of the general public, of international and domestic business leaders, and of country experts to develop country-level corruption perceptions indices (Lambsdorff, 2004; Kaufmann et al., 2005).

Perception-based indices —in particular, TI's CPI— have greatly contributed not only to make the comparative study of corruption possible but also to spark public debate about corruption (Johnston, 2001; Lambsdorff, 2005; Seligson, 2006). Nevertheless, some scholars point out that such corruption indices suffer from several limitations (see, e.g., Seligson, 2006; Treisman, 2007; Johnston, 2001). First, corruption indices "rely heavily upon the impressions of international business people" (Seligson, 2006, p. 384); this limits their ability to tell us what happens in those activities pursued by citizens themselves (Seligson, 2006). Second, corruption indices do not tell us about the frequency of corrupt acts, but only tell us about how corrupt respondents perceive a county to be (Reinikka & Svensson, 2006). Thus, as Seligson (2006) argues, when dealing with data from corruption indices "it is difficult to separate stereotyping from reality" (p. 385). Third, corruption indices, such as TI's CPI, suffer from an "endogeneity problem" (Seligson, 2006, p. 385) as the opinions of respondents may be influenced by factors other than their direct observation (or knowledge) of corruption (Seligson, 2006; Treisman, 2007). In this regard, Johnston (2001) writes, "[p]erceptions could reflect general impressions, or ethical expectations, of whole societies – of inefficiency or official impunity, poverty, or weak civil society – rather than knowledge of corruption as such" (p. 165). Fourth, since corruption indices aggregate data from different sources —each measuring different things— it is difficult to tell what exactly is the average score measuring (Reinikka & Svensson, 2006; Treisman, 2007). Fifth, corruption indices only report aggregate national scores, which do not allow us to have a better understanding of corruption within countries (Reinikka & Svensson, 2006; Seligson, 2006). Finally, although data from corruption indices are amenable to statistical analysis, such data do not tell policy-makers about those important qualitative differences across (and within) countries that they need to understand to better be able to design and implement

anti-corruption programs that better address local realities (Johnston, 2001). Johnston (2001) writes:

> [C]orruption indices reduce complex cases to single numbers and encourage cross-sectional statistical approaches that impose a single model upon widely divergent cases. Policy-makers may lose sight of the historical origins of corruption, and thus of some of the forces and conflicts sustaining it; of the cultural and linguistic factors shaping the social significance of corruption as well as responses to reforms; and of the many opportunities – indeed, the necessity – to carefully choose policies and judge their effects in the context of local realities (p. 174).

2.2.1.3 Forms of Corruption

Although corruption takes different forms in different countries, in recent years, several authors and transnational institutions have distinguished among different forms of corruption (see, e.g., Andvig & Fjeldstad, 2001; Amundsen, 1999; OAS, 1996; UN, 1989). For example, in its 1996 *Inter-American Convention against Corruption*, the Organization of American States outlines the following forms of corruption:

a. The solicitation or acceptance, directly or indirectly, by a government official or a person who performs public functions, of any article of monetary value, or other benefit, such as a gift, favor, promise or advantage for himself or for another person or entity, in exchange for any act or omission in the performance of his public functions;

b. The offering or granting, directly or indirectly, to a government official or a person who performs public functions, of any article of monetary value, or other benefit, such as a gift, favor, promise or advantage for himself or for another person or entity, in exchange for any act or omission in the performance of his public functions;

c. Any act or omission in the discharge of his duties by a government official or a person who performs public functions for the purpose of illicitly obtaining benefits for himself or for a third party;

d. The fraudulent use or concealment of property derived from any of the acts referred to in this article; and

e. Participation as a principal, co-principal, instigator, accomplice or accessory after the fact, or in any other manner, in the commission or attempted commission of, or in any association or conspiracy to commit, any of the acts referred to in this article.

A United Nations report in 1989 included the following forms of corruption:

Acceptance of money or other rewards for awarding contracts, violations of procedures to advance personal interests, including kickbacks from development programs or multinational corporations; pay-offs for legislative support; and the diversion of public resources for private use, to overlooking illegal activities or intervening in the justice process. Forms of corruption also include nepotism, common theft, overpricing, establishing non-existent projects, payroll padding, tax collection and tax assessment frauds (p. 4).

Amundsen (1999) argues that the main forms of corruption are: bribery, embezzlement, fraud, extortion, and favoritism.

Bribery refers to the payment —in money or in kind— given or taken by a public official who can make contracts on behalf of the state or exercises a monopoly over the distribution of the state's resources (Andvig & Fjeldstad, 2001; Amundsen, 1999). In essence, bribery is seen as a payment (or favor) needed to make things happen in government. A bribe may be paid to either

help "grease" the wheels so services and contracts according to the rule are provided faster, or it can be paid to obtain services or contracts against the rule (Kindra & Stapenhurst, 1998).

Embezzlement occurs when public officials who are in charge of safeguarding and administering public resources steal them (Andvig & Fjeldstad, 2001; Amundsen, 1999). In other words, embezzlement takes place when public officials misappropriate public funds or resources.

Fraud occurs when public officials engage in illegal trade networks, counterfeit, racketing, and other forms of organized crime. In economic terms, fraud involves some kind of deception to draw a private profit. Thus, public officials engage in fraud when they close their eyes on such economic crimes and obtain a private gain (Andvig & Fjeldstad, 2001; Amundsen, 1999).

Extortion refers to the extraction of resources by force or by the threat to use force (Andvig & Fjeldstad, 2001; Amundsen, 1999). Extortion can happen from below when individuals (or firms) force public officials to give them special treatment by means of preferential business opportunities, privileges, or exemption from taxation, regulations, and legal prosecution (Ayalew, 2005). Extortion can also happen from above when public officials extort money from individuals (and firms) to protect them from harassment or when public officials extract resources from individuals (or firms) with concealed threats by imposing strict taxation, overtly delaying licenses, and repeated, brutal law enforcement inspections, among other measures (Ayalew, 2005).

Favoritism is a form of corruption, which implies privatization and a highly biased distribution of state resources (Amundesen, 1999). Amundsen (1999) distinguishes between two forms of favoritism. The first one is nepotism; it occurs when public officials, with the right to make appointments, nominate their family or friends to important government positions. The

second form of favoritism occurs when certain individuals (or groups) are given privileges through several economic policies. These privileges include: being able to buy privatized public property at cheap prices; being given preferences, state guaranteed or subventioned loans; or being selected as entrepreneurs for public works, among others (Amundsen, 1999).

2.2.1.4 Types of Corruption

Two primary types of corruption are identified in the literature (see, e.g., Jain, 2001; Kindra & Stapenhurst, 1998). The first is *grand corruption* and refers to the acts of political elites, who abuse their power to make decisions on significant economic and political issues (Jain, 2001; Moody-Stuart, 1997). Corrupt political elites can change either the public policies or the implementation of public policies in order to further their own interests, regardless of the public interest (Jain, 2001). When grand corruption occurs, for example, "public spending is … diverted to those sectors where gains from corruption are greatest … little attention is paid to whether the needs of the collectivity are served by these works or services" (Della Porta & Vannucci, 1997, p. 519). Grand corruption involves heads of state, ministers, top officials, senior judges, and legislators, among others (Moody-Stuart, 1997). Examples of grand corruption include (Kindra & Stapenhurst, 1998):

- Ministers 'selling their discretionary powers[;]
- Officials taking percentages on government contracts, which are often then paid into foreign bank accounts[;]
- Officials receiving excessive hospitality from government contractors and benefits in kind, such as scholarships for the education of children at foreign universities[;]
- Officials contracting government business to themselves, either through front companies and partners or even openly to themselves as consultants[;]

- Political parties using the prospect of power, or its continuation, to levy large 'fees' on international businesses in return for government contracts (p. 9).

The second type of corruption discussed in the literature is *bureaucratic corruption*; it is practiced by appointed bureaucrats in their interactions with either their superiors (the political elite) or with the public (Jain, 2001). The most common form of bureaucratic corruption is petty corruption, in which the public may be required to pay bribes to bureaucrats either to receive a service to which they are entitled or to speed up a bureaucratic procedure (Jain, 2001). Bureaucratic corruption involves mid-to-lower-level officials, such as revenue officials, law enforcement officials, and providers of public services, among others (Kindra & Stapenhurst, 1998). Examples of bureaucratic corruption include (Kindra & Stapenhurst, 1998):

- Revenue officials practicing extortion by threatening to levy surcharges on taxpayers and importers unless bribes are paid, in which case unjustifiably low tax assessments are made or goods are passed for importation without payment of any duty at all[;]
- Law enforcement officials extorting money for their own benefit by threatening to impose penalties unless bribes are paid —which are frequently less than the penalty the offense would attract if it goes to court[;]
- Providers of public services (i.e., drivers licenses, market stall permits, passport control) insisting on payments to speed up service or prevent delays[;]
- Superiors in the public service charging their subordinates, requiring them to raise set sums each week or month and to pass these upwards (p. 9).

2.2.2 Theories of Corruption

Throughout the years many scholars have proposed different theories and conceptual models to explain the causes of corruption. Two early approaches dominated the study of

corruption: pre-1960's and post-1960's (Ala'i, 2000; Montinola & Jackman, 2002). The pre-1960's approach took a cultural position and suggested that corruption stems from social values and norms emphasizing gift-giving and loyalty to the clan or family rather than the rule of law (Montinola & Jackman, 2002). Two branches existed within this approach. Some —the moralists— (see, e.g., Banfield, 1958; Wraith & Simkins, 1963) suggested that corruption is the result of moral failings within particular individuals (or societies), while others simply observed differences in social norms and their consequences (see, e.g., Theobald, 1993; Schulte Nordholt, 1996; Wertheim, 1970). The post 1960's approach to the study of the causes of corruption —the revisionist approach— explained that the phenomenon was a necessary and inevitable part of a country's development process (Ala'i, 2000). Within the revisionist approach, some writers (see, e.g., Leff, 1964) argued that corruption can help enhance efficiency, given the problems of capital formation and administrative inflexibility in developing economies (Montinola & Jackman, 2002). Others like Scott (1972) agreed with the assertion that corruption was the result of a country's modernization process, but were skeptical about its efficiency consequences (Montinola & Jackman, 2002).

The academic debate between culturalists and revisionists was never resolved during the 1960's, in part because of data constraints and other problems associated with single case and small-N studies of corruption (Lancaster & Montinola, 1997), and in part because the academic interest on the topic decreased (Montinola & Jackman, 2002). Besides, with the popularity of neo-Marxist analyses to development issues during the 1970's, the academic debate on the causes of corruption became irrelevant as the phenomenon was no longer seen as a mystery but simply as the result of capitalist democracy and the corrupt international system (Montinola & Jackman, 2002). However, in the 1980's neo-Marxist analyses became unpopular as they were

unable to explain the rapid development of an increasing number of so-called periphery

countries, especially in Asia and Latin America, let alone to recognize and to explain the

different levels of corruption among capitalist counties (Montinola & Jackman, 2002).

In the 1980's, many scholars started to adopt different approaches to explain corruption;

these developments have resulted in several theories seeking to explain the causes of corruption,

such as: neo-institutional economics, principal-agent theory, public choice theory, bad apples

theory, organizational culture theory, and new public management theory, among others.

2.2.2.1 Neo-Institutional Economics

The intellectual origin of neo-institutional economics can be traced to the work of

scholars, such as: Coase (1937, 1960), Hayek (1937, 1945), and Chandler (1962). Important

contributions by other authors (see, e.g., Arrow, 1963; Alchian & Demsetz, 1972; Davis &

North, 1971; Simon, 1945; Williamson, 1971, 1975) were also instrumental to the development

of neo-institutional economics, which "deals … with the institutional factors that affect the

decisions of individuals (Groenendijk, 1997, p. 207). Neo-institutional economics "seeks to

extend the range of applicability of neoclassical [economic] theory by considering how property

rights structures and transaction costs affect incentives and … behavior" (Furubotn & Richter,

1991, p. 1). About property rights, Furubotn and Richter (1991) write:

> … [They] refer to the sanctioned behavioral relations among men that arise from the
>
> existence of things and pertain to their use. Effectively, property rights assignments
>
> specify the norms of behavior with respect to things that each person must observe in his
>
> interactions with other persons, or bear the cost for nonobservance. It follows that
>
> property rights have economic value and must be enforced in a societally recognized
>
> manner. The general situation can be viewed in this way. Property rights are determined

and guaranteed by some form of governance structure or *order*—i.e., a system of norms plus the instruments that guarantee this order (p. 2).

Furthermore, neo-institutional economics is based on the assumption that corruption results from the opportunistic behavior of public officials, as citizens are either not empowered to hold public officials accountable for engaging in corruption or face high transaction costs in doing so (Shah, 2007). It treats citizens as principals and public officials as agents. It also assumes that principals possess bounded rationality (see, Simon, 1945), and thus act rationally based on the incomplete information they possess (Shah, 2007). Principals, as a result, face high transaction costs in acquiring and processing more information about agents' actions (Shah, 2007). Self-interested agents, in contrast, are better informed; hence, this information asymmetry allows them to engage in opportunistic behavior that goes unchecked mainly because of the high transaction costs faced by principals and the lack of adequate institutional arrangements to enforce accountable governance (Shah, 2007).

Furthermore, neo-institutional economics assumes there is a "path dependent" relationship between cultural, historical factors and corruption. That is, it assumes that institutional legacies, in terms of formal and informal norms guiding behavior, as well as the historical ethical values governing the behavior of public officials and institutions, would determine the level of corruption present in a given society at a particular point in time (Kaufmann, 1998; Shah, 2007). Similar to the revisionist approach on the causes of corruption, neo-institutional economics "views corruption as a consequence of economic modernization and political development, in which not only new property rights need to be established but also old norms and values that used to determine the relationship between principals and agents need to be replaced by institutions (Bakker, 2000)." Thus, from a neo-institutional perspective,

corruption could be addressed by reforming institutions so as to "encourage betrayal among corrupt parties, to destabilize corrupt agreements, to disallow corrupt contracts to be legally enforced, to hinder the operation of corrupt middlemen and to find clearer ways of regulating conflicts of interest" (Lambsdorff, Taube, & Schramm, 2005, p. 14).

2.2.2.2 Principal-Agent Theory

The principal-agent theory of corruption has its intellectual roots in the literature on neo-institutional economics (Groenendijk, 1997) and has been advanced by several scholars in the last couple of decades (see, e.g., Alam, 1995; Banfield, 1975; Becker & Stigler, 1974; Klitgaard, 1988, 1991; Lui, 1986; Rose-Ackerman, 1975, 1978). The theory "focuses on the relationship between the principal, i.e., the top level of government, and the agent, i.e., an official, who takes the bribes from the private individuals interested in some government-produced good" (Shleifer & Vishny, 1993, p. 599).

The theory is based on the assumption that an agent's responsibility is to maximize the public interest. It also assumes that corruption occurs when agents decide to maximize private interest over the public's interest (Aidt, 2009; Jain, 2001). "Principal-agent models [also] assume that the interests of principal and agent diverge, that there is information asymmetry to the advantage of the agent, but that the principal can prescribe they pay-off rules in their relationship" (Groenendijk, 1997, p. 208). An important feature of principal-agent models is that they assume self-interested agents engage in corrupt activities based on a cost-benefit analysis (Groenendijk, 1997). That is, such models assume that public officials seek out or accept bribes when they perceive that the expected benefits of corruption outweigh the costs (Becker, 1968; Klitgaard, 1988; Rose-Ackerman, 1978).

Furthermore, the principal-agent theory of corruption posits that corruption increases when agents have too much power over the distribution of scarce government resources or when principals have little information to check agents' acts (Klitgaard, 1988; Rose-Ackerman, 2002). Thus, from this perspective, the problem of corruption could be addressed by: reducing the number of transactions over which public officials have discretions; reducing the gains from corruption; increasing the probability of getting caught through strong internal controls; or increasing the penalty for engaging in corrupt activities (Anechiarico & Jacobs, 1996; Rose-Ackerman, 2002; Shah, 2007). Also, reducing information asymmetries between principals and agents would allow principals to better check agents' acts (Shah, 2007).

2.2.2.3 Public Choice Theory

The views associated with Black (1948, 1958), Arrow (1951), Downs (1957), Buchanan and Tullock (1962), and Olson (1965), among others, contributed to the development of public choice theory. It employs modern economic tools to study problems traditionally associated with political science, such as the state, voting, rules, party politics, and bureaucracy, among others (Mueller, 1979). Public choice theory models individuals primarily as self-interested (Tullock, 1987) and seeks to explain corruption in terms of individual public officials making (bounded) rational decisions in an attempt to maximize their utility (see, e.g., Husted, 1994; Macre, 1982; Rogow & Lasswell, 1963; Rose-Ackerman, 1978).

Similar to principal-agent theory, public choice theory posits that public officials will engage in corrupt acts if they perceive that the expected benefits of doing so outweigh the costs (Becker, 1968; Klitgaard, 1988; Rose-Ackerman, 1978). Thus, public choice theory leads to a discourse on corruption control that seeks to maximize the costs of corruption and minimize the benefits (deGraaf, 2007). Nevertheless, since the benefits of corruption are harder to influence,

most of the focus is on its costs, which can be increased by improving the chances of getting caught and imposing more severe penalties (deGraaf, 2007). As several authors argue, this can lead to a discourse on corruption control emphasizing the need to develop a comprehensive system of control. Such system would include surveillance, massive information gathering, auditing, and bold enforcement of criminal and administrative sanctions, among other things (see, e.g., Anechiarico & Jacobs, 1996; Rose-Ackerman, 2002; Shah, 2007).

2.2.2.4 Bad Apples Theory

The bad apples theory traces its roots to the old adage "a bad apple spoils the barrel". The theory attributes unethical behavior (corruption) in organizations to individuals who lack in moral character (deGraaf, 2007; Treviño & Youngblood, 1990). That is, the theory assumes that corruption is the result of moral failings within individual human beings (Ala'i, 2000). From this perspective, addressing corruption requires both removing (Lanyon & Goodstein, 2004) and punishing those so-called "bad apples".

2.2.2.5 Organizational Culture Theory

The organizational culture theory is based on the assumption that a certain group culture and structure spoils otherwise "good apples", which in turn leads to corruption (deGraaf, 2007; Treviño & Youngblood, 1990). According to this view, it is not an individual's lack of moral character, per se, that explains the occurrence of corruption, but the existence of an unethical organizational culture that both encourages and legitimates corrupt behavior (Ashforth, Gioia, Robinson, & Treviño, 2008). Thus, a common assumption under this framework is that otherwise "good apples" can end up engaging in corrupt acts as a result of their immersion in a corrupt organizational culture (Ashforth et al., 2008). This is because, as a set of formal (e.g., policies, authority structure, reward systems, training programs) and informal (e.g., peer

behavior, leadership behavior, ethical norms) systems of behavior control, an ethical organizational culture is assumed to influence individuals' (un)ethical reasoning and behavior (Misangyi, Weaver, & Elms, 2008; Treviño, 1990).

The organizational culture theory leads to a discourse on corruption control that emphasizes addressing the organizational culture and structure of organizations (Ashforth et al., 2008; deGraaf, 2007; Misangyi et al., 2008). The assumption is that better formal and informal systems of behavior control will not only prevent unethical behavior but will also encourage individuals within organizations to identify with and commit to high standards of behavior (see, e.g., Ashforth et al., 2008; Misangyi et al., 2008; Treviño & Weaver, 2003). Common prescriptions to address unethical behavior in organizations arising from this framework include: oversight mechanisms, codes of ethics, ethics training programs, anonymous reporting systems, clear disciplinary measures for unethical behavior, and changing the organization's leadership, among others (see, e.g., Ashforth et al., 2008; Treviño, Weaver, Gibson, & Toffler, 1999). Nevertheless, it is important to mention that organizations who focus heavily on formal reforms to prevent unethical behavior risk engaging in a so-called "check-off" approach (Ashforth et al., 2008) to ethics; reforms may not only become "decoupled" from the day-to-day experiences of organizations (Weaver, Treviño, & Cochran, 1999a) but may also be seen as mere "window-dressing".

2.2.3 Empirical Research on the Causes of Corruption

2.2.3.1 Size of Government

Early work on corruption was at times tolerant of corruption, seeing it as a way to overcome bureaucratic regulation and delays (see, e.g., Becker & Stigler, 1974; Beck & Maher, 1986; Friedrich, 1972; Graziano, 1980; Huntington, 1968; Leff, 1964; Lui, 1985; Tullock, 1996).

However, most scholars today have reconsidered their position with respect to the welfare effects of corruption. Although current economic research now emphasizes the negative consequences of corruption, the solutions suggested do not consider the necessary role of the state in modern society (Lambsdorff, 2006). Some observers even reason that in order to address the problem of corruption one must limit government power (Becker, 1994; Orchard & Stretton, 1997).

Although many view government involvement in the economy as a source of corruption, the empirical findings to date are not conclusive (Lambsdorff, 2006, 2005). For example, while some scholars find a positive correlation between the overall size of government budget (relative to GDP) and levels of corruption (LaPalombara, 1994), others find that the size of government budget (relative to GDP) decreases as levels of corruption increase (Adsera, Boix, & Payne, 2000; Elliott, 1997; Montinola & Jackman, 2002). Since empirical research is not conclusive on whether governments need to be reduced to address the problem of corruption, some scholars argue that the focus should be on the types of government activities rather than on the size government (Elliott, 1997).

2.2.3.2 Regulation

Many observers argue that corruption is causes by bad regulation (Lambsdorff, 2006). According to this view, the problem lies in the details of programs and in their administration, rather than in the size of the public sector (Lambsdorff, 2006). Several scholars find a close association between bad regulation and corruption. For example, several studies find that higher barriers to market entry are related to higher levels of corruption (see, e.g., Broadman & Recanatini, 1999; Djankov, La Porta, Lopez-de Silanes, & Shleifer, 2002; Svensson, 2005). Also, Ades and Di Tella (1997, 1999) find that "the extent to which government procurement is open to foreign bidders" and "the extent to which there is equal fiscal treatment to all

enterprises" significantly explain levels of corruption. Further, Lambsdorff and Cornelius (2000) find that the extent to which "government regulations are vague and lax" is positively related to corruption.

2.2.3.3 Economic Freedom

Researchers have also tried to develop a better understanding on the extent to which a low level of economic competition among private firms can explain corruption (Lambsdorff, 2006, 2005). The assumption here is that competition lowers prices. Thus, in public procurement, for example, competition among private firms for government contracts will result in reduced rents for private firms, thereby limiting public employees' and officials' ability to sell contracts in exchange for bribes (Lambsdorff, 2006, 2005). On the contrary, in the absence of competition, profits increase and thus allow public servants and politicians to sell government contracts in exchange for a share (Lambsdorff, 2006, 2005). Some scholars find that corruption levels increase as economic freedom is restricted (see, e.g., Goldsmith, 1999; Henderson, 1999; Paldam, 2002). Other researchers find that economic competition —measured as the degree of openness (ration of imports to GDP) in a country— is negatively correlated with corruption (see, e.g., Ades & Di Tella, 1995, 1997, 1999; Gerring & Thacker, 2005; Sung & Chu, 2003). Similarly, when measured as "the number of years a country has been open to trade" economic competition has been found to negatively affect levels of corruption (see, e.g., Leite & Weidmann, 1999; Treisman, 2000).

2.2.3.4 Income and Income Inequality

Despite the reverse causality concerns (see, e.g., Hall & Jones, 1999; Kaufmann, Kraay, & Zoido-Lobaton, 1999), some researchers have used income to explain corruption levels. The assumption here is that the demand for corruption falls as income rises (Serra, 2006). Also, it is

assumed that countries with higher income (measured as GDP per capita) have more resources to fight corruption. Further, a higher income may increase citizens' ability to participate politically and thus hold public officials accountable (Glaeser & Saks, 2006). Nevertheless, the evidence on this relationship is not conclusive. Several studies find that countries with higher income per capita have lower levels of corruption (see, e.g., Damania, Frederiksson, & Mani, 2004; Persson, Tabellini, & Trebbi, 2003; Serra, 2006; van Rijckeghem & Weder, 1997). Others, however, find that higher income levels increase corruption (see, e.g., Braun & Di Tella, 2004; Fréchette, 2006).

Similarly, several scholars have investigated the impact that income inequality has on corruption. It could be said that income inequality may increase the temptation to engage in corruption (Paldam, 2002) to supplement one's income. Nevertheless, the results show a mixed picture. While scholars like Paldam (2002) find that income inequality (proxied by the Gini coefficient) increases corruption, others like Park (2003) do not find evidence to suggest that income inequality increases corruption.

2.2.3.5 Democracy

Another line of research focuses on the impact that democracy has on corruption. The assumption here is that competition for public office limits corruption, as this allows the public to vote out of office self-serving politicians and keep those that work for the public interest (Lambsdorff, 2006). On the one hand, the empirical evidence points to the fact that countries with a long history of democratic governance have lower levels of corruption (see, e.g., Gerring & Thacker, 2005, 2004; Treisman, 2000). On the other hand, researchers find that moderate levels of democracy do not result in lower levels of corruption (see, e.g., Manow, 2005;

Montinola & Jackman, 2002; Sung, 2004). That is, these scholars find that democracy starts to reduce corruption only after it passes certain threshold.

Scholars also investigate the impact that different constitutional structures within democracies have on corruption. Specifically, scholars study the impact that parliamentary and presidential systems have on corruption. Although some writers argue that dividing the executive and legislative branches fosters competition between the branches of government, thereby allowing citizens to obtain more information about government's actions (see, e.g., Persson, Roland, & Tabellini, 1997; Persson & Tabellini, 2003), the empirical evidence so far indicates that corruption is lower in parliamentary systems (see, e.g., Gerring & Thacker, 2004; Kunicová & Rose-Ackerman, 2005; Treisman, 2007).

Competition among politicians to hold public office is also seen as a factor affecting corruption. It is assumed that competition may not only limit private-regarding among government leaders but may also lead politicians to put in place tighter controls to check the behavior of bureaucrats (Lambsdorff, 2006). However, as Moe (1984) argues, this does not guarantee that inefficient programs will be terminated or that corrupt public officials will be voted out of office. Lambsdorff (2006) argues that politicians who have control over corruption income may spend these resources in an attempt to stay in office. Also, politicians with control over such resources are able to allocate rents for supporters; this puts them in a favorable position for political survival (Lambsdorff, 2006). On the contrary, honest politicians have fewer resources at their disposal, which limits their chances at political survival as a result of competition for public office (Buchanan, 1993).

Other scholars investigate the impact that electoral systems and rules have on corruption. Persson et al. (2003) find that smaller voting districts increase corruption. They argue that when

fewer representatives are elected in each district, this limits the entry of new candidates (and political parties), which in turn increases corruption. On the contrary, they argue that larger voting districts mean lower barriers to entry for new candidates (or parties); this in turn results in increased competition, thereby helping to reduce corruption. Other studies, however, report less significant findings in terms of the impact of the size of voting districts on corruption (see, e.g., Damania et al., 2004; Panizza, 2001).

Related, Persson et al. (2003) also investigate the impact that electing candidates from party lists have on corruption. Specifically, they find that countries whose parliament members are elected from party lists, as opposed to as individual candidates, have higher levels of corruption. Chang and Golden (2006) criticize Persson et al.'s party lists approach and argue that closed-list voting systems — those where voters only cast votes for parties— should be distinguished from open-list voting systems —those where voters select a party and rank candidates based on the party's selection of candidates. They find that in large voting districts closed-lists lower corruption, whereas in small districts open lists reduce corruption. Other studies find that proportional representation systems —those where parties compete in larger voting systems— are associated with higher levels of corruption, while plurality systems —those where seats are awarded to the individual candidate with the most votes in smaller voting districts— are associated with lower levels of corruption (see, e.g., Persson et al., 2003; Kunicová & Rose-Ackerman, 2005). Manow (2005), however, argues that political parties' participation in the electoral process reduces corruption. He argues this is because, compared to individual candidates, parties have a longer time horizon, which means that corrupt behavior by a single party member could severely damage the party's reputation. Manow argues that the role of

parties in reducing corruption needs to be reconsidered for they have strong reasons to prevent corruption and discipline their members if they engage in corrupt behavior.

2.2.3.6 Government Decentralization

Recent empirical studies have emphasized government decentralization as a cause of corruption. The assumption here is two-fold: (1) decentralization leads to better government decisions as these are informed by local knowledge and (2) since local governments are closer to citizens, this makes them more accountable to citizens than central governments (Bardhan & Mookherjee, 2006). Nevertheless, other authors argue that centralization decreases corruption as unitary system have less decision point and more hierarchical organization, thereby reducing public officials' opportunities to engage in corruption (Gerring & Thacker, 2004). The empirical evidence provides mixed results with respect to the impact of decentralization on corruption. While some authors report a positive correlation between decentralization and lower levels of corruption (see, e.g., Huther & Shah, 1998; Fisman & Gatti, 2002a; Fisman & Gatti, 2002b), others find that centralization decreases corruption (see, e.g., Gerring & Thacker, 2004; Treisman, 2002, 2000).

2.2.3.7 Interpersonal Trust and Religion

The level of interpersonal trust among people in society has been suggested to cause corruption. The assumption is that bureaucrats who trust one another are more likely to help one another and citizens in fighting corruption (La Porta, Lopez-de Silanes, Shleifer, & Vishny, 1997). The empirical evidence so far indicates that places where people have more trust in one another have lower levels of corruption (see, e.g., Adsera et al., 2000; Björnskov & Paldam, 2004; La Porta et al., 1997; Uslaner, 2004).

Religion has also been examined as a factor affecting corruption. In general, the empirical evidence suggests that religion has a significant impact on corruption. Specifically, several authors find that hierarchical religions, such as the Catholic, Eastern Orthodox, and Muslim religions are positively related to corruption (La Porta et al., 1997; La Porta, Lopez-de Silanes, Shleifer, & Vishny, 1999). In other words, these studies find that countries with a higher percentage of people belonging to such religions have higher levels of corruption. Other studies find that countries with a higher percentage of Protestants tend to have lower levels of corruption (see, e.g., Chang & Golden, 2006; Gerring & Thacker, 2005; La Porta et al., 1999; Lipset & Lenz, 2000; Treisman, 2000).

2.2.3.8 Gender

The impact of gender on corruption has been investigated in several studies. For example, some studies find that countries with a higher percentage of women in both the labor force and in the parliament tend to have lower levels of corruption (see, e.g., Dollar, Fisman, & Gatti, 2001; Sung & Chu, 2003; Swamy, Knack, Lee, & Azfar, 2001). Nevertheless, Sung (2003) argues that increased female participation in itself does not lower corruption. Rather, he argues that factors, such as the rule of law, press freedom, and democracy help both increase women's participation and lower corruption.

2.2.3.9 Press Freedom and the Judicial System

The literature on corruption also explores the relationship between both press freedom and the quality of the judicial system and corruption. Several empirical studies find that countries with a free press have lower levels of corruption (see, e.g., Brunetti & Weder, 2003; Lederman, Loayza, & Soares, 2001; Sung, 2002). Also, newspaper circulation per capita has been found to negatively affect corruption (see, e.g., Adsera et al., 2000; Pellegrini & Gerlagh, 2008). These

findings suggest that a vibrant free press is crucial in order to successfully address corruption. Further, several studies explore the impact that the quality of the judicial system has on corruption. The rule of law has been found to lower corruption (see, e.g., Ali & Isse, 2003; Brunetti & Weder, 2003; Damania et al., 2004; Herzfeld & Weiss, 2003; Leite & Weidman, 1999; Park, 2003).

2.2.3.10 History and Geography

The empirical literature on corruption has also explored the effect of colonial heritage on corruption. The evidence indicates that countries colonized by Great Britain have lower levels of corruption compared to countries colonized by Portugal or Spain (see, e.g., Persson et al., 2003; Treisman, 2000). Also, countries with German or Scandinavian origins have been found to have lower levels of corruption compared to countries with Socialist or French origins (see, e.g., La Porta et al., 1999).

In terms of geography, the empirical literature investigates the effects of both geographical distance and natural endowment. Corruption has been shown to be higher in countries located far from large exporting nations (Ades & Di Tella, 1999). The assumption is that foreign competitors do not enter such distant countries because of the high transport costs. Also, several studies find that corruption is higher in countries with a higher export share of natural resources, such as oil and minerals (see, e.g., Aslaksen, 2007; Bonaglia, Braga-de Macedo, & Bussolo, 2001; Herzfeld & Weiss, 2003; Tavares, 2003). The assumption here is that natural endowments create opportunities for rent-seeking behavior, which in turn leads to corruption (Ades & Di Tella, 1999; Leite & Weidman, 1999; Tornell & Lane, 1998).

2.2.3.11 Education

Finally, empirical research on corruption has also explored the relationship between education and corruption. The assumption here is that education increases citizens' awareness of the importance of both participating in politics and holding public officials accountable for their actions (Glaeser & Saks, 2006). That is, educated citizens can exercise control over the administration of government, thereby helping to control corruption (Ades & Di Tella, 1999; Brunetti & Weder, 2003). Several scholars find that countries with a high level of education have lower levels of corruption (see, e.g., Ades & Di Tella, 1999; Ali & Isse, 2003; Alt & Lassen, 2003; Brunetti & Weder, 2003).

2.2.4 Empirical Research on the Consequences of Corruption

2.2.4.1 Social and Political Consequences

Socially and politically, corruption can have very negative consequences for democratic governance. Corruption can negatively affect the functioning of democratic institutions (Villoria, 2007), as well as undermine their sustainability (Inglehart & Wenzel, 2005). It can also negatively affect the functioning of legal mechanisms (Warren, 2004) and the rule of law (Villoria, 2007); this can result in political inequality, as well as in the distortion of the common good by excluding citizens who do not engage in corruption from decision-making processes (Warren, 2004). In the long term, some scholars argue (see, e.g., Della Porta, 2000; Della Porta & Vannucci, 1997; Heidenheimer & Johnson, 2002; Jain, 2001), this can undermine democratic and institutional legitimacy through increased inefficiency and injustice. Further, corruption may increase interpersonal and institutional distrust, thereby affecting the civic culture of a society (Levi, 1996). Ultimately, as Raab and Milward (2003) argue, corruption may act to generate dark networks focused on the use of public institutions for private gain through illegal activities, which are often unfiltered by the judicial system (Manzetti & Wilson, 2007).

2.2.4.2 Economic Consequences

Economically, corruption can have negative consequences in the following areas: investment, gross domestic product; economic growth; government expenditure, revenues, and services; and income inequality, among others.

For the most part, scholars exploring the economic consequences of corruption find that corruption has a negative impact on the rate of investment in the economy. The main reasons for this are the low credibility of policy in a country and investors' disillusionment with a country's institutional environment (Lambsdorff, 2006). The assumption here is that countries with a better investment climate attract more local and foreign investors. Several scholars find that corruption negatively impacts domestic (see, e.g., Brunetti & Weder, 1998; Campos, Lien, & Pradhan, 1999; Gyimah-Brempong, 2002; Knack & Keefer, 1995; Mauro, 1995, 1997; Rock & Bonnett, 2004) and foreign direct investment (see, e.g., Abed & Davoodi, 2002; Aizenman & Spiegel, 2003; Doh & Teegen, 2003; Habib & Zurawicki, 2001, 2002; Henisz, 2000; Lambsdorff & Cornelius, 2000; Smarzynska & Wei, 2000; Wei, 2000). Also, several studies find that corruption negatively affects a country's total capital inflows (see, e.g., Ciocchini, Durbin, & Ng, 2003; Hall & Yago, 2000; Lambsdorff, 2003a; Wei & Sievers, 1999).

The literature on corruption also explores how corruption affects gross domestic product (GDP) and income inequality. Despite the "endogeneity" problem arising from studying these two variables, several scholars using different statistical techniques find that corruption negatively affects GDP per capita (see, e.g., Hall & Jones, 1999; Lambsdorff, 2003b; Wyatt, 2002) and GDP growth (see, e.g., Ali & Isse, 2003; Anoruo & Braha, 2005; Brunetti & Weder, 1998; Gymiah-Brempong, 2002; Knack & Keefer, 1995; Mauro, 1995, 1997; Mo, 2001; Poirson, 1998; Rock & Bonnett, 2004; Tanzi & Davoodi, 2001; Weidemann, 1999). Nevertheless, some

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scholars argue that income inequality leads to higher levels of corruption (see, e.g., Husted, 1999; Swamy et al., 2001; You & Khagram, 2005), several studies employing statistical techniques to address the problem of endogeneity find that corruption has a negative impact on income inequality (see, e.g., Gupta, Davoodi, & Tiongson, 2002; Gymiah-Brempong, 2002; Li, Xu, & Zou, 2000).

Furthermore, although some scholars argue that corruption "greases the wheels" in the economy by allowing individuals to overcome bureaucratic regulation and delays that ultimately hurt investment and GDP growth (see, e.g., Becker & Stigler, 1974; Beck & Maher, 1986; Friedrich, 1972; Graziano, 1980; Huntington, 1968; Leff, 1964; Lui, 1985; Tullock, 1996), several researchers find that corruption negatively impacts public institutions. Some researchers find that corruption lowers the quality of public investments in infrastructure (Tanzi & Davoodi, 1997) and education (Esty & Porter, 2002; Gupta, Davoodi, & Alonso-Terme, 2002; Mauro, 1998). Corruption is also associated with inefficient government services in terms of healthcare provision and education, (Gupta et al., 2001). Further, researchers find that corruption results in the misallocation of public funds, where preference is given to large investment projects, which results in over-investment in public infrastructure (Esty and Porter, 2002; Tanzi & Davoodi, 1997) and military affairs, such as arms procurement (Gupta, deMello, & Sharan, 2000). Finally, corruption has been found to work as "sand in the wheels" by negatively impacting the smooth operation of the official economy. Corruption has been found to be positively correlated with the size of the unofficial economy (Johnson, Kaufmann, & Zoido-Lobaton, 1998) and negatively correlated with government revenues associated with taxation (Friedman, Johnson, Kaufmann, & Zoido-Lobaton, 2000; Johnson et al., 1998; Tanzi & Davoodi, 1997).

2.3 Public Administration Literature on Ethics

2.3.1 Controlling Unethical Behavior within Public Agencies

2.3.1.1 Controlling Patronage

The Founding Fathers strongly believed that in order for democracy to flourish, public office had to be occupied by leaders possessing high ethical values and moral virtues (Menzel, 2007). Although the framers were careful to devise a system of government aimed at "counteracting ambition", the early years of American government were plagued with widespread corruption and patronage politics, in which incompetent and unethical public officials were not hard to find (Menzel, 2007). The first major attempt in American history to control corruption came with the passage of the Pendleton Act in 1883. The 19th century reformers believed that establishing a merit-based system of selecting and supervising government officials would ensure the integrity and competence of government employees (Anechiarico & Jacobs, 1994). This early attempt to reform government by establishing a merit system of personnel administration led to what some scholars call the "antipatronage vision of corruption control" (Anechiarico & Jacobs, 1994, p. 466) in American political history

2.3.1.2 The Progressive Reformers

Civil service reform was followed by an attempt to reform the whole political system (Menzel, 2007). For Woodrow Wilson and other Progressive reformers, reforming personnel policy was only the first step in rooting out corruption in American government (Anechiarico & Jacobs, 1994; Martinez, 2009; Shafritz, Russell, & Borick, 2012). In a landmark essay, Wilson (1887) not only called for the separation of politics from administration, but also for the scientific study of public administration. In Wilson's view, public administrators simply had to concern themselves with carrying out the policies developed by the political leadership with the "utmost possible efficiency" (p. 481). Another key principle in this "progressive vision of

corruption control" (Anechiarico & Jacobs, 1994, p. 467) included the centralization of government and executive authority so as to standardize procedures and rules of conduct (Goodnow, 1900; Gulick & Urwick, 1937). The assumption of Progressive reformers was that a system of administration based on authority and structural controls on discretion, not the law per se, would help both control corruption and achieve administrative efficiency (Rosenbloom, Kravchuk, & Clerkin, 2009).

2.3.1.3 Scientific Management

The Progressive reforms were followed by the Scientific Management movement started by Frederick Taylor (1909). Scientific managers focused on finding the one "best way" to perform work and structure organizations so as to improve efficiency. With the principles of scientific management now available to the public sector, Wilson's vision of "neutral" public administrators applying scientific management principles to carry out their work was realized (Menzel, 2007). The "scientific management vision of corruption control" in American government emphasized, therefore, bureaucratic controls over political controls as corruption was seen "as a problem in the design of organizations, rather than as a problem of politics or morals" (Anechiarico & Jacobs, 1994, p. 467). Scientific managers assumed that government integrity would flow from the design of public organizations, and thus, the emphasis was on the correct arrangement of administrative authority, combined with monitoring and evaluation mechanisms (Anechiarico & Jacobs, 1994). In their view, administrative controls would not only prevent corruption, but would also result in organizational efficiency.

2.3.1.4 Internal vs. External Controls

While Wilson's vision was finally realized thanks to the Scientific Management movement, there were some writers who had already started to call attention to the issue of

administrative discretion in government. Dimock (1936) cautioned against going too far in the

separation of politics from administration because, as Gaus (1936) pointed out, public

administrators exercise substantial discretion for which they must be responsible. This led

several scholars to advocate for a series of controls in order to secure administrative

responsibility in public organizations (see, e.g., Friedrich, 1935, 1940; Finer, 1936, 1941; Gaus,

1936; Gulick, 1941).

The famous debate between Carl Friedrich (1935, 1940) and Herman Finer (1936, 1941)

illustrates how the field of public administration began to struggle with the concept of

administrative discretion and with the question of how best to control the behavior of technical

experts in a democracy. In a sense, this is when the field of public administration began to shift

from Wilson's vision of neutral technical experts implementing the law to John Rohr's (1989)

vision of constitutional officers loyal to the people and devoted to democracy. Friedrich believed

that external controls would not be able to control administrative behavior as the information

asymmetry between public servants and elected officials in terms of technical knowledge was

too high (Meier & Krause, 2003). Friedrich (1935) believed there were no arrangements under

which the exercise of discretionary power could be made responsible; thus, he argued that public

servants had to follow an inner disposition to act based on their "internalization of technical

knowledge" and their "sensitivity toward popular sentiments" (Cooper, 1998, p. 154). Friedrich

reasoned that one of the standards for which public servants could be held accountable was their

technical knowledge —which could be judged only by fellow technicians capable of judging

their work based on scientific standards. The second standard, according to Friedrich, was public

opinion. Thus, according to Friedrich, responsible public administrators had to respond to both

the technical standards of their profession and to citizens' preferences and demands.

Other writers such as Gaus (1936) and Marx (1940) were in agreement with Friedrich's arguments. Gaus believed public servants had to follow an "inner check" emerging as a result of their internalization of the standards and ideals of their profession. Marx argued that legislative controls were inadequate to control administrative behavior. He believed responsible administrative conduct included ideological and professional elements, the sacrifice of personal interests in favor of the public interest when implementing the law, and an attitude of true public service.

For other writers, such as Herman Finer (1936, 1941), internal controls were inadequate to secure responsible conduct within public organizations. Finer viewed democracy as the "preeminent value" (Meier & Krause, 2003) and thus argued that only legal and institutional controls that rested in the hands of the governed could produce responsible administrative behavior (Cooper, 1998, 2006). Although Finer was not completely against having internal controls —i.e., technical standards and sensitivity to public opinion— he viewed such internal controls as only playing an auxiliary role in controlling administrative behavior (Cooper, 1998, 2006). Finer viewed that bureaucrats' sense of duty was too ambiguous of a standard for which public servants could be held accountable. Thus, he believed that the only way to secure administrative responsibility was through external punitive controls —e.g., laws, rules, and sanctions. Similar to Weber (1946), Finer believed that bureaucrats had to be accountable to elected officials, who were in the end accountable to the public. Finer was not alone in his quest as other writers (see, e.g., Gulick, 1941) were also arguing for external controls in order to guarantee integrity in public agencies.

The Friedrich-Finer Debate is still alive today and has resulted in two competing camps on the question of how to secure responsible behavior in the public sector —those in favor of

external controls and those in favor of internal controls, such as administrative ethics. The proponents of external controls emphasize: (1) the use of laws, codes of ethics, and regulations; and (2) changing the organizational structure of public agencies so as to establish: clear lines of authority, reporting procedures, systems of accountability, monitoring mechanisms, and reward and punishment systems, among other things (Cooper, 1998, 2006; Maesschalck, 2004). As Cooper (1998) points out, "advocates of external controls tend to think about changing the organization and the regulations or the laws that govern its operation … responsible conduct is sought through establishing limits, requirements, boundaries, standards, and sanctions …" (p. 141).

This approach of trying to prevent unethical behavior in public organizations through external controls has negative consequences for public administration. As Rohr (1989) points out, relying on external controls has resulted in a "low road" approach to ethics, in which compliance and adherence to formal rules is all that matters. Lewis (1991) explains that this approach to ethics "is designed to spur obedience to minimum standards and legal prohibitions" (p. 9). That is, by stating in the law what unethical behavior is, law-makers have given public employees and officials an opportunity to define ethics as behaviors that simply do not break the law (Menzel, 2007). From this perspective, the "right thing" to do is determined by simply looking at the letter of the law rather than at one's moral sense of duty. The problem here, however, is that the specificity of the law does not address all the situations that will arise (Martinez, 2009). Further, employing formal rules to prevent unethical behavior can result in a so-called "check-off" approach (Ashforth et al., 2008) to ethics, in which rules and codes of conduct are simply negotiated and put in place with no appreciation of underlying ethical values (Martinez, 2009). Formal ethics reforms may then not only become decoupled from the day-to-

day experiences of organizations (Weaver at al., 1999a) but also be seen as mere "window-dressing".

Still, the current approach to controlling unethical behavior in the public sector relies heavily on the use of formal controls. In the minds of many public administration scholars and practitioners, the Watergate scandals and the fiscal crisis of the 1970's (Anachiarico & Jacobs, 1994) only came to confirm what earlier scholars had argued about internal controls; i.e., that such controls (i.e., ethics) are inadequate to secure responsible conduct within public organizations. The result was the development of a myriad of stringent ethics laws and codes of ethics at all levels of government (Anachiarico & Jacobs, 1994; Cooper, 1998, 2006; Menzel, 2007) and administrative, organizational mechanisms aimed at the intense scrutiny of public administrators (Anachiarico & Jacobs, 1994). These developments were also influenced by the ideas of Herbert Simon (1945), who had already argued that administrative actions had to be judged based on facts rather than values as the latter, he argued, were subjective and could not be measured (Kalantari & Wigfall, 2001).

In the end, our scientific and legal tradition of trying to predict and control complex social behavior through objective (and criminal) mechanisms (Dennard, 2006; Ruhl, 1996) has greatly influenced our current approach to securing administrative responsibility in the public sector. This despite proponents of internal controls argue that securing responsible conduct in the public sector is not just a function of putting in place formal controls, but also a function of relying on ethical principles. That is, proponents of such an approach —a "high road" approach to ethics as Rohr (1989) calls it— argue that morals and principles should also guide administrative conduct (Lewis & Gilman, 2005; Menzel, 2007). In their view, in order to secure responsible administrative behavior, relying on the moral character of public administrators is a

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must (Lewis & Gilman, 2005). Despite their arguments, those who adhere to this view still need to answer a fundamental question: "to whose morals and principles should [public administrators] adhere?" (Menzel, 2007, p. 36).

2.3.1.5 Reinventing Government

Finally, a new movement has emerged in the field of public administration that seeks to move beyond the debate over internal vs. external controls to secure administrative responsibility. Although not initially envisioned by early proponents (see, e.g., Cohen & Eimicke, 1998; Osborne & Gaebler, 1993), the New Public Management (NPM) movement has now evolved into trying to make public administration more business-like. In a way, the NPM movement seeks to separate politics from administration in order to achieve efficiency in government (deLeon & Denhardt, 2000; Ostrom, 2007; Spicer, 2004). The reason for doing so is simple: people in government are not the problem but the systems in which they work (see, e.g., Buchanan & Tullock, 1962; Osborne & Gaebler, 1993; Tullock, 1965). In their influential book *Reinventing Government*, David Osborne and Ted Gaebler (1993), rather than advocating for more corruption control mechanisms, simply call for a more decentralized, competitive, mission driven, results oriented, customer driven, and entrepreneurial government.

Proponents of a more business-like government argue that bureaucratic organizations simply create too many opportunities for public administrators to engage in corruption. Thus, some scholars argue that through the functional reforms —e.g., privatization, outsourcing, introducing market techniques, such as performance management and total quality, etc.— sought by the NPM movement government can be made more accountable, transparent, and efficient (see, e.g., Barzelay & Armajani, 1992; Kettl, 2000). Borrowing from the ideas of scholars, such as Anthony Downs (1966) and Gordon Tullock (1965) —who argued that public organizations

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have a tendency toward bureaucratization and extreme conservative behavior— supporters of the

NPM movement argue for flatter, more flexible and adaptive organizational structures.

Prescriptions for more business-like government stem from the fact that bureaucracies, with their

command and control mentality and their emphasis on red-tape, tend to become slow (and even

incapable) of effectively (and efficiently) achieving their goals (Beer & Walton, 1987; Denhardt,

1994; Hill & Lynn, 2005; Van Wart & Denhardt, 2001). Further, as some authors rightly point

out, organizational arrangements oftentimes prevent ethical behavior or even encourage

unethical behavior of otherwise morally competent public administrators (Cooper, 1994, 2001;

Denhardt, 1989; Lewis, 1991; Lewis & Gilman, 2005; Martinez, 2009), who may just be

performing the administrative roles set for them in the organization and obeying authority

(Adams & Balfour, 2006; Brief, Buttram, & Dukerich, 2001; Milgram, 1974; Zimbardo, 2007).

Although the aim of the NPM movement is to make government more accountable and

efficient, running government more like a business can have negative consequences for

democracy and administrative ethics (see, e.g., Frederickson, 1997; Gawthrop, 1999; Menzel,

2007; Terry, 1993). That is, even when the aim is to have a more community-owned government

and increased citizen participation in policy processes, if the main value is efficiency, then

citizen participation (which takes time and requires money) may be seen as a nuisance affecting

efficiency (Dunn & Miller, 2007; Martinez, 2009) and thus may be decreased. Worse, public

administrators adopting NPM principles may also fall in the utilitarian trap. That is, they may

want to deliver the greatest benefit for the greatest number of people no matter what (Menzel,

2007); even if this means cutting a few corners. Further, some scholars (e.g., Bovens &

Hemerijck, 1996) have pointed out that recent ethics scandals had to do with activities recently

introduced in the practice of public administration, such as privatization, services outsourcing, commercial activities performed by public agencies, etc.

2.3.2 Developing a Normative Foundation for Public Service Ethics

The realization among scholars that formal mechanisms (and even a more business-like government) fall short in trying to secure responsible behavior among public administrators has led them to emphasize the importance of having normative principles to guide administrative action in the public sector. Even from the early decades of public administration as a field of study, several scholars were already trying to establish a normative foundation for public service ethics (see, e.g., Dimock, 1936; Gaus, 1936; Marx, 1940, 1949). While Gaus was advocating for an "inner check" based on the standards of one's profession to develop a standard for judging actions in the public sector, Dimock argued that such standard could be based on the character (virtues) of public administrators. Marx went a step further and began to lay the foundation for a public service ethics based on regime values; he argued that public service ethics not only included professional elements, but also a democratic element: "the deference [the administrator] owes to the people and its vital interests" (Marx, 1940, p. 251). Others writers agreed with Marx, as they too argued that administrators had a responsibility to the citizens and the common interest (Appleby, 1947, 1952; Levitan, 1942), as well as to the Constitution (Caldwell, 1943).

Principles from philosophy (see, e.g., Ley, 1943, 1952) and Judeo-Christian values (see, e.g., Golembiewski, 1962, 1965) have been also emphasized as a potential normative foundation for public administration ethics. Leys, for example, argued that administrators not only had to abide by certain values and principles, but also that they had to pay attention to the consequences of their actions (i.e., utilitarianism). He also argued that administrative actions could be seen from the lenses of several philosophical perspectives, such as classical Greek thought, Kantian

philosophy, and utilitarianism, among others. Golembiewski argued that Judeo-Christian values could provide the basis for administrative ethics.

In the 1970's scholars continued to search for a normative foundation for administrative ethics. As mentioned above, this despite Simon (1945) had already argued that administrative actions had to be judged based on facts rather than values, as the latter, he argued, were subjective and could not be measured (Kalantari & Wigfall, 2001). According to Simon, therefore, values could never provide a foundation for administrative ethics (O'Reilly, 2011). Nevertheless, several scholars (see, e.g., Scott & Hart, 1973; Waldo, 1974) had already started to criticize the positivist separation of facts and values, which, in their view, had resulted in public administration's avoidance of questions concerning morality; their call was for a return to metaphysical speculation to derive standards from which the morality of administrative decisions could be judged.

With the emergence of the New Public Administration (NPA) movement in the late 1960's, John Rawls' (1971) concept of social justice began to be seen by many public administration scholars as the standard from which the morality of administrative actions could be judged. Although several authors sought to develop a normative foundation for administrative ethics through Rawls' principles of equal liberty and difference (see, e.g., Hamon, 1974; Hart, 1974), in the end, many scholars in the field of public administration did not adopt social equity as the central principle for a public service ethic (Cooper, 2001). Nevertheless, it is widely accepted among students of administrative ethics that administrators, by the very nature of their jobs, need to act in the public interest and thus, among other things, they also need to promote social equity (see, e.g., Cooper, 2000; Frederickson, 1974, 1990; Frederickson & Hart, 1985; Svara & Brunet, 2004; Wise, 1990).

At about the same time that the supporters of the NPA movement were advocating for social equity as the central principle for administrative ethics, John A. Rohr (1976, 1978, 1989; 1998) started to focus on regime values as the basis for a public administration ethic. His argument was that the regime values of the American political tradition found both in the U.S. Constitution and in published decisions of the U.S. Supreme Court are "the most suitable starting point[s] for ethical reflections [in the public sector]" (Rohr, 1998, p. 22). Rohr reasoned that in a pluralist society like the United States, deriving an understanding of the public interest from metaphysical contemplation was impossible. By arguing that regime values provide the normative foundation for administrative action, Rohr directed the thought on public service ethics away from philosophy and NPA toward American history and Founding thought (Martinez, 2009; Cooper, 1998, 2006).

During the 1980's, scholars began to focus on the norms of citizenship as the normative basis for administrative ethics (see, e.g., Cooper, 1984, 1991; Hart, 1984; Gawthrop, 1984). The key idea advanced by scholars here is that public administrators have a responsibility "to ensure that all people within the regime are treated and respected as citizens" (Martinez, 2009, p. 14). Further, proponents of the idea of administrative ethics as citizenship also argue that, as citizens in a democratic society, public administrators are responsible for both pursuing the common interest and advancing democracy (Denhardt, 1989). Thus, virtuous administrators under this approach to public service ethics would also, through their actions, create and advance the conditions in society for citizen participation in the democratic process of governance (Cooper, 1991; Thompson, 1992).

Some scholars have focused on certain character traits to develop a foundation for administrative ethics. In fact, some have even argued that focusing on character, rather than on

principles, is a better way for securing ethical behavior (Pincoff, 1986). For example, virtues, such as benevolence (Frederickson & Hart, 1985); moral judgment (Dobel, 1988; Jos, 1990); loyalty (Dobel, 1988); and regime accountability, personal responsibility, and prudence (Dobel, 1990), among others, have been emphasized as necessary for resolving ethical dilemmas. The assumption here is that such virtues provide individuals in positions of trust and authority with the normative foundation for ethical reflection and decision making.

Finally, in recent years the concept of public interest has been more directly emphasized as an important element of administrative ethics. Scholars, such as Charles Goodsell (1990) and Douglas Morgan (2001) have argued that public administrators need to remember that their job entails devoting themselves to protecting the public interest. Although one could also say that the public interest "is in the eye of the beholder", it is, nevertheless, recognized among students of public service ethics that public administrators in their fiduciary capacity have the key responsibility of always pursuing the common interest.

2.3.3 The Role of the Moral Manager in Securing Ethical Behavior

The scholarly developments in the past 75 years in the field of public administration have greatly improved our understanding of the principles and values that guide administrative behavior in the public sector. Thus, the assumption now is that public administrators with the right character traits and who understand the norms of democracy, citizenship, and social justice would not only be able to make ethical decisions themselves (see, e.g., Cooper, 1982, 1998, 2006; Lewis & Gilman, 2005; Menzel, 2007) but also to inspire others to do the same by setting the moral tone within organizations (West, 2009). This mindset coupled with the realization that a compliance-based approach to ethics is not enough has led several scholars to emphasize the importance of having moral leaders within public organizations to ensure ethical behavior (see,

e.g., Berman, West, & Cava, 1994; Cooper, 1982, 1998, 2006; Cooper & Wright, 1992; Denhardt, 1989; Lewis, 1991; Lewis & Gilman, 2005; Menzel, 2007; Moore & Sparrow, 1990; Stevulak & Brown, 2011; Svara, 2007).

Given the emphasis placed on moral leadership for ensuring ethical behavior in the public sector, then it is logical to ask the following questions: (1) what specific things do moral leaders do to ensure ethical behavior within public organizations?; and (2) do these things actually lead to ethical behavior within public agencies? Several definitions of moral leadership are found in the literature (Van Wart, 2012). As individuals, moral leaders are said to display certain character traits, such as honesty, trustworthiness, and fairness (Brown & Treviño, 2006; Van Wart, 2012). Michael Brown and Linda Treviño (2006) find that moral leaders "communicate with their followers about ethics, set clear ethical standards and use rewards and punishments [to enforce such standards]" (p. 597). Moral leaders are also said to role model ethical behavior (Brown & Treviño, 2006; Treviño, Brown, & Hartman, 2003; Treviño, Hartman, & Brown, 2000). The above character traits and behaviors, Brown and Treviño (2006) argue, are all elements of the concept of moral leadership.

As the above definition illustrates, moral leaders are said to lead their organizations by example (see, e.g., Bowman & Williams, 1997; Menzel, 2007; Lewis & Gilman, 2005). They are also said to develop an appropriate reward system "to hold followers accountable for ethical conduct" and "to communicate … about ethics" (Brown & Treviño, 2006, p. 597). From Bandura's (1977, 1986) social learning theory, it is logical to assume that individuals within organizations will "learn" to behave ethically if leaders serve as role models of ethical behavior and if the appropriate incentives and punishments are provided. Several empirical studies find that the ethical role modeling behavior of leaders has a positive impact on organizational

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integrity (see, e.g., Hartman & Brown, 2000; Huberts, Kaptein, & Lasthuizen, 2007; Treviño, 1986; Treviño, Hartman, & Brown, 2000; Treviño & Weaver, 2003). Similarly, rewards and punishments lead to less unethical behavior (see, e.g., Huberts et al., 2007; Treviño et al., 1999; Treviño & Weaver, 2003). Finally, communication about ethics and values has also been found to reduce unethical behavior within organizations (Huberts et al., 2007; Treviño et al., 1999).

Furthermore, besides displaying the above behavior, moral leaders are also expected to have a high level of moral development (Bowman, Berman, & West, 2001). Thus, several researchers have sought to enhance our understanding of the factors that affect individuals' moral reasoning, as well as of the relationship between moral reasoning and ethical behavior. In terms of empirical research on the factors affecting individual's level of moral development, some authors find that gender significantly affects moral reasoning, i.e., they find that women are more likely to engage in principled reasoning than men (Stewart, Siemienska, & Sprinthall, 1999; Stewart, Sprinthall, & Kem, 2002). About the relationship between moral reasoning and ethical behavior, some researchers find that leaders' moral reasoning affects moral reasoning in work groups (Dukerich, Nichols, Elm, & Vollrath, 1990). Employing Lawrence Kohlberg's (1969, 1976, 1980, 1984) theory of moral reasoning, two studies find that greater sensitivity to the moral dimension of a situation tends to promote ethical decision making (Wittmer, 1992, 2000). Other studies find that individuals with a lower level of moral development are more likely to engage in unethical behavior (Greenberg, 2002; Treviño, 1992).

2.3.4 Building Ethical Public Organizations

Since the early days of the field of public service ethics in the mid-1970's (Cooper, 2001, 2004), the emphasis has been on developing individuals' capacity for ethical reasoning and decision making within public agencies (Cooper, 2009). As the discussion above (section

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2.3.1.6) illustrates, for many years scholars in the field of public administration have sought to

provide the individual public administrator with ethical principles to inform his/her behavior in

the public sector. Also, several scholars (see, e.g., Cooper, 1982, 1998, 2006; Lewis, 1991;

Lewis & Gilman, 2005) have developed frameworks and problem-solving guides to help the

individual public administrator resolve ethical dilemmas. These efforts illustrate the emphasis

that authors have given to individual ethical capacity building in the public sector.

Although the theoretical and empirical literature emphasizes the important role that moral

leaders play within public organizations to secure ethical behavior, much less has been written

about how to design and sustain public organizations in which ethical reasoning and decision

making is possible (Cooper, 2009). Building ethical public organizations is important as some

authors (see, e.g., Bowman, 2004; Bowman et al., 2010; Denhardt, 1989) acknowledge that

building individuals' capacity for moral reasoning and decision making (while very important),

is not sufficient for ensuring ethical behavior within public agencies. This is because, as some

scholars (see, e.g., Adams & Balfour, 2006; Brief et al., 2001; Cooper, 1994, 2006; Lewis, 1991;

Lewis & Gilman, 2005; Martinez, 2009; Milgram, 1974; Zimbardo, 2007) point out, certain

organizational arrangements can encourage or discourage ethical behavior within public

organizations of otherwise morally competent individuals.

In recent years, only a handful of scholars (see, e.g., Cooper, 1998, 2006, 2009;

Denhardt, 1989; Lewis, 1991; Lewis & Gilman, 2005) have started to focus on the question of

how to design and sustain public organizations that support ethical conduct. In 1989, Kathryn G.

Denhardt had already warned that "if only the ethics of individuals are addressed" (p. viii), the

result can be "a stalemate in which good intentions on the part of the administrator cannot be

translated into action given the existing organizational arrangements" (p. 133). Developing

ethical public organizations, Denhardt argued, was also very important for securing responsible

administrative behavior in the public sector. Thus, Denhardt argued that organizational

arrangements that "encourage, members to make independent, critical, and moral judgments …"

(p. 133) had to be devised also.

2.3.4.1 Ethics Programs

In recent years, public service ethics scholars have pointed out that developing ethical

public agencies requires, among other things, implementation of ethics programs (see, e.g.,

Lewis, 1991; Lewis & Gilman, 2005, Menzel, 2007). For example, Donald C. Menzel (2007)

argues that —besides exemplary moral leadership— there are other tools "available to public

managers to build and sustain organizations that promote ethical behaviors and practices …" (p.

51). Menzel provides evidence that such tools —e.g., ethics training (specifically, law

compliance training), ethics hotline, codes of ethics, oaths, ethics audits, pre-employment

screening, ethics counselors, and ethics administrators (i.e., ombudsmen), among others— are

being utilized "to discourage unethical behavior and encourage ethical behavior" (p. 57) at the

local, state, and federal levels of government.

Ethics programs are said to be formal controls (Weaver et al., 1999b; Treviño & Weaver,

2003) aimed at developing an ethical organizational culture (Greenberg, 2002), thereby

preventing unethical behavior and encouraging ethical behavior within organizations (Weaver &

Treviño, 1999). The assumption is that formal controls will not only coerce behavioral

compliance but will also lead employees to identify with and be committed to the values of the

organization (Etzioni, 1961; Weber, 1947). Codes of ethics are said to be the foundation of ethics

programs (West, 2009) as they are "systematic efforts to define acceptable conduct [in the public

sector]" (Plant, 2001, p. 309). Some of the tools discussed by Menzel (2007) —e.g., ethics

training, ethics hotline, pre-employment screening, ombudsmen, ethics audits— are also said to be important elements of an organization's ethics program (Greenberg, 2002, Kaptein, 1998, 2009; Weaver, Treviño, & Cochran, 1999b). Recent empirical research finds that ethics programs positively affect the ethical organizational culture (see, e.g., Kaptein, 2009; Treviño & Weaver, 2003). Although empirical research within public organizations is hard to find in this area, a recent study finds that public administrators agree that ethics codes are important to developing a "professional identity" within public administration (Bowman & Knox, 2008, p. 632). Also, a survey by West and Berman (2004) of all 544 U.S. cities with a population over 50,000 finds that 64 percent of cities provide ethics training for employees. Further, other writers discuss how in recent years ethics codes (Cooper, 1998, 2006; Menzel, 2007) and other components of an ethics program have been widely introduced at the local, state, and federal levels of government (Menzel, 2007).

2.3.4.2 Organizational Structure

In recent years, scholars have also started to argue that building organizational environments supportive of ethical conduct in the public sector requires addressing the organizational structure of public organizations (see, e.g., Cooper, 1998, 2006, Denhardt, 1989; Lewis, 1991; Lewis & Gilman, 2005; Menzel, 2007). This despite our individualistic orientation sometimes prevents us from seeing the influence that organizations have on the behavior of individuals (Adams & Balfour, 2009; Cooper, 1998, 2006).

Public organizations are said to be characterized for their emphasis on centralization of authority (Denhardt, 1989; Schminke, Ambrose, & Cropanzano, 2000) and formalization — emphasis on rules and formal procedures— (Rainey & Bozeman, 2000). This has led some scholars to suggest that such characteristics make public organizations slow (and even incapable)

in effectively (and efficiently) achieving their goals (Beer & Walton, 1987; Denhardt, 1994; Hill & Lynn, 2005; Van Wart & Denhardt, 2001). This is precisely why the advocates of the NPM movement advocate for flatter organizational structures in the public sector. The assumption is that this would allow public organizations to become more flexible and thus more adaptive to their external environment (Yusoff, 2005).

Furthermore, according to Linda deLeon (1993), the ethic of bureaucratic structures is "discipline, obedience, and service" (p. 305). This in turn can lead to "pathological rigidity, the circumscription of individual freedom, forcibly induced conformity, and therefore, rigid, conventional thinking and personal alienation of participants" (deLeon, 1993, p. 295). As several scholars remind us, when the above values become distorted, otherwise morally competent individuals can end up engaging in unethical behavior as they fulfill their administrative roles and obey their superiors (Adams & Balfour, 2006; Milgram, 1974; Zimbardo, 2007).

Prescriptions for developing ethical organizations from an organizational structure perspective focus on developing clear accountability, collaborative arrangements, dissent channels, and participation procedures (Cooper, 1998, 2006). Recent empirical studies on organizational structure and ethical behavior within public organizations are hard to find. However, O. C. Ferrell and Steven J. Skinner (1988) investigate the impact that centralization and formalization have on the ethical behavior of employees within different marketing firms. Their study offers some mixed results as in some organizations centralization and formalization was found to lead to higher levels of ethical behavior; in others, while formalization was found to lead to more ethical behavior, centralization was found to negatively affect the ethical behavior of employees.

2.3.4.3 Organizational Culture

Finally, addressing the organizational culture of public agencies has also been recognized as an important step for ensuring ethical behavior in the public sector. As Cooper (2006) writes:

> We may do a relatively effective job of selecting and training ethical individuals, and the organizational structure may have clear accountability, collaborative arrangements, open dissent channels, and supportive administrative leadership, but the informal culture may powerfully discourage ethical conduct, or even encourage unethical conduct (p. 183).

Throughout the years, organizational culture has been defined in different ways. According to Smircich (1983) and Sinclair (1993), scholars have argued that organizational culture is a variable that can be managed in organizations. Under this perspective, organizational culture is believed to reveal itself in the patterns of relationship among organizational members (Smircich, 1983). Organizational culture is also said to express the values and beliefs shared by organizational members (Smircich, 1983). For others (see, e.g., Smircich, 1981, 1983), organizational culture is not something an organization has, but something an organization is — i.e., a system of shared meanings and symbols. Some authors argue that organizational culture is the "personality" of an organization (Sims, 2000, p. 65); others see it as a value system shared by members in an organization (Lamond, 2003). Further, organizational culture is said to consist of "what people believe about how things work in their organizations and the behavioral and physical outcomes of these beliefs" (Sinclair, 1993, p. 64). Thus, from the above discussion, organizational culture can be defined as a multi-layered phenomenon (Smircich, 1983) displaying (1) shared values and beliefs that influence how organizational members perceive, think, and act (Schein, 1990) at the inner level and (2) patterns of relationships (Schein, 1996), i.e., "shared things, … sayings, ... doings, and … feelings" (Sathe, 1983, p. 7), at the outer level.

Organizational culture is assumed to produce a certain mindset among organizational members, thereby encouraging them to act in ways not necessarily consistent with their own pre-existing individual norms (Merton, 1940; Crozier, 1964; Baum, 1987). Some empirical studies find that an organization's culture affects the (un)ethical behavior of employees within organizations (Ford & Richardson, 1994; Martin & Cullen, 2006; Treviño, Butterfield, & McCabe, 1998; Treviño & Weaver, 2003).

2.3.4.3.1 Ethical Organizational Culture

Organizational culture is also said to include an ethics component, i.e., ethical organizational culture, which is viewed as a subset of the overall organizational culture (Menzel, 2007; Treviño, 1986, 1990). Ethical organizational culture has been defined as those elements of the organizational context that prevent unethical behavior and promote ethical behavior (Treviño & Weaver, 2003). In 1986, Linda K. Treviño developed a model of ethical decision making in organizations, in which she first introduced the ethical culture construct in the literature. She argued that ethical cultures consist of: norms about what is and is not appropriate behavior within the organization; role models of ethical behavior; expectations about obedience of legitimate authority; the extent to which organizational members take responsibility for the consequences of their actions; and codes of ethical conduct. In 1990, building on her previous conceptual work, Treviño continued to develop the ethical culture construct suggesting that it consists of (1) formal —i.e., leadership, authority structure, policies (e.g., codes of ethics), reward systems, and training programs— and (2) informal —i.e., peer behavior and ethical norms— systems of behavior control that work together to influence the (un)ethical behavior of organizational members.

Later, Linda K Treviño and her colleagues (1998) were the first ones to both develop a measure for ethical culture and to provide empirical evidence concerning the relationship between ethical culture and unethical behavior within organizations. Their one-dimensional measure of ethical culture "included the degree to which unethical behavior is punished, the degree to which ethical behavior is rewarded, leaders' role-modeling, the degree to which the ethics code is effective in promoting ethical behavior, and ethical norms [whether ethical behavior is the norm in the organization]" (p. 457). Their findings provided support for the proposed theoretical relationship between ethical culture and ethical behavior. That is, that ethical culture leads to lower levels of unethical behavior within organizations. Validation of this finding is still not available in the public administration literature.

In recent years, Muel Kaptein (1998, 2008, 2011) has also continued to develop the ethical culture construct. His efforts have resulted in the only multi-dimensional measure of ethical culture available in the literature to date. In 1998, based on a qualitative analysis of 150 actual cases of unethical behavior (partly) caused by the organizational culture, Kaptein identified and defined seven dimensions of ethical organizational culture. Then, in later studies (2008, 2011) and supported by existing literature, Kaptein validated his proposed dimensions of ethical culture and labeled them as desirable organizational virtues. The final set of organizational virtues proposed by Kaptein (2011) are: (1) *clarity of ethical standards* —i.e., "the extent to which the ethical standards managers and employees are expected to adhere to are concrete, comprehensive, and understandable"— (p. 847), (2) *ethical role modeling of management and* supervisors, (3) *capability to behave ethically* —i.e., "the extent to which managers and employees believe that they have sufficient time, budgets, equipment, information, and authority at their disposal to fulfill their ethical responsibilities"— (p. 849), (4) *commitment*

(of managers and employees) to behave ethically, (5) *visibility of (un)ethical behavior* —i.e., "the degree to which (un)ethical behavior and its consequences are observable to those who can act upon it – the perpetrators as well as their colleagues, supervisor, manager, and subordinates"— (p. 850), (6) *openness (managers and employees experience in their organization) to discuss ethical issues*, (7) *reinforcement of ethical behavior* —i.e., "the likelihood of managers and employees being punished for behaving unethically and rewarded for behaving ethically"— (p. 851).

Kaptein (2011) has not only proposed that ethical cultures displaying the above virtues lead to lower levels of unethical behavior within organizations but has also provided empirical evidence that validates such proposition. Kaptein (2011) finds that six dimensions of ethical culture —ethical role modeling of management, ethical role modeling of supervisors, capability to behave ethically, commitment to behave ethically, openness to discuss ethical issues, and reinforcement of ethical behavior— lower unethical behavior within organizations. Kaptein's findings still need to be validated in the context of the public sector.

Finally, Linda F. Dennard (2005, 2006, 2009) has also contributed to the development of the ethical culture construct. Consistent with pragmatist scholars, such as Jane Addams (1902), Hannah Arendt (1958), and John Dewey (1934), Dennard views ethical culture as a process. Unlike the above conceptualizations of ethical culture, Dennard does not view ethical cultures as those in which leaders control employee behavior through rewards and punishments, or as those in which leaders merely provide a good example. Rather, she views ethical cultures as those in which values emerge over time in the relationships and countless interactions within organizations. Like some authors (see, e.g., Cooper, 1998, 2006; Menzel, 2007; Schein, 1985), Dennard views leaders as playing a crucial role in developing an ethical culture. Nevertheless,

contrary to the conventional wisdom on the role of moral leaders, she views leaders as creating the conditions of relationship and communication within organization so as to allow patterns of behavior to emerge among organizational members in which ethical practice is routinely possible (regardless of whether leaders themselves are exemplars of morality).

Similar to Kaptein's (1998, 2008, 2011) argument about organizational virtues, Dennard suggests that ethical culture display the competency (or virtue as Kaptein would say) of robustness. This competency, Dennard argues, organizes the behavior of individuals within organizations. She views organizational competencies, such as robustness as "stable patterns of behavior that have emerged [within organizations] from the dynamic interactions of organizational members and which are also sustained by repeated interactions". From the existing literature (see, e.g., Bankes, 2006; Dennard, 2006; Goldstein, 2007; Parsons, 2005) Dennard suggests that ethically viable organizations are those in which interactions among organizational members are robust, i.e., they are easy and frequent; information is accessible; individuals are free to openly correct mistakes, ask questions, doubt, and learn; and individual differences are not merely tolerated but engaged. Finally, Dennard suggests that the degree to which organizations display robustness can be measured by looking at the following competencies within organizations from the perspective of organizational members (rather than merely leaders): (1) *robustness* —i.e., "the extent to which dialogue among individuals is frequent about mistakes, ethics; the extent to which individuals feel safe in expressing their knowledge and asking questions about ethics; the extent to which individuals feel they work in an ethical environment"—, (2) *information* —i.e., "the extent to which information is easily accessible and there are processes in place to share information with both employees and the public"— (3) *learning* —"the extent to which individuals can improve their education and learn

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from each other"— and (4) *mistake-ability* —"the extent to which individuals are not afraid to admit mistakes, ask for help, and talk about work-related problems".

Based on the above discussion on the different conceptualizations of ethical culture, because this study aims at identifying patterns of behavior (from the perspective of employees) within public organizations that would support a sustainable ethical culture over time, even in the presence of immoral leaders, this study will employ Dennard's (2005, 2006, 209) framework to define and operationalize ethical culture. That is, an ethical organizational culture will be said to display the following competencies: (1) *robustness*, (2) *information*, (3) *learning*, and (4) *mistake-ability*. Kaptein's ethical culture competencies (i.e., *clarity of ethical standards*, *capability to behave ethically*, *commitment* (of managers and employees) *to behave ethically*, *visibility of (un)ethical behavior*, *openness to discuss ethical issues*, and *reinforcement of ethical behavior*) will also be measured and included in the analyzes to find out the following: (1) if the competencies in Dennard's framework helps reduce unethical behavior (i.e., corruption) within public organizations and (2) if organizational behaviors that support the competencies outlined by Dennard have the potential of developing sustainable organizational cultures that support ethical conduct within public organizations.

2.3.5 Conclusion

The corruption literature reviewed above indicates that theoretical and empirical developments in the study of corruption are many. Nevertheless, the review also reveals that students of corruption will find several challenges when attempting to: conceptualize and measure corruption, theorize about corruption, and engage in empirical analysis of the causes and consequences of corruption. First, studying corruption is challenging as there is no agree-upon definition of the concept that can serve as a point of reference for students of corruption.

Depending on the approach taken, corruption can be defined in legal, public interest, economic, or public opinion terms; each definition offering some advantages and disadvantages for the study of corruption. Second, studying corruption is also challenging as, given its very nature, it is difficult to measure. Acts of corruption occurs in secret, away from the public. Thus, measures of corruption —both objective and subjective— only give us approximations of the true level of corruption in a given organizational setting. Also, since corruption takes different forms (and types of corruption are many), comprehensive measures of corruption are yet to be developed that can give us a better approximation of the true frequency (not just the perception) of different corrupt acts both within countries and within different organizational settings. Third, given the fact that corruption is a complex social phenomena caused by a myriad of individual, organizational, and environmental factors, any theory and empirical study informed by a such theory —while important for arriving at a better understanding of corruption— can only provide partial explanations of the causes of corruption. Similarly, any empirical study on the consequences of corruption can also only give us partial answers.

From the public administration literature reviewed above, a couple of themes were identified. First, the field and practice of public administration has and continues to struggle with the following question: how to secure responsible administrative conduct within public organizations? Different intellectual developments in the field of public administration have and continue to inform the approaches taken to address unethical behavior in the public sector. Nevertheless, both scholars and practitioners (see, e.g., Dimock, 1936; Finer, 1936, 1941; Friedrich, 1935, 1940; Gaus, 1936; Goodnow, 1900; Gulick & Urwick, 1937; Gulick, 1941; Lewis & Gilman, 2005; Marx, 1940; Menzel, 2007; Rohr, 1976, 1978, 1989, 1998) continue to

argue whether external or internal controls should be employed to secure responsible conduct within public agencies.

Second, so far and despite the intellectual attempts to develop a normative foundation for ethics that can guide administrative behavior in the public sector (see, e.g., Appleby, 1947, 1952; Caldwell, 1943; Cooper, 1984, 1991; Denhardt, 1989; Dimock, 1936; Dobel, 1988; Frederickson & Hart, 1985; Gaus, 1936; Gawthrop, 1984; Golembiewski, 1962, 1965; Goodsell, 1990; Hamon, 1974; Hart, 1974, 1984; Jos, 1990; Levitan, 1942; Ley, 1943, 1952; Marx, 1940, 1949; Morgan, 2001; Pincoff, 1986; Rohr, 1976, 1978, 1989, 1998; Scott & Hart, 1973; Thompson, 1992; Waldo, 1974), advocates of external controls continue to have the greatest influence on the developments in the practice of public administration to secure responsible administrative conduct (Anachiarico & Jacobs, 1994). The current approach to addressing unethical behavior in the public sector continue to emphasize the development and implementation of stringent external controls in the form of laws, codes of ethics, regulations, and formal administrative controls —clear lines of authority, reporting procedures, systems of accountability, monitoring mechanisms, and reward and punishment systems, among other things— (Cooper, 1998, 2006; Maesschalck, 2004), all aimed at the intense scrutiny of public administrators (Anachiarico & Jacobs, 1994). Unfortunately, such an approach to securing responsible behavior in the public sector has developed into a compliance-based approach, in which compliance and adherence to formal rules is all that matters (Rohr, 1989). As Menzel (2007) points out, by stating in the law what unethical behavior is, law-makers have given public employees and officials an opportunity to define ethics as behaviors that simply do not break the law. From this perspective, the "right thing" to do is determined by simply looking at the letter of the law rather than at one's moral sense of duty. As Martinez (2009) points out, the problem is that the specificity of the law does

not address all the situations that will arise. Further, employing formal rules to prevent unethical behavior can result in a so-called "check-off" approach (Ashforth et al., 2008) to ethics, in which rules and codes of conduct are simply negotiated and put in place with no appreciation of underlying ethical values (Martinez, 2009). Formal ethics reforms may then not only become decoupled from the day-to-day experiences of organizations (Weaver at al., 1999) but also be seen as mere "window-dressing".

Related, some writers have recently started to advocate for an approach to addressing unethical behavior in the public sector that seeks not more formal controls but simply to make government more business-like (see,. Barzelay & Armajani, 1992; Cohen & Eimicke, 1998; Kettl, 2000; Osborne & Gaebler, 1993). In general, any attempt has been made to limit the amount of discretion public administrators can exercise when implementing the law (Cooper, 1998, 2006). In a sense, public administration are no longer expected to rely on their moral compass when making decisions but to simply memorize a code of conduct and a series of rules and regulations.

Third, the realization among scholars that relying on external controls is not enough for securing responsible conduct in the public sector has led them to emphasize the importance of having moral leaders within public organizations (see, e.g., Berman, West, & Cava, 1994; Cooper, 1982, 1998, 2006; Cooper & Wright, 1992; Denhardt, 1989; Lewis, 1991; Lewis & Gilman, 2005; Menzel, 2007; Moore & Sparrow, 1990; Stevulak & Brown, 2011). Moral leaders are not only expected to have a high level of moral development (Bowman et al., 2001) or lead by example (see, e.g., Menzel, 2007; Lewis & Gilman, 2005), they are also expected to develop an appropriate reward system to control employee behavior and to communicate with employees about ethics (Brown & Treviño, 2006). About moral reasoning, empirical studies find: that moral

reasoning affects moral reasoning in work groups (Dukerich et al., 1990); that greater sensitivity to the moral dimension of a situation tends to promote ethical decision making (Wittmer, 1992, 2000); and that individuals with a lower level of moral development are more likely to engage in unethical behavior (Greenberg, 2002; Treviño, 1992). About leaders' ethical role modeling, the use of rewards, and communication about ethics, researchers find the following: that the ethical role modeling behavior of leaders has a positive impact on organizational integrity (see, e.g., Hartman & Brown, 2000; Huberts, Kaptein, & Lasthuizen, 2007; Treviño, 1986; Treviño, Hartman, & Brown, 2000; Treviño & Weaver, 2003); that both rewards and punishments (see, e.g., Huberts et al., 2007; Treviño et al., 1999; Treviño & Weaver, 2003) and leaders' communication about ethics and values (Huberts et al., 2007; Treviño et al., 1999) reduce unethical behavior within organizations.

Fourth, since the early days of the field of public service ethics in the mid-1970's (Cooper, 2001, 2004), the emphasis has been on developing individuals' capacity for ethical reasoning and decision making (Cooper, 2009). For many years scholars in the field of public administration have sought to provide the individual public administrator with ethical principles to inform his/her behavior in the public sector. Also, several scholars (see, e.g., Cooper, 1982, 1998, 2006; Lewis, 1991; Lewis & Gilman, 2005) have developed frameworks and problem-solving guides to help the individual public administrator resolve ethical dilemmas. Unfortunately, much less has been written about how to design and sustain public organizations in which ethical reasoning and decision making is possible (Cooper, 2009). As acknowledged by some authors (see, e.g., Bowman, 2004; Bowman et al., 2010; Denhardt, 1989), developing individuals' capacity for moral reasoning and decision making (while very important) is not sufficient for ensuring ethical behavior within public agencies. This is because, as some scholars

(see, e.g., Adams & Balfour, 2006; Cooper, 1994, 2006; Lewis, 1991; Lewis & Gilman, 2005; Martinez, 2009; Milgram, 1974; Zimbardo, 2007) point out, certain organizational arrangements can encourage or discourage ethical behavior within public organizations of otherwise morally competent individuals.

Fifth, only a handful of scholars (see, e.g., Cooper, 1998, 2006, 2009; Denhardt, 1989; Lewis, 1991; Lewis & Gilman, 2005) have started to focus on how to build ethical organizations in the public service. The focus has been on the important role that leaders play in the following areas: implementing ethics programs (see, e.g., Lewis, 1991; Lewis & Gilman, 2005, Menzel, 2007); changing the organizational structure (see, e.g., Cooper, 1998, 2006, Denhardt, 1989; Lewis, 1991; Lewis & Gilman, 2005; Menzel, 2007); and building an ethical organizational culture. For example, leaders have been tasked with implementing ethics programs that include the following elements: code of ethics, ethics training, ethics hotline, pre-employment screening, ombudsmen, and ethics audits, among others (Greenberg, 2002, Kaptein, 1998, 2009; Menzel, 2007; Weaver et al., 1999b). Also, in order to develop organizational structures that support and encourage ethical conduct, leaders are encouraged to develop: clear accountability, collaborative arrangements, dissent channels, and participation procedures (Cooper, 1998, 2006). Further, leaders are tasked with developing cultures supportive of ethical behavior by: role modeling ethical behavior; communicating with employees about ethics and values; and providing rewards and punishments to hold employees accountable for their actions.

Finally, empirical studies within public organizations that validate the prescriptions advanced in the literature for building and sustaining organizations that support ethical behavior are hard to find. Besides Bowman and Knox' (2008) study on ethics codes and West and Berman' (2004) study on ethics training, only studies within private organizations were found

(see, e.g., Ferrell & Skinner, 1988; Ford and Richardson, 1994; Kaptein, 2009, 2011; Martin and Cullen, 2006; Treviño et al., 1998; Treviño & Weaver, 2003).

This study seeks to address a deficiency identified in the public administration literature on how to design and sustain public organizations in which ethical reasoning and decision making is possible (Cooper, 2009). The emphasis of this study is not on the conventional role of moral leaders or on how formal controls reduce unethical behavior. Also, the emphasis is not specifically on the problem of corruption or on its causes. Rather, by focusing on the local governments in Alabama, this study seeks to identify patterns of behavior (from the perspective of employees) that not only have the potential of reducing corruption but that also have the potential of supporting sustainable ethical cultures over time in which ethical practice is possible, even in the presence of immoral leaders. This study borrows from Dennard's (2005, 2006, 2009) ethical culture framework and assumes that while moral leaders and formal mechanism to control employee behavior can help prevent unethical behavior, public organizations that display (1) *robustness* —i.e., "the extent to which dialogue among individuals is frequent about mistakes, ethics; the extent to which individuals feel safe in expressing their knowledge and asking questions about ethics; the extent to which individuals feel they work in an ethical environment"—, (2) *information* —i.e., "the extent to which information is easily accessible and there are processes in place to share information with both employees and the public"— (3) *learning* —"the extent to which individuals can improve their education and learn from each other"— and (4) *mistake-ability* —"the extent to which individuals are not afraid to admit mistakes, ask for help, and talk about work-related problems" — are not only more ethical but also more capable of sustaining ethical behavior over time, even in the presence of immoral leaders.

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Chapter 3: Methodology

3.1 Introduction

This chapter outlines the research methodology beginning with an overview of the research question and hypotheses addressed by this study (Section 3.2). Section 3.3 discusses the research design. Specifically, Section 3.3.1 discusses the unit of analysis in this study. Section 3.3.2 discusses the preferred data collection procedure. Section 3.3.3 provides an overview of the sampling frame. The survey tool designed for this study is discussed in section 3.3.4. Finally, section 3.3.5 provides an overview of the data analysis procedures used in this study.

3.2 Research Question and Hypotheses

Two themes have emerged from the review of the public service ethics literature in the previous chapter. First, the field and practice of public administration continue to struggle with the following question: how to secure responsible administrative conduct within public organizations? Different intellectual developments in the field of public administration inform the approaches taken to address unethical behavior in the public sector. Both scholars and practitioners (see, e.g., Dimock, 1936; Finer, 1936, 1941; Friedrich, 1935, 1940; Gaus, 1936; Goodnow, 1900; Gulick & Urwick, 1937; Gulick, 1941; Lewis & Gilman, 2005; Marx, 1940; Menzel, 2007; Rohr, 1976, 1978, 1989, 1998) continue to argue whether external or internal controls should be employed to secure responsible conduct within public agencies.

Secondly, so far and despite intellectual attempts to develop a normative foundation for ethics that will guide administrative behavior in the public sector (see, e.g., Appleby, 1947, 1952; Caldwell, 1943; Cooper, 1984, 1991; Denhardt, 1989; Dimock, 1936; Dobel, 1988; Frederickson & Hart, 1985; Gaus, 1936; Gawthrop, 1984; Golembiewski, 1962, 1965; Goodsell, 1990; Hamon, 1974; Hart, 1974, 1984; Jos, 1990; Levitan, 1942; Ley, 1943, 1952; Marx, 1940, 1949; Morgan, 2001; Pincoff, 1986; Rohr, 1976, 1978, 1989, 1998; Scott & Hart, 1973; Thompson, 1992; Waldo, 1974), advocates of external controls continue to have the greatest influence on the the practice of public administration in securing responsible administrative conduct (Anachiarico & Jacobs, 1994). Addressing unethical behavior in the public sector continues to emphasize the development and implementation of stringent external controls in the form of laws, codes of ethics, regulations, and formal administrative controls —clear lines of authority, reporting procedures, systems of accountability, monitoring mechanisms, and reward and punishment systems, among other things— (Cooper, 1998, 2006; Maesschalck, 2004), all aimed at the intense scrutiny of public administrators (Anachiarico & Jacobs, 1994). According to some scholars, such legalistic approach in the public sector has overemphasized compliance at the expense of other methods (Rohr, 1989). As Menzel (2007) points out, by relying on the law alone to define what unethical behavior is, public employees and officials are encouraged to define ethics as those behaviors that simply do not break the law. From this perspective, the "right thing" to do is determined by simply looking at the letter of the law rather than at one's moral sense of duty. As Martinez (2009) points out, the problem is that the specificity of the law does not address all the situations that will arise in complex public landscapes. Further, employing formal rules alone to prevent unethical behavior can result in a so-called "check-off" approach (Ashforth et al., 2008) to ethics, in which rules and codes of conduct are simply

negotiated and put in place with no appreciation of underlying ethical values (Martinez, 2009).

Formal ethics reforms then may not only become decoupled from the day-to-day experiences of

organizations (Weaver at al., 1999) but may also be seen as mere "window-dressing".

Relatedly, some writers have recently advocated addressing unethical behavior in the

public sector by seeking not more formal controls rather by making government more business-

like (see,. Barzelay & Armajani, 1992; Cohen & Eimicke, 1998; Kettl, 2000; Osborne &

Gaebler, 1993). In general, most approaches to the regulation of ethics are concerned with

limiting the amount of discretion public administrators can exercise when implementing the law

(Cooper, 1998, 2006). In a sense, public administrators are often not expected to rely on their

moral compass when making decisions but to simply memorize a code of conduct and a series of

rules and regulations, according to Cooper.

Third, the realization among scholars that relying on external controls is not enough for

securing responsible conduct in the public sector has led them to emphasize the importance of

having moral leaders within public organizations (see, e.g., Berman, West, & Cava, 1994;

Cooper, 1982, 1998, 2006; Cooper & Wright, 1992; Denhardt, 1989; Lewis, 1991; Lewis &

Gilman, 2005; Menzel, 2007; Moore & Sparrow, 1990; Stevulak & Brown, 2011). Moral leaders

are not only expected to have a high level of moral development (Bowman et al., 2001) or lead

by example (see, e.g., Menzel, 2007; Lewis & Gilman, 2005), they are also expected to develop

an appropriate reward system to control employee behavior and to communicate with employees

about ethics (Brown & Treviño, 2006).

Fourth, since the early days of the field of public service ethics in the mid-1970's

(Cooper, 2001, 2004), the emphasis has been on developing individuals' capacity for ethical

reasoning and decision making (Cooper, 2009). Much less has been written about how to design

and sustain public organizations in which ethical reasoning and decision making is possible (Cooper, 2009). As acknowledged by some authors (see, e.g., Bowman, 2004; Bowman et al., 2010; Denhardt, 1989), developing individuals' capacity for moral reasoning and decision making (while very important) is not sufficient for ensuring ethical behavior within public agencies. This is because, as some scholars (see, e.g., Adams & Balfour, 2006; Cooper, 1994, 2006; Lewis, 1991; Lewis & Gilman, 2005; Martinez, 2009; Milgram, 1974; Zimbardo, 2007) point out, certain organizational arrangements can encourage or discourage ethical behavior within public organizations of otherwise morally competent individuals.

Fifth, only a handful of scholars (see, e.g., Cooper, 1998, 2006, 2009; Denhardt, 1989; Lewis, 1991; Lewis & Gilman, 2005) have started to focus on how to build ethical organizations in the public service. The focus has been on the important role that leaders play in the following areas: implementing ethics programs (see, e.g., Lewis, 1991; Lewis & Gilman, 2005, Menzel, 2007); changing the organizational structure (see, e.g., Cooper, 1998, 2006, Denhardt, 1989; Lewis, 1991; Lewis & Gilman, 2005; Menzel, 2007); and building an ethical organizational culture. For example, leaders have been tasked with implementing ethics programs that include the following elements: code of ethics, ethics training, ethics hotline, pre-employment screening, ombudsmen, and ethics audits, among others (Greenberg, 2002, Kaptein, 1998, 2009; Menzel, 2007; Weaver et al., 1999b). Also, in order to develop organizational structures that support and encourage ethical conduct, leaders are encouraged to develop: clear accountability, collaborative arrangements, dissent channels, and participation procedures (Cooper, 1998, 2006). Further, leaders are tasked with developing cultures supportive of ethical behavior by: role modeling ethical behavior; communicating with employees about ethics and values; and providing rewards and punishments to hold employees accountable for their actions.

What the literature does not fully address is how an organization survives as an ethical enterprise when the leadership is not moral despite abundant examples of corruption among leadership, such as in the recent largest municipal bankruptcy in Jefferson County, Alabama or in Illinois with former Governor Blagojevich. The literature provides little to help an administrator whose boss has become isolated in thus making the organization vulnerable to corruption and scandal. For example, empirical studies within public organizations that validate the prescriptions advanced in the literature for building and sustaining organizations that support ethical behavior are hard to find. Besides Bowman and Knox' (2008) study on ethics codes and West and Berman' (2004) study on ethics training, only studies within private organizations were found (see, e.g., Ferrell & Skinner, 1988; Ford and Richardson, 1994; Kaptein, 2009, 2011; Martin and Cullen, 2006; Treviño et al., 1998; Treviño & Weaver, 2003).

3.2.1 Research Questions

This study seeks to address a deficiency identified in the public administration literature on how to design and sustain public organizations in which ethical reasoning and decision making is possible (Cooper, 2009). Specifically, this study seeks to answer the following research questions: (1) what ethical organizational culture competencies (patterns of behavior) help reduce corruption within public organizations? And (2) what patterns of behavior help support a sustainable ethical culture over time within public organizations in which ethical action is possible, even in the presence of immoral leaders? The conceptual model for this study is displayed in Figure 1.

3.2.2 Hypotheses

Based on the recent literature on ethical organizational culture —especially Dennard (2005, 2006, 2009)—, the following hypotheses were developed in this study to answer the above research questions:

Hypothesis 1a: The ethical organizational culture dimension of *robustness* is negatively related to *perceived corruption* within public organizations.

Hypothesis 1b: The ethical organizational culture dimension of *robustness* is negatively related to *corruption frequency* (i.e., *bribing and favoritism*) within public organizations.

Hypothesis 2a: The ethical organizational culture dimension of *information* is negatively related to *perceived corruption* within public organizations.

Hypothesis 2b: The ethical organizational culture dimension of *information* is negatively related to *corruption frequency* (i.e., *bribing and favoritism*) within public organizations.

Hypothesis 3a: The ethical organizational culture dimension of *learning* is negatively related to *perceived corruption* within public organizations.

Hypothesis 3b: The ethical organizational culture dimension of *learning* is negatively related to *corruption frequency* (i.e., *bribing and favoritism*) within public organizations.

Hypothesis 4a: The ethical organizational culture dimension of *mistake-ability* is negatively related to *perceived corruption* within public organizations.

Hypothesis 4b: The ethical organizational culture dimension of *mistake-ability* is negatively related to *corruption frequency* (i.e., *bribing and favoritism*) within public organizations.

Figure 1: Conceptual Model
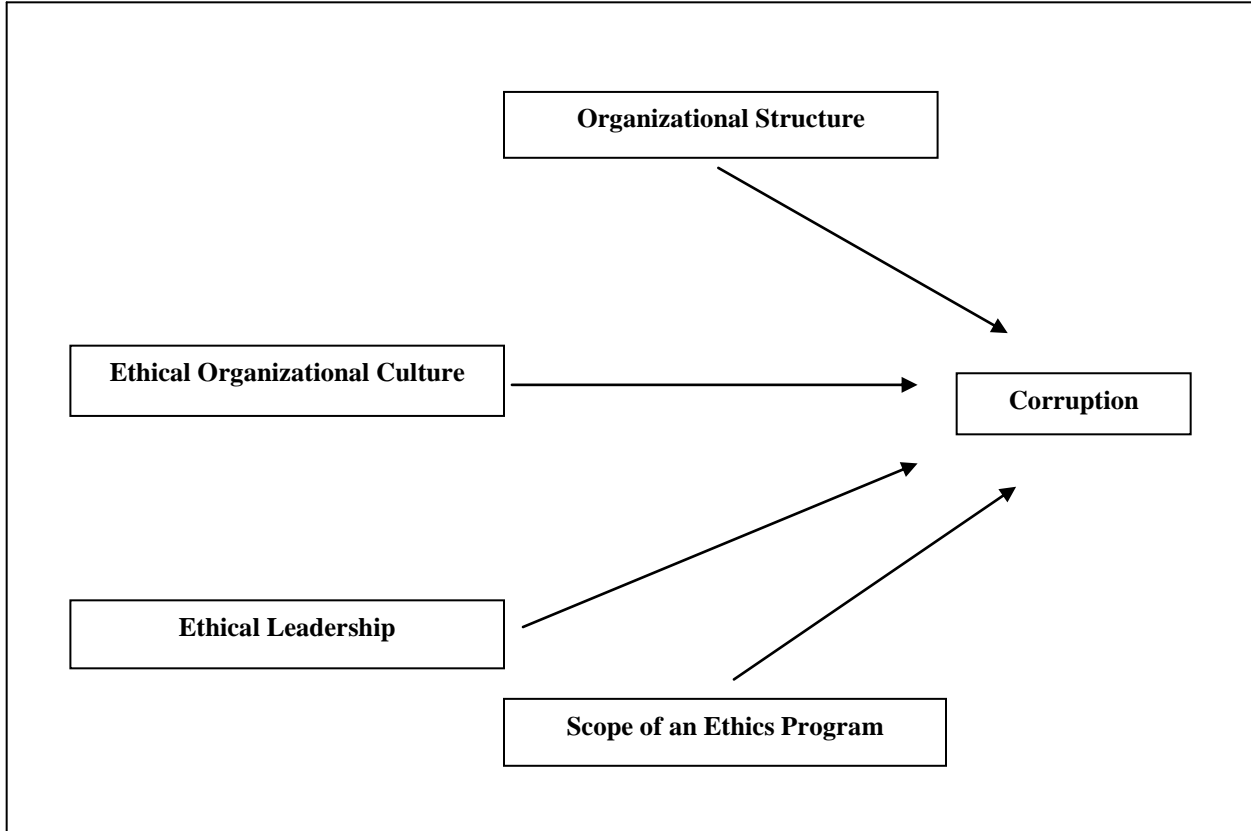
3.3 Research Design

To answer the research questions, this study employs a cross-sectional survey design. This means that the data were collected at a single point in time. A survey approach, Creswell (2009) points out, provides a quantitative description "of trends, attitudes, or opinions of a population by studying a sample of that population" (p. 145). According to Babbie (1990), the purpose of survey research is to generalize from a sample to a population so as to make inferences about some attitude or behavior of this population.

3.3.1 Unit of Analysis

The unit of analysis in this study is local government. Specifically, municipal and county governments are considered to be local governments in this study. Data for this study were

gathered from individual public officials and public employees in such local governments. Although objections could be raised against inferring about organizations from data gathered from individuals (Frankfort-Nachmias & Nachmias, 2008) as such individuals may not have the knowledge to assess organizational-level constructs (Kozlowski & Klein, 2000), consistent with Kozlowski and Klein (2000) and Seidler (1974), this study assumes that public officials and public employees currently working in such local governments are in fact experts who have unique knowledge about the ethical culture within their local governments. Thus, their perceptions can be used to estimate ethical culture within these local governments. Besides, an organizational-level construct, such as ethical culture defined as a set of shared values and patterns of behavior, can be said to emerge from "characteristics, behaviors, or cognitions" of individual organizational members (Kozlowski & Klein, 2000, p. 9).

3.3.2 Data Collection Procedure

The preferred data collection procedure to collect data for this study was an online survey administered to public officials and public employees in municipal and county governments in Alabama. A survey was the preferred data collection procedure primarily since one of the purposes of this study is to actually develop and test a survey tool for measuring ethical organizational culture. Also, a survey was preferred since it can elicit information about attitudes or behaviors difficult to measure through observational techniques (McIntyre, 1999). Given the nature of the phenomena under study in this research, a survey seemed to be the most appropriate technique for gathering data that could later be analyzed through statistical procedures. Furthermore, since the purpose of this study is to generalize from a sample of local governments in Alabama, the use of a survey to collect data for this study was preferred. Particularly the use

of an online survey was preferred to collect data for this study since online surveys are easy to distribute, save time, and are a low-cost option for data collection (Umbach, 2004).

Furthermore, the researcher decided to conduct an online survey mainly because the internet has given researchers the opportunity to conduct research that has been previously not available (Solomon, 2001). In this study this was particularly relevant since no comprehensive mailing lists are currently available of both public officials and public employees working in Alabama municipal and county government from which the researcher could draw a sample and deliver paper-based surveys through regular mail. Instead, the researcher first had to compile such a list by visiting the official websites of municipal and county governments in Alabama. Thanks to the internet, the researcher was able to compile a list of email addresses from public officials and public employees currently working in such local governments as regular mailing addresses were rarely available. Nevertheless, the researcher was not able to obtain email addresses from public officials and public employees in all incorporated municipalities in Alabama since for the most part municipalities with a population below 5,000 do not currently have an official website. Out of the total 460 incorporated municipalities in Alabama, 357 have a population below 5,000. Thus, the results from this study are not generalizable to such municipalities. In the end, the researcher was able to compile email addresses from public officials and public employees in 80 out of a total of 103 municipal governments with a population over 5,000. Also, the researcher was able to compile email addresses from public officials and public employees in 66 out of a total of 67 county governments. The final list included 1,022 email addresses.

As the discussion above illustrates, without the internet the researcher would not have been able to survey such local governments. This is important since to date, with the exception of

a study conducted by Boylan and Long (2003), survey studies of corruption in the United States have been nonexistent (Goel & Nelson, 2011). Most studies of corruption in the United States employ data from federal corruption convictions to estimate corruption (Boylan & Long, 2003), which only allow researcher to compare governments at the state level. Given the lack of data at the local government level, studies of corruption so far are literally nonexistent at this level of government in the U.S. context. Thus, this study is the first one of such kind in the U.S. context.

Despite the strengths of online surveys, they also suffer from certain weaknesses (Babbie, 2007). As in any paper-based survey, online surveys may result in biased results as the response rate may be too low (and thus unrepresentative of the population) or respondents may give inaccurate information (Bell, 1996; Umbach, 2004). Respondents may also fail to provide accurate information as they may not be able to recall the circumstances surrounding their behavior (Bell, 1996). Further, online surveys may result in a sampling error as only individuals with access to the internet (or local governments with an official website in the case of this study) may be included in the sample (Umbach, 2004). Further, as Babbie (2007) points out, "survey research can seldom deal with the context of social life" (p. 276). Qualitative research may give the researcher a better understanding of the context in which behavior takes place.

3.3.3 Sampling Frame

The research population in this study consisted of 170 local governments in Alabama, specifically all 103 municipal governments with a population above 5,000 and all 67 county governments. A probability sampling frame (Creswell, 2009), in which all local governments have equal chance of being included in the sample, would have been preferred in this study. Nevertheless, as explained above, given the lack of available contact information for public officials and public employees within municipal government with a population below 5,000,

such local governments were not included in the research population as this would have resulted

in a biased sample. With the use of the internet, a convenience sample (Babbie, 1990) was drawn

and only those local governments with an official website were included. In total, the sample in

this study included 146 local governments —80 municipal governments and 66 county

governments. The sample was not stratified as the local governments in the sample reflected the

proportion of local governments in the research population in terms of size and type of local

government (see Table 1). Nevertheless, the researcher did obtain a stratified random sample

from the list of 1,022 email addresses. The stratification was based on public

officials/employees' employment status —major, councilmember, and administrative staff for

municipal governments; and commissioner and administrative staff for county governments. The

stratification resulted in a list of 438 email addresses.

Table 1: Local governments per type included in the research sample

Population group	Municipalities included in the sample	Municipalities in Alabama	% of overall sample	Counties included in the sample	Counties in Alabama	% of overall sample
100,000-249,999	4	4	2.74	12	12	8.22
50,000-99,999	5	5	3.42	15	15	10.27
25,000-49,999	11	11	7.53	15	15	10.27
10,000-24,999	31	41	21.23	24	24	16.44
5,000-9,999	29	42	19.86	0	1	0.00
Total local governments	80	103		66	67	
Total % of sample			54.79			45.21

3.3.4 The Alabama Public Employee Perception Survey

As mentioned above, the data for this study came from an online survey tool designed

specifically for this study. Specifically, the data for this study came from the Alabama Public

Employee Perceptions Survey (APEPS). The development of this survey was an iterative process

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during which the researcher consulted extensively with Dr. Linda F. Dennard, chair of his dissertation, via email and phone while she was on sabbatical during the fall of 2011. The researcher's dissertation committee members and faculty members in the Department of Political Science and Public Administration at Auburn University Montgomery also provided critical feedback during the survey development process.

For the most part, the survey items included in APEPS to measure the variables in this study were based on existing and already tested scales. This was done in order to enhance the reliability and validity of the survey tool. Six groups of questions were included in APEPS: (1) questions to measure different ethical organizational culture competencies: (2) questions to measure corruption; (3) questions to measure different leadership styles; (4) questions to measure the scope of an ethics program; (5) questions to measure different aspects of an organizational structure; and (6) questions to measure organizational performance. The APEPS also included questions for demographic characteristics of respondents and local governments. For this study, only questions from groups 1-5 were used.

Since no scale currently exists for measuring the ethical organizational culture competencies conceptualized by Dennard (2005, 2006, 2009), the researcher had to develop such a scale in this study. In doing so, the researcher adhered to Dennard's ethical organizational culture framework and followed the steps outlined in the psychometric literature as summarized by Hinkin (1998). That is, the researcher wanted a scale that: spanned the full domain of Dennard's conceptualization of ethical organizational culture competencies; included items easily understandable by working adults; and was concise enough, so it could be used in other research settings. After several revisions and consultations with Dr. Dennard, the researcher developed a pool of 30 items based on her conceptualization of ethical culture.

The researcher then submitted his research protocol as well as his data collection instruments (e.g., email invitation, information letter, and the APEPS) for approval at the Institutional Review Board (IRB) at Auburn University Montgomery. The researcher also requested authorization to conduct a pilot study employing a test group of undergraduate and graduate students, as well as of faculty members in the Department of Political Science and Public Administration at Auburn University Montgomery. After receiving IRB-approval on December 2, 2011, the researcher employed SurveyMonkey.com to design an online version of APEPS and proceeded to conduct a pilot test. The APEPS included the 30 items generated to measure the ethical organizational culture competencies as outlined by Dennard, as well as the other items generated to measure the other variables in this study. The researcher then sent an email invitation to the individuals in the test group asking them to complete the APEPS and to provide comments about the clarity of the wording and the meaning of the survey questions; the length of the survey; the answer categories; and the time it took them to complete the survey.

After receiving 51 completed surveys, the researcher coded and entered the responses into IBM SPSS Statistics 19 and proceeded to conduct some preliminary tests to determine the validity and reliability of the survey tool, especially of the scales he developed to measure the ethical organizational culture competencies as outlined by Dennard. After conducting an exploratory factor analysis employing the Principal Components extraction procedure and the Varimax rotation method, 24 out of the 30 initial items remained. Items that did not load at the .50 level on the hypothesized ethical culture competency constructs or that loaded on more than one factor were deleted. The researcher then made revisions to the wording of the remaining items based on the feedback provided by the survey respondents, his dissertation chair, and dissertation committee members. The researcher also made some revisions to the email invitation

and information letter based on such feedback. After the researcher obtained IRB-approval for

such revisions, he proceeded with the field work. Chapter four (section 5.2) provides a

discussion on the specific procedure followed by the researcher to collect the data for this study.

3.3.5 Data Analysis Procedures

All analyses in this study were performed in IBM SPSS Statistics 19. Specifically, the

data were analyzed in two ways. First, descriptive analyses of the data for the independent and

dependent variables were performed. The purpose of these analyses was to provide a general

picture of the local governments under study in this study.

Second, in order to answer the research questions and test the hypotheses in this study,

the researcher employed correlation (Spearman's rho), ordinary least squares (OLS), and

Polytomous Universal Model (PLUM) ordinal regression analyses. Initially, correlation analyses

were performed to assess the relationships between the independent, control variables and the

dependent variable. Then, OLS regression analyses were performed in order to assess which

independent variables help explain corruption within the local governments under study here. In

order to corroborate the significance and magnitude of the OLS coefficients estimates, two

additional sets of analyses were performed. First, OLS regression analyses were conducted using

the Percent to Max (PTM) scores (ranging from 0 to 100)[1] of the independent, control, and

dependent variable scales (ranging from 1 to 5) developed in this study. The procedure outlined

by Miller and Miller (1991) was followed to obtain such scores. The OLS results using PTM

scores were identical to the OLS results using the scores from the scales originally developed in

this study. Second, ordinal regression analyses were conducted to corroborate the significance

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[1] First, the distribution of scale scores (in the scales used to measure the variables in this study) was used to calculate a scale mean based on the percentage distribution of the scale scores. Then 1 was subtracted from the scale mean; the difference was divided by the maximum score possible in the scale (5) minus 1. The result was multiplied by 100 to obtain the PTM score.

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and magnitude of the OLS coefficient estimates. In both cases, the results were similar. Thus, for the sake of simplicity, only the results from the OLS regressions are discussed in this paper. Still, the researcher provides in Tables 18 and 19 the results from the OLS and ordinal regressions.

The researcher specified two regression models predicting the dependent variables measured as (1) *perceived corruption* and (2) *corruption (bribing and favoritism) frequency*. Both models included the same combination of independent and control variables. Specifically, the regression models included the four ethical organizational culture competencies borrowed from Dennard (2005, 2006, 2009): *robustness*, *information*, *learning*, and *mistake-ability*. The models also included controls for the ethical organizational culture competencies in Kaptein's (1998, 2008, 2011) model —*clarity/openness/reinforcement*, *commitment*, *visibility*, and *capability*. Further the models included controls that that literature reviewed in this study suggests help reduce unethical behavior (corruption) within public organizations: *ethical leadership*; *scope of ethics program*; and organizational structure —centralization: (1) *employee participation in decision making* and (2) *hierarchy of authority*; and formalization. Finally, the following variables for demographic characteristics of individual survey respondents and local governments were included in the analysis: *public employment status of respondents*; *age*; *gender*; *educational level*; *ethnicity of respondents*; *size of local government*; and *type of local government*.

Chapter 4: Measurement of Variables

4.1 Introduction

This chapter provides a discussion on the operationalization of the dependent,

independent, and control variables in this study. It also discusses the procedures for validating

the scales developed to measure such variables. Section 4.2 provides a discussion on the

measurement of the dependent variable in this study. Section 4.3 discusses the measurement of

the independent variables, as well as other variables employed as controls in this study. The

procedures for measuring the other control variables in this study are discussed in Section 4.4.

The measurement of the demographic variables in this study is discussed in Section 4.5. Section

4.6 concludes the chapter and presents an expanded version of the conceptual model presented in

chapter three.

4.2. Measurement of Dependent Variable: Corruption

Consistent with Goel's and Nelson's (2011) unique approach to measure corruption, this

study measures corruption as (1) *perceived corruption* within a local government and (2) as

corruption frequency (i.e., *bribing and favoritism*) within a local government. As indicated in the

corruption literature (see, e.g., Reinikka & Svensson, 2006; Seligson, 2006), studies of

corruption for the most part rely on (country) experts' perceptions to measure corruption (e.g.,

Transparency International's annual Corruption Perceptions Index). Some recent studies of

corruption in the United States have also relied on data on federal corruption convictions to measure corruption (see, e.g., Glaeser & Saks, 2006; Goel & Nelson, 1998; Meier & Holbrook, 1992; Schlesinger & Meier, 2002). Although such corruption measures have sparked debate and research on corruption, each has its drawbacks, especially since they do not measure corruption at the organizational level. Other studies recognizing the need for an alternative approach to measure corruption have started to rely on the actual frequency of corrupt acts — as reported by either citizens (Seligson, 2006), individuals within firms (Reinikka & Svensson, 2006), or as reported in audit reports (Ferraz & Finan, 2008)— to measure this construct. Although the general view has been that it is almost impossible to collect reliable quantitative data on corruption given its secretive nature (Reinikka & Svensson, 2006), in this study the researcher adopts the view by Reinikka and Svensson (2006), who argue that "through appropriate survey methods …, [individuals within organizations] are willing to discuss corruption with remarkable candor" (p. 365). Further, consistent with Foster, Horowitz, and Méndez (2012), in this study the researcher assumes that corruption is a "multidimensional phenomenon" (p. 233) that can be measured in different ways, each measuring certain dimensions of the phenomenon. Thus, as mentioned above, in this study corruption is measured not only as *perceived corruption* within a local government but also as *corruption frequency* (i.e., *bribing and favoritism*) within a local government. To the researcher's knowledge, this study is the first attempt in the literature to measure multiple dimensions of corruption at the local government level relying on public officials' and public employees' knowledge about their local governments to do so.

In this study, *perceived corruption* within a local government was measured by standardizing and averaging the responses to the following items adapted from the corruption scale developed by Boylan and Long (2003): (1) "What is your best guess of the percentage of

employees (including elected officials, political appointees, and civil servants) in your local government submitting fraudulent expense reports?"; (2) "How common do you think is corruption of employees (including elected officials, political appointees, and civil servants) in your local government?"; and (3) "Suppose you were to rank all local governments in Alabama in terms of level of corruption of their employees (including elected officials, political appointees, and civil servants). Where would you rank your local government?" Responses to the first tem were coded 1 (*very low*), 2 (*low*), 3 (*moderate*), 4 (*high*), and 5 (*very high*). Responses to the second item were coded 1 (*very rare*), 2 (*rare*), 3 (*moderate*), 4 (*common*), and 5 (*very common*). Responses to the third item were coded 1 (*not corrupt at all*), 2 (*least corrupt*), 3 (*average*), 4 (*corrupt*), and 5 (*most corrupt*). The Cronbach's alpha score for the scale *perceived corruption* was .79. This score surpassed the .70 threshold (Nunnally, 1978), suggesting that the measure was reliable.

   Corruption frequency (i.e., *bribing and favoritism*) within a local government was measured in this study by averaging the responses to the following items adapted from Huberts, Pijl, and Steen's (1999) integrity violations typology: (1) "In the past year, acceptance of money or favors in exchange for action/non-action as a public official has taken place in my local government"; (2) "In the past year, being offered money or favors in exchange for action/non-action as a public official has taken place in my local government"; (3) "In the past year, favoring friends or family from outside has taken place in my local government"; and (4) "In the past year, internal favoritism by management has taken place in my local government". Originally, responses to these items were coded 1 (*never*), 2 (*once*), 3 (*sometimes*), 4 (*regularly*), and 5 (*often*). The Cronbach's alpha score for the scale *corruption frequency* was .83, suggesting that the measure was reliable.

To validate the theoretical conceptualization of the two corruption dimensions, the researcher then proceeded to conduct an exploratory factor analysis of all the items used to develop the corruption measures. Exploratory factor analysis is a commonly used statistical tool for data reduction purposes (Babbie, 1992; Hair, Anderson, Tatham, & Black, 1995). It allows researchers to discern the underlying factor measured by a set of intercorrelated variables (Rietveld & Van Hout, 1993). The exploratory factor analysis was performed employing the Principal Components extraction procedure and the Varimax rotation method.

The results from the factor analysis revealed that all the survey items used to measure the corruption dimensions loaded on the hypothesized constructs (see Table 2). This suggests that the corruption measures developed in this study do tap into different dimensions of the phenomenon of corruption. Specifically, the analysis extracted two factors with eigenvalues greater than one: Factor 1(*Perceived Corruption*) —eigenvalue = 1.10; variance = 15.67 percent— and Factor 2 (*Corruption Frequency*) —eigenvalue = 3.80; variance = 54.29 percent. All the items had loadings greater than .50 and none of them loaded on the two factors.

Table 2: Factor Analysis of the Items in the Corruption Scales

No. Corruption Dimension	Factor loadings
Factor 1: Perceived Corruption	
1 What is your best guess of the percentage of employees (including elected officials, political appointees, and civil servants) in your local government submitting fraudulent expense reports?	0.83
2 How common do you think is corruption of employees (including elected officials, political appointees, and civil servants) in your local government?	0.87
3 Suppose you were to rank all local governments in Alabama in terms of level of corruption of their employees (including elected officials, political appointees, and civil servants). Where would you rank your local government?	0.71
Factor 2: Corruption Frequency (bribing and favoritism)	
In the past year:	
1 Acceptance of money or favors in exchange for action/non-action as a public official has taken place in my local government.	0.84
2 Being offered money or favors in exchange for action/non-action as a public official has taken place in my local government.	0.87
3 Favoring friends or family from outside has taken place in my local government.	0.78
4 Internal favoritism by management has taken place in my local government.	0.70

Table 3 shows the correlations (Spearman's rho) between the corruption factors. The results show there is a moderate degree of correlation —between .40 and .60— (Franzblau, 1958) between these factors. This suggests that the factors are distinct, yet related (in expected) ways and measure different dimensions of corruption.

Table 3: Correlation between the Corruption Factors (N = 113)

		1	2
1	**Corruption Perception**	1	
2	**Corruption Frequency**	.40	1

Note: correlations are significant at the $P < 0.01$ level (2-tailed)

4.3 Measurement of Independent Variables: Ethical Organizational Culture Competencies

This study relied on the work of Dennard (2005, 2006, 2009) to measure the following ethical organizational culture competencies: (1) *robustness*, (2) *information*, (3) *learning*, and (4) *mistake-ability*. Dennard's model was selected primarily because it fits well with the goal of this study of identifying patterns of behavior from the perspective of organizational members (rather than merely leaders) that have the potential of reducing corruption, as well as of sustaining an ethical culture over time in which ethical action is possible, even in the presence of immoral leaders.

To better determine the potential of the ethical organizational culture competencies in Dennard's model to achieve the above outcomes, the following organizational culture competencies in Kaptein's (1998, 2008, 2011) model were also measured in this study: (1) *clarity of ethical standards*, (2) *capability to behave ethically*, (3) *commitment* (of managers and employees) *to behave ethically*, (4) *visibility of (un)ethical behavior*, (5) *openness to discuss ethical issues*, and (6) *reinforcement of ethical behavior*. Nevertheless, space limitations

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prevented the researcher from including all the items in Kaptein's scales to measure such competencies in this study. Further, the competency of *ethical role modeling of management* in Kaptein's model was not measured in this study as the *ethical leadership* measure (section 3.3.6.3.1) included such leadership behavior.

All the ethical organizational culture competencies in this study were developed by averaging the responses to the items displayed in Table 6. Responses to such items were coded from 1 = *strongly disagree* to 5 = *strongly agree*.

Although Kaptein (2008) has already developed and validated scales to measures the competencies in his ethical organizational culture model, in this study the researcher is developing and testing scales for the competencies in Dennard's model. Thus, the theoretical conceptualization of such competencies had to first be validated through factor and reliability analyzes. Further, the researcher had to also determine if there were any areas of definitional overlap between Dennard's and Kaptein's ethical culture competencies. In light of this, the researcher proceeded to conduct an exploratory factor analysis of all the items he employed to measure both sets of competencies. Consistent with previous studies on ethical organizational culture (see, e.g., Treviño et al., 1998) and ethical climate (see, e.g., Victor & Cullen, 1987, 1988), the researcher conducted an exploratory factor analysis employing the Principal Components extraction procedure and the Varimax rotation method.

The factor analysis extracted eight factors with eigenvalues greater than one (see Table 7). Only items with loadings greater than .50 were retained; items whose loadings were above .50 for more than one factor were eliminated. Thus, the following items initially used to measure the ethical competencies in Dennard's model were excluded from the constructs: (1) "Employees are diverse in terms of their knowledge (professional, ethical, cultural, etc.)"; (2) "Employees are

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diverse in terms of their personal aptitudes"; (3) "Employees openly engage in networking with others"; (4) "There is consistency between statements of equal opportunity and a commitment to diversity, especially as it is exhibited in the respect for employees' individual knowledge"; (5) "Employees can express their opinions without fear of reprisal for disagreeing with their leaders"; (6) "There is consistency between what employees say they value and their actions at work"; and (7) "Employees feel they can act on their sense of ethics". Also, the following items initially used to measure the competencies in Kaptein's model were excluded from the constructs: (1) "Reports of unethical conduct are handled with caution" and (2) "Ethical conduct is rewarded".

The eigenvalues, explained variance, and Cronbach's alpha reliability scores of the eight factors are as follows. Factor 1 (*Robustness*) —eigenvalue = 2.21; variance = 4.91 percent, Cronbach's alpha = .91—; Factor 2 (*Information*) —eigenvalue = 1.58; variance = 3.51 percent, Cronbach's alpha = .75—; Factor 3 (*Learning*) —eigenvalue = 1.23; variance = 2.73 percent, Cronbach's alpha = .75—; Factor 4 (*Mistake-ability*) —eigenvalue = 1.12; variance = 2.49 percent, Cronbach's alpha = .72—; Factor 5 (*Clarity/Openness/Reinforcement*) —eigenvalue = 20.14; variance = 44.76 percent, Cronbach's alpha = .95—; Factor 6 (*Commitment*) —eigenvalue = 2.03; variance = 4.52 percent, Cronbach's alpha = .90; Factor 7 (*Visibility*) —eigenvalue = 1.64; variance = 3.65 percent, Cronbach's alpha = .86—; and Factor 8 (*Capability*) —eigenvalue = 1.44; variance = 3.20 percent, Cronbach's alpha = .81). The total variance explained by the eight factors was 69.77 percent.

As mentioned above, Kaptein (2008) has already validated the ethical organizational culture competency measures from which items were adapted to measure such competencies in this study. Nevertheless, the fact that among the factors extracted during the exploratory factor

analysis extracted one factor (i.e., Factor 5 —*Clarity/Openness/Reinforcement*) that reflects three competencies in Kaptein's model —i.e., (1) *clarity of ethical standards*; (2) *openness to discuss ethical issues*; and (3) *reinforcement of ethical behavior*—, suggests that, at least in the context of the local governments under study in this research, these three competencies are seen as one underlying competency.

All the other survey items loaded on the hypothesized ethical organizational culture competencies —*robustness*, *information*, *learning*, and *mistake-ability* for Dennard's model; and (1) *commitment* (of managers and employees) *to behave ethically*, *visibility of (un)ethical behavior*, and *capability to behave ethically* for Kaptein's model.

Table 5 shows the correlations (Spearman's rho) between the eight ethical organizational culture competency factors. The results suggest that the factors are distinct, yet related (in expected ways) as theoretically they are all said to be competencies of an ethical organizational culture. Nevertheless, there is a marked degree of correlation —between .60 and .80— (Franzblau, 1958) between some of the factors —namely between: *Information* and *Robustness* (.61); *Learning* and *Robustness* (.64); *Mistake-ability* and *Robustness* (.61); *Clarity/Openness/Reinforcement* and *Robustness* (.73); *Commitment* and *Robustness* (.66); and *Commitment* and *Clarity/Openness/Reinforcement* (.69); this may lead to a multicollinearity problem (i.e., high correlations among independent variables) during the regression analyses. This is because multicollinearity increases the standard errors of the beta coefficients obtained during regression analysis. Thus, a situation may emerge where although the overall regression model may fit the data well (i.e., high F-test statistic), independent variables that may have been otherwise found to be significant (without multicollinearity) are found to be insignificant or (worse) related to the dependent variable in theoretically unexpected ways. In light of the above,

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Table 4: Ethical Organizational Culture Competencies

No.	Ethical Culture Competency	Factor loadings
	Factor 1: Robustness	
	In my local government:	
1	Employees frequently engage each other in formal and/or informal conversations about ethics.	0.71
2	Mistakes are brought into the open for discussion.	0.61
3	Mistakes are seen as opportunities to learn.	0.52
4	Mistakes are seen as opportunities to consider things that may have been missed the first time.	0.51
5	Employees are not afraid to ask questions about ethics.	0.58
6	Employees feel they work in an ethical environment.	0.50
7	Employees do not wait for a crisis to talk about ethics.	0.67
	Factor 2: Information	
	In my local government:	
1	Employees can easily obtain information about their job description (duties, responsibilities, etc.).	0.70
2	Employees and the public can easily obtain information about the local government (for example, agendas and minutes of public meetings, budget, financial, and performance measurement reports, etc.).	0.56
3	There are processes in place to share information with both employees and the public.	0.68
	Factor 3: Learning	
	In my local government:	
1	There are processes in place by which employees can improve their education and/or update their skills.	0.75
2	Relationships among employees are normal (for example, employees can be themselves at work, they talk often, they are honest with each other, etc.).	0.63
3	Employees are respected for wanting to learn.	0.62
	Factor 4: Mistake-ability	
	In my local government:	
1	Employees frequently engage each other in formal and/or informal conversations about work-related problems.	0.62
2	Employees are not afraid to ask for help because other employees or their leaders might take it as a sign that they do not know what they are doing.	0.59
3	Employees are not afraid to admit mistakes.	0.57
	Factor 5: Clarity/Openness/Reinforcement	
	In my local government:	
	Clarity	
1	It is made sufficiently clear to employees how they should conduct themselves appropriately toward others within the local government.	0.69
2	It is made sufficiently clear to employees how they should handle money and other financial assets responsibly.	0.61
3	It is made sufficiently clear to employees how they should deal with conflicts of interest and sideline activities responsibly.	0.70
4	It is made sufficiently clear to employees how they should deal with confidential information responsibly.	0.78
5	It is made sufficiently clear to employees how they should deal with external persons and organizations responsibly.	0.68
	Openness	
1	Reports of unethical conduct are taken seriously.	0.56
2	There is adequate scope to report unethical conduct.	0.51
3	If someone is called to account for his/her conduct, it is done in a respectful manner.	0.50
4	If reported unethical conduct in my work unit does not receive adequate attention, there is sufficient opportunity to raise the matter elsewhere in the local government.	0.54

No.	Ethical culture competency	Factor loadings
	Sanctionability	
1	Ethical conduct is highly valued.	0.58
2	Employees will be disciplined if they behave unethically.	0.59
3	If I reported unethical behavior to management, I believe those involved would be disciplined fairly regardless of their position.	0.53
	Factor 6: Commitment	
	In my local government:	
1	Everyone is totally committed to the (stipulated) norms and values of the local government.	0.75
2	An atmosphere of mutual trust prevails.	0.66
3	Everyone has the best interest of the local government at heart.	0.71
4	Everyone treats one another with respect.	0.79
	Factor 7: Visibility	
	In my local government:	
1	If a colleague does something which is not permitted, managers will find out about it.	0.85
2	If a colleague does something which is not permitted, I or another colleague will find out about it.	0.84
3	If managers do something which is not permitted, someone in the local government will find out about it.	0.72
	Factor 8: Capability	
	In my local government:	
1	Employees have sufficient time at their disposal to carry out their tasks responsibly.	0.79
2	Employees have sufficient information at their disposal to carry out their tasks responsibly.	0.69
3	Employees have sufficient resources to carry out their tasks responsibly.	0.68

Table 5: Correlation between the Ethical Organizational Culture Competencies (N = 123)

		1	2	3	4	5	6	7	8
1	**Robustness**	1							
2	**Information**	.61	1						
3	**Learning**	.64	.54	1					
4	**Mistake-ability**	.61	.51	.55	1				
5	**Clarity/Openness/Reinforcement**	.73	.59	.56	.53	1			
6	**Commitment**	.66	.46	.47	.52	.69	0		
7	**Visibility**	.45	.33	.17	.28	.49	.43	1	
8	**Capability**	.41	.38	.35	.35	.59	.04	.34	1

Note All correlations are significant at the $P < 0.01$ level (2-tailed)

the researcher will perform the variance inflation factor (VIF) test for multicollinearity and will

take the appropriate measures to deal with the problem (if arises).

4.4 Measurement of Control Variables

4.4.1 Ethical Leadership

In this study, *ethical leadership* was operationalized by averaging the responses to the items adapted from Brown, Treviño, and Harrison (2005), who developed and tested a scale for ethical leadership in seven different studies (Brown et al., 2005); the result was a measure of ethical leadership within organizations using the following items: (1) "In my local government, leaders listen to what employees have to say"; (2) "In my local government, leaders discipline employees who violate ethical standards"; (3) "In my local government, leaders conduct their personal lives in an ethical manner"; (4) "In my local government, leaders have the best interest of employees in mind"; (5) "In my local government, leaders make fair and balanced decisions"; (6) "In my local government, leaders Can be trusted"; (7) "In my local government, leaders discuss organizational ethics or values with employees"; (8) "In myi local government, leaders set an example of how to do things the right way in terms of ethics"; (9) "In mi local government, leaders define success not just by results but also by the way they are obtained"; and (10) "In my local government, leaders when making decisions, ask "what is the right thing to do?" Responses to these items were coded from 1 = *strongly disagree* to 5 = *strongly agree*. All 10 items were entered into an exploratory factor analysis employing the Principal Components extraction procedure and the Varimax rotation method; all the items loaded on the same factor (see Table 6). The eigenvalue, explained variance, and Cronbach's alpha reliability score of the factor are 7.21, 72.08 percent, and .96, respectively.

Table 6: Factor Analysis of the Items in the Ethical Leadership Scale

No.	Factor 1: Ethical Leadership	Factor loadings
	In my local government, leaders:	
1	Listen to what employees have to say.	0.81
2	Discipline employees who violate ethical standards.	0.70
3	Conduct their personal lives in an ethical manner.	0.78
4	Have the best interest of employees in mind.	0.89
5	Make fair and balanced decisions.	0.89
6	Can be trusted.	0.84
7	Discuss organizational ethics or values with employees.	0.87
8	Set an example of how to do things the right way in terms of ethics.	0.90
9	Define success not just by results but also by the way they are obtained.	0.90
10	When making decisions, ask "what is the right thing to do?"	0.87

4.4.2 Scope of an Ethics Program

In this study, *scope of an ethics program* was operationalized using a similar procedure followed by Kaptein (2011). That is, consistent with other studies on ethics programs (see, e.g., Kaptein, 2011; Treviño & Weaver, 2003), the researcher first distinguished several components of an ethics program (see also Menzel, 2007), namely: (1) code of ethics; (2) ethics training; (3) ethics hotline; (4) pre-employment screening of applicant's ethics; (5) ombudsman; and (6) internal monitoring systems and ethics audits. To measure the scope of an ethics program it was then necessary to find out if an ethics component was present within a particular local government. Survey respondents were asked to indicate whether they had knowledge that the above components existed within their local governments. The responses for each component were coded 0 (*not at all*), 1 (*informal*), 2 (*formal*), 3 (*unsure/no opinion*), and 4 (*not applicable*). Since ethics programs are seen as formal systems of behavior control (see, Weaver et al., 1999b; Treviño & Weaver, 2003), responses 0, 1, and 3 were coded 0 (*absent*) and response 2 was coded 1 (*present*). Then, the scope of an ethics program was determined by adding the number of

components that were present within a particular local government (see, e.g., Kaptein, 2011; Treviño, 2005). Thus, the *scope of an ethics program* scale ranged from 0 to 6.

A factor analysis (employing the Principal Components extraction procedure and the Varimax rotation method) of the items used to measure whether different components of an ethics program were present within a particular local government extracted one factor (see Table 7). The eigenvalue, explained variance, and Cronbach's alpha reliability score of the *Scope of an Ethics Program* factor are 3.13, 52.23 percent, and .82, respectively.

Table 7: Factor Analysis of the Items in the Scope of an Ethics Program Scale

No. Factor 1: Scope of Ethics Program	Factor loadings
Please indicate your level of knowledge about the following ethics programs/policies in your local government.	
1 Code of ethics.	0.80
2 Ethics training.	0.78
3 Ethics hotline to discuss ethical dilemmas.	0.64
4 Pre-employment screening.	0.69
5 Ethics compliance officer/office.	0.78
6 Internal monitoring systems of ethics.	0.63

4.4.3 Organizational Structure: Centralization and Formalization

The following aspects of organizational structure were measured in this study: (1) *formalization* and (2) *centralization*. *Formalization* was measured in this study by averaging the responses to the following items adapted from Pugh, Hickson, Hinings, and Turner (1968) and recently used by Schminke, Ambrose, and Cropanzano (2000): (1) "In my local government, there are many written rules and procedures"; (2) "In my local government, there is a complete description for most jobs"; (3) "In my local government, records are kept of nearly everyone's job performance"; and (4) "In my local government, there is a formal orientation program for most new employees". Also, consistent with Schminke et al. (2000), two aspects of

centralization were measured in this study: (1) *employee participation in decision making* and (2) *hierarchy of authority*. *Employee participation in decision making* was measured by averaging the responses to the following items adapted from Hage and Aiken (1969) and recently used by Schminke et al. (2000): (1) "In my local government, Employees are involved in decisions to adopt new programs" and (2) "In my local government, employees are involved in decisions to adopt new policies". *Hierarchy of authority* was measured by averaging the responses to the following items also adapted from Hage and Aiken (1969): "In my local government, there can be little action taken until a supervisor approves a decision"; (2) "In my local government, a person who wants to make his/her own decisions would be quickly discouraged"; and (3) "In my local government, even small matters have to be referred to someone higher up for a final answer". Responses to all the items above were coded from 1 = *strongly disagree* to 5 = *strongly agree*. The Cronbach's alpha scores for *employee participation in decision making* (.91); *hierarchy of authority* (.74); and *formalization* (.75) were .91, .74, and .75, respectively. All the scores were above the .70 threshold suggested by Nunnally (1978), suggesting that the measures were reliable.

A factor analysis (employing the Principal Components extraction procedure and the Varimax rotation method) of the items used to measure *formalization*, *employee participation in decision making*, and *hierarchy of authority* extracted three factors (see Table 8): Factor 1 (*Employee Participation*) —eigenvalue = 3.87; variance = 43 percent—; Factor 2 (*Hierarchy of Authority*) —eigenvalue = 1.46; variance = 16.17 percent—; and Factor 3 (*Formalization*) — eigenvalue = 1.01; variance = 11.23 percent. All the items had loadings greater than .50 and none of them loaded on the two factors.

Table 8: Factor Analysis of the Items in the Organizational Structure Scales

No.	Organizational Structure Scales	Factor loadings
	In my local government:	
	Factor 1: Employee Participation	
1	Employees are involved in decisions to adopt new programs.	0.85
2	Employees are involved in decisions to adopt new policies	0.84
	Factor 2: Hierarchy of Authority	
4	There can be little action taken until a supervisor approves a decision.	0.59
5	A person who wants to make his/her own decisions would be quickly discouraged.	0.84
6	Even small matters have to be referred to someone higher up for a final answer.	0.77
	Factor 3: Formalization	
7	There are many written rules and procedures.	0.66
8	There is a complete description for most jobs.	0.82
9	Records are kept of nearly everyone's job performance.	0.75
10	There is a formal orientation program for most new employees.	0.74

4.5 Measurement of Demographic Variables

This study measured the following demographic characteristics of survey respondents and local governments.

Employment status: 0 (public employee, i.e., unelected) and 1 (public official, i.e., elected).

Age: 1(18-24 years); 2 (25-34); 3(35-44); 4 (45 54); 5 (55-64); and 6 (over 64).

Gender: 0 (male) and 1 (female).

Educational level: 1 (High School Degree); 2 (Associate's Degree); 3 (Bachelor's Degree); 4 (Master's Degree); 5 (J.D.); 6 (Ph.D.).

Ethnicity: White (0 = non-white, 1 = white); Hispanic (0 = non-Hispanic, 1 = Hispanic); African American (0 = non-African American, 1 = African American); Asian American (0 = non-Asian American, 1 = Asian American); and Native American or Alaskan (0 = non-Native American or Alaskan, 1 = Native American or Alaskan).

Size of local government: "How many full-time employees work in your local government?

Responses to this item were coded 1 (1-5 full-time employees); 2

(6-15); 3 (16-30); 4 (31-50); 5 (51-100); 6 (101-500); 7 (501-

1,000); and 8 (more than 1,000).

Type of local government: 0 (County Government) and 1 (Municipal Government).

4.6 Conclusion

This chapter has provided a detailed description on the measurement of the dependent, independent, and control variables in this study. It also discussed the procedures for validating the theoretical conceptualization of the scales developed to measure such variables.

The dependent variable in this study is *corruption* alternatively measured as (1) *perceived corruption* and (2) as *corruption frequency* within a local government.

The independent variables in this study are the ethical organizational culture competencies as outlined by Dennard (2005, 2006, 2009) —(1) *robustness*, (2) *information*, (3) *learning*, and (4) *mistake-ability*— Nevertheless, ethical organizational culture competencies from Kaptein's (1998, 2008, 2011) model — (1) *clarity of ethical standards*, (2) *capability to behave ethically*, (3) *commitment* (of managers and employees) *to behave ethically*, (4) *visibility of (un)ethical behavior*, (5) *openness to discuss ethical issues*, and (6) *reinforcement of ethical behavior*— are also measured as control variables in this study. This is done in order to better assess (1) if the competencies in Dennard's framework help reduce unethical behavior (i.e., corruption) within public organizations and (2) if organizational behaviors that support the competencies outlined by Dennard have the potential of developing sustainable organizational cultures that support ethical conduct within public organizations. The competency of *ethical role*

modeling of management in Kaptein's model was not measured in this study as the control variable *ethical leadership* (below) measured such leadership behavior.

This study also measured other variables that the literature reviewed in this study suggest help reduce unethical behavior (corruption) within public organizations. These variables were used as controls in the analyses. Specifically, since the literature emphasizes the importance of having moral leaders, implementing ethics programs, and addressing the organizational structure within public organizations for building organizations supportive of ethical conduct (and thus reducing corruption), this study draws from this body of knowledge to develop the following measures: *ethical leadership*, *scope of ethics program* —codes of ethics, ethics training, ethics hotline, pre-employment screening, ombudsmen, ethics audits—, and *organizational structure* —formalization and centralization (employee participation in decision making and hierarchy of authority).

Based on the above discussion, the conceptual model outlined in chapter three can now be expanded. Figure 2 illustrates the operationalized model that provides the basis for the analyses performed in this study and presented in chapter five.

Figure 2: Operationalized Model

Chapter 5: Data Analysis

5.1 Introduction

Before presenting the findings, it is important to note that this study seeks to address a deficiency identified in the public administration literature on how to design and sustain public organizations in which ethical reasoning and decision making is possible (Cooper, 2009). Specifically, this study seeks to answer the following research questions: (1) what ethical organizational culture competencies (patterns of behavior) help reduce corruption within public organizations? And (2) what patterns of behavior help support a sustainable ethical culture over time within public organizations in which ethical action is possible, even in the presence of immoral leaders? To answer these research questions, based on the recent literature on ethical organizational culture —especially Dennard (2005, 2006, 2009)—, the following hypotheses were developed in this study:

Hypothesis 1a: The ethical organizational culture dimension of *robustness* is negatively related to *perceived corruption* within public organizations.

Hypothesis 1b: The ethical organizational culture dimension of *robustness* is negatively related to *corruption frequency* (i.e., *bribing and favoritism*) within public organizations.

Hypothesis 2a: The ethical organizational culture dimension of *information* is negatively related to *perceived corruption* within public organizations.

Hypothesis 2b: The ethical organizational culture dimension of *information* is negatively related to *corruption frequency* (i.e., *bribing and favoritism*) within public organizations.

Hypothesis 3a: The ethical organizational culture dimension of *learning* is negatively related to *perceived corruption* within public organizations.

Hypothesis 3b: The ethical organizational culture dimension of *learning* is negatively related to *corruption frequency* (i.e., *bribing and favoritism*) within public organizations.

Hypothesis 4a: The ethical organizational culture dimension of *mistake-ability* is negatively related to *perceived corruption* within public organizations.

Hypothesis 4b: The ethical organizational culture dimension of *mistake-ability* is negatively related to *corruption frequency* (i.e., *bribing and favoritism*) within public organizations.

This chapter presents the analyses performed in this study to answer the above research questions. It first provides a discussion on the specific procedures followed by the researcher to collect data for this study (Section 5.2). Then, Section 5.3 provides a descriptive outline of the Alabama Public Employee Perception Survey (APEPS). Specifically, Section 5.3.1 describes which ethical organizational culture competencies are present within Alabama local governments. Section 5.3.2 discusses the perceived corruption and corruption frequency reported by public officials and public employees within Alabama local governments. Then, the chapter presents the findings of the correlation and regression analyses performed in this study. Section 5.4 presents the correlation analyses performed in this study to establish the relationship between the ethical organizational culture competencies and corruption. Section 5.5 discusses the results from the OLS regression results. Section 5.6 provides a discussion of the findings in this study. Section 5.7 discusses some directions for future research. The chapter concludes by discussing the limitations of this study.

5.2 Procedures

Consistent with the sampling frame outlined above, the researcher sent the APEPS to 438 public officials and public employees within 146 local governments in Alabama. The APEPS included 112 questions, many of which were used to measure the variables in this study. The APEPS also included questions for demographic characteristics of respondents and local governments. SurveyMonkey.com was used to design and deliver the survey to potential respondents. A couple of survey participants also requested a paper version of the APEPS, which the researcher sent to them via email. Survey responses were coded and entered into IBM SPSS Statistics 19 for the analyses.

The researcher sent an email invitation to all 438 potential respondents on January 24, 2012 asking them to participate in the study. Consistent with the guidelines set by the Institutional Review Board at Auburn University Montgomery for conducting online surveys, the email invitation was a brief version of the information letter for survey participants in which the researcher explained the purpose of the study; the procedures for accessing and completing the survey; the voluntary and confidential nature of participation in the study; and the risks and benefits associated with participation in the study. The email invitation also included a link to the information letter, which the researcher made available through a webpage he created specifically for this study and which could only by accesses by potential survey participants. Potential survey respondents could access the online survey either by following a link provided at the end the information letter or by following a link below the researcher's signature and contact information in the email invitation.

On January 31, 2012, a week later after the email invitation was sent, the researcher sent an email reminder to those public officials and public employees who had not responded to the

survey. The original email invitation and the link to the information letter were included below this email reminder.

Finally, on February 7, 2012, two weeks after the initial email invitation was sent, the researcher sent a second email reminder to public officials and public employees who had not completed the survey. The initial email invitation, the link to the information letter, and the first email reminder were included below the second email reminder. The final IRB-approved version of the email invitation, the information letter, and the APEPS are available in Appendices A through C, respectively.

From the 146 local governments included in the sample for this study, survey responses were received from at least one public official/employee in 74 of such local governments for a 51 percent response rate —30 percent if every survey respondent is counted as one unit— (see Table 9). In total, out of the 438 surveys sent, 130 were received, from which 126 were deemed usable for the analyses. The demographic profiles of the local governments and survey respondents appear in Tables 10 and 11, respectively.

Table 9: Survey Responses per Local Government in the Sample

Population group	Responses from municipalities	Municipalities included in the sample	% of overall response	Responses from counties	Counties included in the sample	% of overall response	Total response rate
100,000-249,999	4	4	3	8	12	5	
50,000-99,999	5	5	3	7	15	5	
25,000-49,999	11	11	8	2	15	1	
10,000-24,999	13	31	9	8	23	5	
5,000-9,999	16	29	11	0	1	0	
Total local governments	49	80		25	66		
Total % response rate			34			17	**51**

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Table 10: Demographic Profile of Local Governments

Demographic Characteristic		Number of local governments	Percentage
Size of local government			
1-5 full time employees (FTE)		1	1
6-15 FTE		1	1
16-30 FTE		0	0
31-50 FTE		4	4
51-100 FTE		15	15
101-500 FTE		54	53
501-1,000 FTE		21	21
More than 1,000 FTE		6	6
	Total	102	100
Type of local government			
County government		43	34
Municipal government		83	66
	Total	126	100

Table 11: Demographic Profile of Survey Respondents

Demographic Characteristic		Number of Respondents	Percentage
Gender			
Male		72	71
Female		30	29
	Total	102	100
Ethnicity			
White		77	79
African American		8	8
Asian or Asian American		2	2
Native American or Alaskan		10	10
	Total	97	100
Age			
25-34		4	4
35-44		17	17
45-54		35	34
55-64		33	32
Over 64		14	14
	Total	103	100
Education			
High school		7	7
Associate's		7	7
Bachelor's		50	49
Master's		23	23
J.D.		10	10
Ph.D.		5	5
	Total	102	100
Position			
Mayor		5	6
Councilmember		28	32
County commissioner		13	15
City clerk/manager		7	8
Assistant city clerk/manager		2	2
County Administrator		6	7
Municipality staff		17	20
County staff		9	10
	Total	87	100

5.3 Descriptive Analyses

5.3.1 Ethical Organizational Culture Competencies within Local Governments in Alabama

As outlined in chapter 3, the APEPS included several items aimed at measuring the different ethical organizational culture competencies outlined by Dennard (2005, 2006, 2009) — *robustness*, *information*, *learning*, and *mistake-ability*— and Kaptein (1998, 2008, 2011) — *clarity of ethical standards*; *capability to behave ethically*; *commitment* (of managers and employees) *to behave ethically*; *visibility of (un)ethical behavior*; *openness to discuss ethical issues*; and *reinforcement of ethical behavior*. The responses from public officials and public employees to these items are presented in Table 12. The mean scores for the ethical organizational culture competency scales are illustrated in Figure 3.

Robustness deals with the extent to which dialogue among organizational members about mistakes, ethics is frequent; the extent to which individuals feel safe in expressing their knowledge and asking questions about ethics; and the extent to which individuals feel they work in an ethical environment.11 percent of both public officials and public employees disagreed to strongly disagreed that members within their local governments frequently engage each other in formal and/or informal conversations about ethics. More interesting was the finding that on this same topic 48 percent of public officials and 30 percent of public employees were neutral. 13 percent of public officials and 25 percent of public employees disagreed to strongly disagreed that mistakes within their local governments were brought into the open for discussion; 20 percent of public officials and 30 percent of public employees were neutral. 9 percent of public officials and 11 percent of public employees disagreed to strongly disagreed that employees were not afraid to ask questions about ethics (24 percent of public officials and 16 percent of public

employees were neutral) or that employees do not wait for a crisis to talk about ethics (11

percent of public employees and 21 percent of public officials).

About *information*, which deals with the extent to which information is easily accessible

and there are processes in place to share information with both employees and the public, 87

percent of public officials and 91 percent of public employees agreed to strongly agreed that

employees within their local governments can easily obtain information about their jobs. When

asked if "employees and the public can easily obtain information about the local government",

93 percent of public officials and 80 percent of public employees agreed to strongly agreed.

Concerning *learning*, which deals with the extent to which individuals can improve their

education and learn from each other, 13 percent of public officials and 16 percent of public

employees disagreed to strongly disagreed that there were processes in place within their local

governments, so employees could improve their skills and/or education; 11 percent of public

officials and 7 percent of public employees were neutral. Further, although 85 percent of public

officials agreed to strongly agreed that employees within their local government are respected for

wanting to learn, the percentage of public employees who expressed the same view was

significantly lower (68 percent).

Mistake-ability refers to whether individuals are not afraid to admit mistakes, ask for

help, and talk about work-related problems. An interesting finding was that while 7 percent of

public officials disagreed to strongly disagreed that employees within their local government are

not afraid to ask for help, the percentage of public employees who disagreed to strongly

disagreed was higher (18 percent); 29 percent of public officials and 18 percent of public

employees were neutral. The views expressed among public officials and public employees

about employees not being afraid to admit mistakes followed a similar pattern as 7 percent of

public officials and 18 percent of public employees disagreed to strongly disagreed with this statement; 29 percent of public officials and 18 of public employees remained neutral.

It is also worth discussing here whether the ethical culture competencies outlined by Kaptein (1998, 2008, 2011) were present within the local governments under study. First, as noted in chapter three, at least in the context of the local governments under study here, Kaptein's competencies —*clarity of ethical standards*; *openness to discuss ethical issues*; and *reinforcement of ethical behavior*— are seen as one underlying competency labeled "*Clarity/Openness/Reinforcement*".

Clarity/Openness/Reinforcement is made up of several items. *Clarity of ethical standards* refers to the extent to which the ethical standards managers and employees are expected to adhere to are concrete. 70 percent or more public officials and public employees within the local governments under study agreed to strongly agreed that it is made clear to them how they should: (1) conduct themselves appropriately toward others within their local government (83 percent of public officials and 82 percent of public employees shared this view); (2) handle money and other financial assets responsibly (89 percent of public officials and 86 percent of public employees agreed); (3) deal with conflicts of interest responsibly (71 percent of public officials and 77 percent of public employees); (4) deal with confidential information responsibly (87 percent of public officials and 86 percent of public employees); and (4) deal with external persons and organizations responsibly (76 percent of public officials and 84 percent of public employees). About *openness to discuss ethical issues*, 70 percent or more public officials and public employees within the local governments being studied here agreed to strongly agreed that: (1) reports of unethical conduct were taken seriously within their local government (83 percent of public officials and 82 percent of public employees); (2) there was adequate scope to report

Table 12: Ethical Organizational Culture Competencies within Local Governments (N = 126)

No.	Ethical Culture Competency	Disagreed to strongly disagreed (%)		Neutral (%)		Agreed to strongly agreed (%)	
	In my local government:	Public officials	Public employees	Public officials	Public employees	Public officials	Public employees
	Robustness						
1	Employees frequently engage each other in formal and/or informal conversations about ethics.	11	11	48	30	41	59
2	Mistakes are brought into the open for discussion.	13	25	20	30	67	45
3	Mistakes are seen as opportunities to learn.	13	18	28	21	59	61
4	Mistakes are seen as opportunities to consider things that may have been missed the first time.	10	18	22	18	68	64
5	Employees are not afraid to ask questions about ethics.	9	11	24	16	67	67
6	Employees feel they work in an ethical environment.	9	7	24	14	67	80
7	Employees do not wait for a crisis to talk about ethics.	11	21	35	26	54	54
	Information						
1	Employees can easily obtain information about their job description (duties, responsibilities, etc.).	4	5	9	5	87	91
2	Employees and the public can easily obtain information about the local government (for example, agendas and minutes of public meetings, budget, financial, and performance measurement reports, etc.).	5	11	2	9	93	80
3	There are processes in place to share information with both employees and the public.	7	11	7	7	87	82
	Learning						
1	There are processes in place by which employees can improve their education and/or update their skills.	13	16	11	7	76	77
2	Relationships among employees are normal (for example, employees can be themselves at work, they talk often, they are honest with each other, etc.).	4	9	20	14	76	77
3	Employees are respected for wanting to learn.	7	9	9	23	85	68
	Mistake-ability						
1	Employees frequently engage each other in formal and/or informal conversations about work-related problems.	7	7	29	12	64	81
2	Employees are not afraid to ask for help because other employees or their leaders might take it as a sign that they do not know what they are doing.	7	18	29	18	64	64
3	Employees are not afraid to admit mistakes.	7	18	29	18	64	64
	Clarity/Openness/Reinforcement						
1	It is made sufficiently clear to employees how they should conduct themselves appropriately toward others within the local government.	0	7	17	11	83	82
2	It is made sufficiently clear to employees how they should handle money and other financial assets responsibly.	2	5	9	9	89	86
3	It is made sufficiently clear to employees how they should deal with conflicts of interest and sideline activities responsibly.	9	5	20	18	71	77
4	It is made sufficiently clear to employees how they should deal with confidential information responsibly.	9	5	4	9	87	86
5	It is made sufficiently clear to employees how they should deal with external persons and organizations responsibly.	0	5	24	11	76	84
6	Reports of unethical conduct are taken seriously.	4	5	13	14	83	82
7	There is adequate scope to report unethical conduct.	4	11	17	11	78	77
8	If someone is called to account for his/her conduct, it is done in a respectful manner.	4	14	22	9	74	77
9	If reported unethical conduct in my work unit does not receive adequate attention, there is sufficient opportunity to raise the matter elsewhere in the local government.	2	11	26	11	72	77
10	Ethical conduct is highly valued.	2	7	18	11	80	82
11	Employees will be disciplined if they behave unethically.	7	5	11	16	82	80
12	If I reported unethical behavior to management, I believe those involved would be disciplined fairly regardless of their position.	20	18	15	16	65	66

No.	Ethical culture competency	Disagreed to strongly disagreed (%)		Neutral (%)		Agreed to strongly agreed (%)	
	In my local government:	Public official	Public employee	Public official	Public employee	Public official	Public employee
	Commitment						
1	Everyone is totally committed to the (stipulated) norms and values of the local government.	15	21	30	27	54	52
2	An atmosphere of mutual trust prevails.	20	30	29	18	51	52
3	Everyone has the best interest of the local government at heart.	17	30	28	25	54	46
4	Everyone treats one another with respect.	20	27	28	18	52	55
	Visibility						
1	If a colleague does something which is not permitted, managers will find out about it.	7	5	20	28	73	67
2	If a colleague does something which is not permitted, I or another colleague will find out about it.	9	7	22	34	70	59
3	If managers do something which is not permitted, someone in the local government will find out about it.	7	2	16	21	78	77
	Capability						
1	Employees have sufficient time at their disposal to carry out their tasks responsibly.	0	5	9	16	91	79
2	Employees have sufficient information at their disposal to carry out their tasks responsibly.	4	0	9	7	87	93
3	Employees have sufficient resources to carry out their tasks responsibly.	11	9	16	7	73	84

Figure 3: Ethical Org. Competencies within Local Governments (scale mean scores; range = 1(*very low*) to 5 (*very high*)
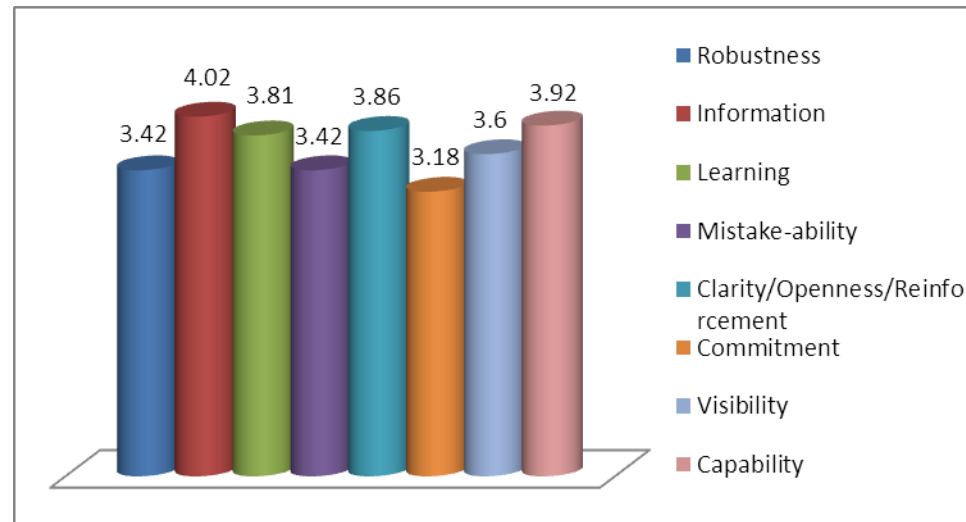
unethical conduct within their work unit (78 of public officials and 77 percent of public employees), as well as elsewhere in their local government (72 percent of public officials and 77 percent of public employees); and (3) if someone is called to account for his/her conduct is done in a respectful manner (74 percent of public officials and 77 percent of public employees).

Further, concerning *reinforcement of ethical behavior*, 65 percent or more public officials and public employees agreed to strongly agreed that ethical conduct is highly valued within their local government (80 percent of public officials and 82 percent of public employees expressed this view) and that employees will be disciplined if they behave unethically (82 percent public officials and 80 percent public employees).

In terms of *commitment* (of managers and employees) *to behave ethically*, the findings showed some interesting patterns. When asked if everyone was totally committed to the norms and values of the local government, 15 percent of public officials and 21 percent of public employees disagreed to strongly disagreed. Also, 30 percent of public officials and 27 percent of public employees remained neutral. 20 percent of public officials and 30 percent of public employees disagreed to strongly disagreed that an atmosphere of mutual trust prevailed within their local government; 29 percent public officials and 18 percent public employees were neutral. 17 percent of public officials and 30 percent of public employees disagreed to strongly disagreed that everyone had the best interest of the local government at heart; 28 percent of public officials and 25 percent of public employees expressed a neutral view. 20 percent of public officials and 27 percent of public employees disagreed to strongly disagreed when presented with the statement "everyone treats one another with respect".

Visibility of (un)ethical behavior refers to whether (un)ethical behavior and its consequences are observable to those who can act upon it. In this regard, 73 percent of public

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officials and 67 percent of public employees agreed to strongly agreed with the statements "if a colleague does something which is not permitted, managers will find out about it". Nevertheless, 20 percent of public officials and 28 percent of public employees remained neutral. 70 percent of public officials and 59 percent of public employees agreed to strongly agreed with the statement "if a colleague does something which is not permitted, I or another colleague will find out about it"; 22 percent of public officials and 34 percent of public employees were neutral. When asked the question "if managers do something which is not permitted, someone in the local government will find out about it", 78 percent of public officials and 77 of public employees agreed to strongly agreed; 16 percent of public officials and 21 percent of public employees remained neutral.

In terms of *capability to behave ethically*, the majority of respondents agreed to strongly agreed with the following statements: "employees have sufficient time at their disposal to carry out their tasks responsibly" (91 percent of public officials and 79 percent of public employees) and "employees have sufficient information at their disposal to carry out their tasks responsibly" (87 percent of public officials and 93 percent of public employees).

Among all the ethical organizational culture competencies that were perceived within local governments, Figure 1 shows that the competency at which local governments excelled was *information* (mean = 4.02). *Capability to behave ethically* was second with a mean score of 3.92. *Clarity/Openness/Reinforcement* (mean = 3.86) and *learning* (mean = 3.81) came in third and fourth place, respectively. *Visibility of (un)ethical behavior* had a mean score of 3.60; both *Mistake-ability* and *robustness* had a mean score of 3.42. By far, the competency with the lowest mean score was *commitment* (of managers and employees) *to behave ethically* (mean = 3.18).

5.3.2 Perceived Corruption and Corruption Frequency within Local Governments in Alabama

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In this study, corruption was measured as (1) *perceived corruption* and as (2) *corruption frequency*. Tables 13 and 14, respectively, display the survey results for the individual items used to measure such dimensions of corruption. Also, the mean scores for the survey items used in developing the *corruption perception* scale are illustrated in Figure 4. Finally, Figure 5 displays the mean scores for the items used to measure *corruption frequency* in this study.

In terms of perceived corruption within the local governments under study, there were some very interesting findings. First, the majority of public officials and public employees expressed that the percentage of employees (including elected officials, political appointees, and civil servants) within their local government submitting fraudulent expense reports was very low (67 percent of public officials and 75 percent of public employees); 22 percent of public officials and 18 percent of public employees expressed such percentage was low. Nevertheless, there were respondents who expressed that the percentage of employees submitting fraudulent report was moderate (9 percent of public officials and 5 percent of public employees) to high (2 percent of both public officials and public employees).

Second, when asked "how common do you think is corruption of employees (including elected officials, political appointees, and civil servants) in your local government?" 51 percent of public officials and 55 percent of public employees expressed that corruption within their local government was "very rare"; 36 percent of public officials and 11 percent of public employees said that corruption was "rare". There were some respondents, nevertheless, who expressed that corruption within their local government was "moderate" (11 percent of public officials and 7 percent of public employees) to "common" (2 percent of public officials and 5 percent of public employees).

Finally, when asked to rank their local government (compared to other local governments in Alabama) in terms of level of corruption, respondents expressed that their local government was "not corrupt at all" (37 percent of public officials and 41 percent of public employees); 50 percent of public officials and 43 percent of public employees viewed their local government as being among the "least corrupt" in Alabama; 11 percent of public officials and 21 percent of public employees expressed that their local government was "average" in terms of level of corruption; and some respondents ranked their local government as either "corrupt" (5 percent of public employees) or "most corrupt" (2 percent of public officials.

Concerning the observed frequency of corruption within the local governments being studied here, there were also some very interesting findings. First, while the overwhelming majority (94 percent of public officials and 83 percent of public employees) reported that "acceptance of money or favors in exchange for action/non-action as a public officials" had "never" taken place within their local government in the past year, 2 percent of both public officials and public employees expressed that it had taken place "once"; 4 percent of public officials and 12 percent of public employees said it had taken place "sometimes" and 2 percent of public employees said that it had taken place "regularly" in the past year.

Secondly, 93 percent of public officials and 78 percent of public employees expressed that being offered money or favors in exchange for action/non-action as a public official had "never" taken place within their local government in the past year; some respondents said "once" (2 percent of public officials), "sometimes" (4 percent of public officials and 17 percent of public employees), "regularly" (2 percent of public employees), and "often" (2 percent of public employees.

Third, when asked if "favoring friends or family from outside had taken place" within their local government in the past year, the percentage of respondents (69 percent of public officials and 60 percent of public employees) who expressed that such behavior had "never" taken place was significantly reduced compared to what respondents expressed about the previous two corrupt behaviors; 2 percent of public officials and 3 percent of public employees reported having seen such behavior "once"; 22 percent of public officials and 28 percent of public employees expressed having seen it happen "sometimes"; 7 percent of public officials and 5 percent of public employees said "regularly"; and 5 percent of public employees responded "often".

Finally, only about half of the respondents reported "never" having seen "internal favoritism by management" take place within their local government in the past year (50 percent of public officials and 56 percent of public employees); 4 percent of public officials and 10 percent of public employees said that such behavior had taken place "once"; a significant percentage expressed that it had taken place "sometimes" (39 percent of public officials and 20 percent of public employees); 4 percent of public officials and 7 percent of public employees reported having seen it "regularly"; an 2 percent of public officials and 7 percent of public employees said that it had taken place "often".

5.4 Correlation Analyses

To investigate the relationships between the ethical organizational culture competencies and *perceived corruption*, a correlation analysis (Spearman's rho) was performed (see Table 15). The results indicate that all eight competencies are negatively and statistically related to perceived corruption at the $P < 0.01$ level. That is, as the following competencies are perceived within a local government, *perceived corruption* tends to go down: *robustness* ($r = -.40$);

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information (r = -.33); *learning* (r = -.43); *mistake-ability* (r = -.40);

clarity/openness/reinforcement (r = -.46); *commitment* (r = -.48); *visibility* (r = -.30); and

capability (r = -.29).

The correlations (Spearman's rho) between the ethical organizational culture

competencies and *corruption frequency* (i.e., *bribing and favoritism*) are displayed in Table 16.

All the competencies were shown to be negatively and statistically related to *corruption*

frequency (i.e., *bribing and favoritism*) at the $P < 0.01$ level. Namely, the results indicate that as

robustness (r = -.46); *information* (r = -.18); *learning* (r = -.33); *mistake-ability* (r = -.17);

clarity/openness/reinforcement (r = -.46); *commitment* (r = -.37); and *capability* (r = -.24)

increase within a local government, *corruption frequency* goes down. *Visibility* (r = -.30; $P = .26$)

was not statistically related to *corruption frequency*.

The above relationships between the ethical organizational culture competencies and

corruption measured as *perceived corruption* and as *corruption frequency* suggest that local

governments perceived by survey respondents to be competent at the above behaviors were

perceived as less corrupt. Also, less bribing and favoritism was observed to take place within the

local governments displaying the above ethical organizational culture competencies (except for

visibility). Nevertheless, before drawing conclusions about the relationships observed so far, it is

important to clarify and elaborate such relationships as there may be other organizational factors

(e.g., *ethical leadership*, *scope of an ethics program*, and *organizational structure*) that also have

an effect on *perceived corruption* and *corruption frequency*. Of course, there are environmental

factors outside local governments that can also have an impact on corruption. Nevertheless, it is

beyond the scope of this study to investigate such relationships.

Table 13: Perceived Corruption within Local Governments (N = 126)

Corruption Perception

In my local government:	Very low (%)		Low (%)		Moderate (%)		High (%)		Very high (%)	
	Public official	Public employee	Public official	Public employee	Public official	Public employee	Public official	Public employee	Public official	Public employee
What is your best guess of the percentage of employees (including elected officials, political appointees, and civil servants) in your local government submitting fraudulent expense reports?	67	75	22	18	9	5	2	0	0	2

	Very rare (%)		Rare (%)		Moderate (%)		Common (%)		Very common (%)	
	Public official	Public employee	Public official	Public employee	Public official	Public employee	Public official	Public employee	Public official	Public employee
How common do you think is corruption of employees (including elected officials, political appointees, and civil servants) in your local government?	51	55	36	34	11	7	2	5	0	0

	Not corrupt at all (%)		Least corrupt (%)		Average (%)		Corrupt (%)		Most corrupt (%)	
	Public official	Public employee	Public official	Public employee	Public official	Public employee	Public official	Public employee	Public official	Public employee
Suppose you were to rank all local governments in Alabama in terms of level of corruption of their employees (including elected officials, political appointees, and civil servants). Where would you rank your local government?	37	41	50	34	11	21	0	5	2	0

Table 14: Corruption Frequency within Local Governments (N = 126)

Corruption Frequency

In the past year:	Never (%)		Once (%)		Sometimes (%)		Regularly (%)		Often (%)	
	Public official	Public employee	Public official	Public employee	Public official	Public employee	Public official	Public employee	Public official	Public employee
Acceptance of money or favors in exchange for action/non-action as a public official has taken place in my local government.	94	83	2	2	4	12	0	2	0	0
Being offered money or favors in exchange for action/non-action as a public official has taken place in my local government.	93	78	2	0	4	17	0	2	0	2
Favoring friends or family from outside has taken place in my local government.	69	60	2	3	22	28	7	5	0	5
Internal favoritism by management has taken place in my local government.	50	56	4	10	39	20	4	7	2	7

Figure 4: Perceived Corruption (item mean scores; range = 1(*very low*) to 5 (*very high*)

- Employee submission of fraudulent expense reports
- Corruption of employees
- Level of corruption compared to other local governments in Alabama
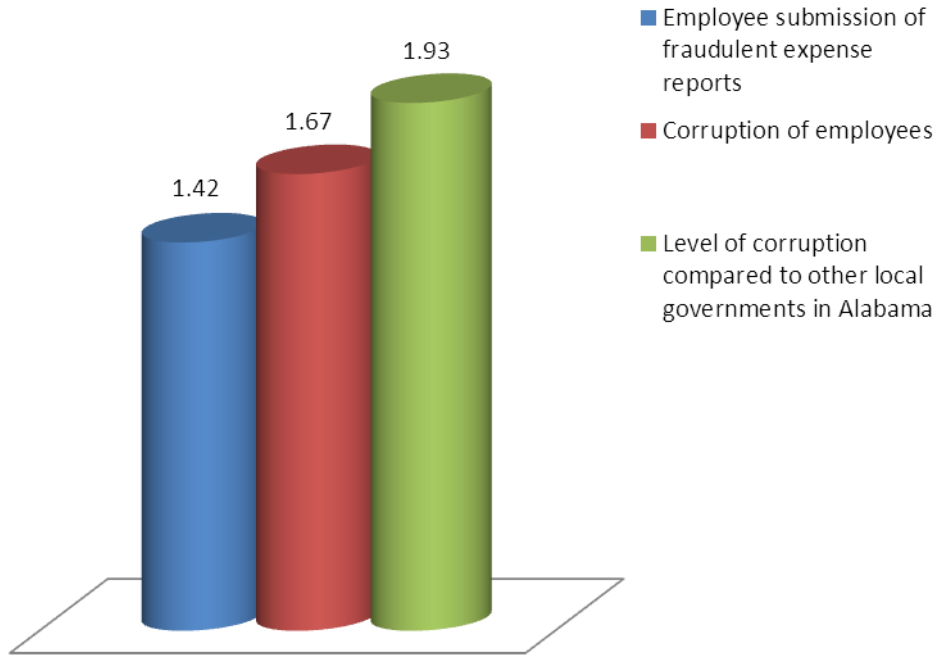
Figure 5: Corruption Frequency (item mean scores; range = 1(*very low*) to 5 (*very high*)

- Acceptance of money or favors in exchange for action/non-action as a public official
- Being offered money or favors in exchange for action/non-action as a public official
- Favoring friends or family from outside
- Internal favoritism by management
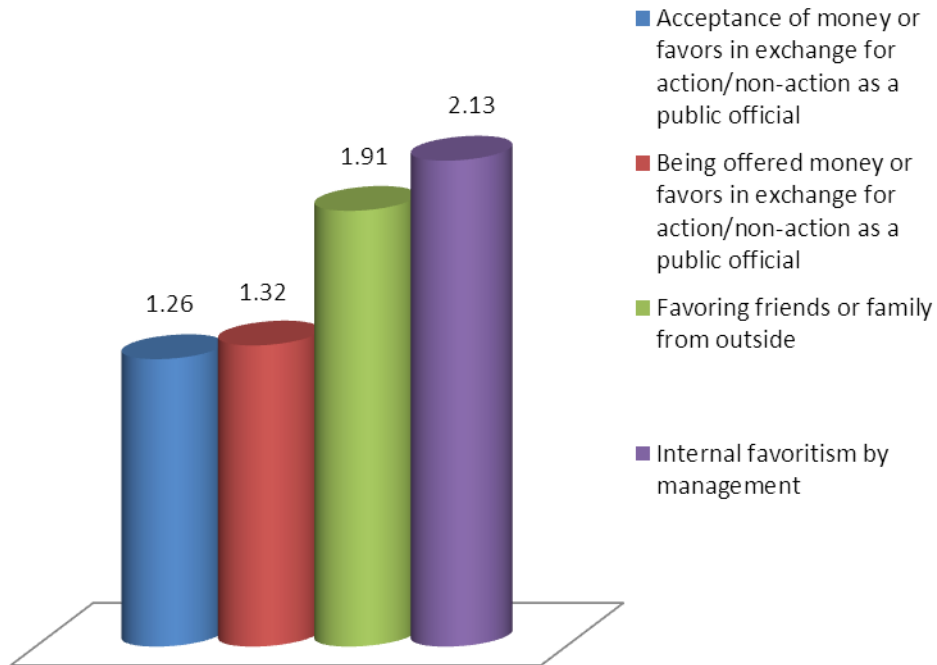
5.5 Regression Analyses

Tables 17 presents the bivariate correlations among all the variables measured in this study. As discussed in the previous chapter, since some of the ethical organizational culture competencies are markedly correlated with each other, there is a risk of multicollinearity in the regressions, thereby for obtaining biased coefficient estimates. Also, the high correlations

Table 15: Correlations between Ethical Organizational Culture Competencies and Perceived Corruption (N = 126)

	Ethical organizational culture competencies	r
1	**Robustness**	-.40
2	**Information**	-.33
3	**Learning**	-.43
4	**Mistake-ability**	-.40
5	**Clarity/Openness/Reinforcement**	-.46
6	**Commitment**	-.48
7	**Visibility**	-.30
8	**Capability**	-.29

Note: All correlations are significant at the $P < 0.01$ level (2-tailed)

Table 16: Correlations between Ethical Organizational Culture Competencies and Corruption Frequency (N = 126)

	Ethical organizational culture competencies	r
1	**Robustness**	-.46
2	**Information**	-.18
3	**Learning**	-.33
4	**Mistake-ability**	-.17
5	**Clarity/Openness/Reinforcement**	-.46
6	**Commitment**	-.37
7	**Visibility**	-.11
8	**Capability**	-.24

Note: All correlations are significant at the $P < 0.01$ level (2-tailed), except for *visibility* ($P = .26$).

between *ethical leadership* and some of the ethical organizational culture competencies —

robustness (r = .78); *clarity/openness/reinforcement* (r = .81); and *commitment* (r = .71)—

suggest that there is a risk of multicollinearity in the analyses.

In order to rule out the possibility of multicollinearity in the analyses, the researcher

proceeded to conduct the variance inflation factor (VIF) test for multicollinearity (Field, 2009).

The results revealed that all the VIF values were below the cut-off points 5 and 10 (Kutner,

Nachtsheim, & Neter, 2004), except for *clarity/openness/reinforcement* (VIF = 5.4) and *ethical

leadership* (VIF = 5.5). Thus, in order to further rule out the possibility of obtaining biased

coefficient estimates as a result of multicollinearity the researcher also specified regression

models without (1) *ethical leadership*; (2) without *clarity/openness/reinforcement*; and (3)

without both *ethical leadership* and *clarity/openness/reinforcement*. The magnitude and direction

of the relationships between the independent variables and the dependent variable in this study

remained the same with and without *ethical leadership* and *clarity/openness/reinforcement* as

controls. Based on these results, the researcher is confident that the coefficient estimates

obtained through the regression analyses are unbiased and reflect the nature of the relationships

between the independent variables and the dependent variable, at least within the context of the

research population in this study.

As mentioned earlier, in order to test the hypotheses in this study the researcher specified

two OLS regression models predicting (1) *perceived corruption* and (2) *corruption frequency*

within a local government. Both models included the same independent and control variables.

Specifically, the regression models included the four ethical organizational culture competencies

borrowed from Dennard (2006, 2009, 2010): *robustness*, *information*, *learning*, and *mistake-

ability*. The models also included controls for the ethical organizational culture competencies in

Kaptein's (1998, 2008, 2011) model —*clarity/openness/reinforcement*, *commitment*, *visibility*, and *capability*. Further the models included controls that that literature reviewed in this study suggests help reduce unethical behavior (corruption) within public organizations: *ethical leadership*; *scope of ethics program* ; and organizational structure —centralization: (1) *employee participation in decision making* and (2) *hierarchy of authority*; and formalization. Finally, the following variables for demographic characteristics of survey respondents and local governments were included in the analysis: *employment status*; *age*; *gender*; *educational level*; *ethnicity*; *size of local government*; and *type of local government*.

The OLS regression results for *perceived corruption* and *corruption frequency* are presented in Tables 18 and 19, respectively. The results of the ordinal regressions performed to corroborate the significance and magnitude of the OLS coefficient estimates are also presented in such tables. The Adjusted R^2, which measures how much variation in the dependent variable is explained by all the variables in the model, indicates that the models explain 40 and 49 percent of the variation in *perceived corruption* and *corruption frequency*, respectively.

5.5.1 Perceived Corruption

The results of the OLS regression model predicting *perceived corruption* indicate that out of the four independent variables in this study, *learning* was the only one significantly related to *perceived corruption* at the *P* < .05 level. That is, at least in the context of the research population here, there is a 95 percent probability that the results for *learning* did not happen by chance. Specifically, the results indicate that increasing perceived *learning* by one point (on a five-point scale) —i.e., when organizational members perceive they can improve their education and learn from each other— within local governments is likely to result in lower *perceived corruption* (b = -.18; *P* = .05), holding all other variables in the model constant. This is the

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equivalent of perceived *learning* changing from high to very high; a four-point change would correspond to a -.72-point change in *perceived corruption* or about 9/10 of a standard deviation. This results support *hypothesis 3a*, which predicted a negative relationship between *learning* and *perceived corruption* (see Table 20).

The results show that the following ethical organizational culture competencies had no effect on *perceived corruption*, at least within the research population in this study: *robustness* —i.e., when there is frequent dialogue among organizational members about mistakes, ethics; when organizational members feel safe in expressing their knowledge and asking questions about ethics; and when they fell they work in an ethical environment—; *information* —i.e., when information is easily accessible and there are processes in place to share information with both employees and the public—; and *mistake-ability* —i.e., when organizational members are not afraid to admit mistakes, ask for help, and talk about work-related problems. These results reject *hypothesis 1a*, *2a*, and *4a*. That is, *robustness*, *information*, and *learning* do not seem to make any difference when it comes to reducing *perceived corruption* within local governments. That is, such competencies may not have an effect on this particular dimension of the complex social phenomena of corruption. Future studies with bigger sample sizes may give researchers a better indication on whether such competencies, in fact, do not help in reducing *perceived corruption* within public organization.

Also, the results indicate that some of the control variables in this study were negatively and statistically related to *perceived corruption* at the *P* < .05 level. Specifically, *ethical leadership* was negatively and statistically related to *perceived corruption* at the *P* < .01 level.

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Table 17: Correlations between All the Variables in this Study (N = 126)

	Variables	Mean	SD	PC	CF	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
PC	Perceived Corruption	0	.83	1																								
CF	Corruption Frequency	1.62	.79	**.40**	1																							
1	Robustness	3.42	.79	**-.36**	**-.48**	1																						
2	Information	4.02	.78	**-.24**	**-.21**	**.58**	1																					
3	Learning	3.81	.83	**-.41**	**-.34**	**.71**	**.55**	1																				
4	Mistake-ability	3.42	.72	**-.39**	**-.23**	**.61**	**.49**	**.52**	1																			
5	Clarity/Openness/Reinforcement	3.86	.72	**-.43**	**-.51**	**.74**	**.59**	**.59**	**.50**	1																		
6	Commitment	3.18	.89	**-.44**	**-.40**	**.60**	**.41**	**.51**	**.48**	**.63**	1																	
7	Visibility	3.6	.72	**-.21**	-.10	**.36**	**.24**	.14	**.22**	**.40**	**.34**	1																
8	Capability	3.92	.70	-.20	-.25	**.40**	**.39**	**.29**	**.31**	**.56**	**.43**	**.30**	1															
9	Ethical leadership	3.69	.77	**-.51**	**-.58**	**.78**	**.58**	**.60**	**.55**	**.81**	**.71**	**.34**	**.46**	1														
10	Scope of ethics program	3.22	2.07	**.26**	**.37**	**-.38**	**-.33**	**-.47**	**-.30**	**-.45**	**.33**	-.20	**-.31**	**-.48**	1													
11	Employee participation in decisions	3.376	.87	**-.28**	**-.35**	**.43**	**.52**	**.48**	**.37**	**.42**	**.31**	.01	**.20**	**.54**	**-.38**	1												
12	Hierarchy of authority	2.965	.68	**.32**	**.52**	**-.40**	**-.43**	**-.39**	**-.43**	**-.43**	**-.43**	-.09	**-.21**	**-.51**	**.21**	**-.48**	1											
13	Formalization	3.83	.69	**-.17**	**-.28**	**.40**	**.54**	**.43**	**.39**	**.49**	**.44**	.17	**.41**	**.50**	**-.49**	**.48**	**-.28**	1										
14	Public Employment status	.51	.42	.06	-.02	-.07	.09	-.04	.14	-.13	.04	-.03	.07	.10	-.30	.17	.12	.05	1									
15	Age	4.35	.94	.03	-.04	.17	.18	.08	.01	.13	.09	.17	.16	.12	-.16	.20	-.11	.09	**.22**	1								
16	Gender	.71	.46	-.06	-.11	.10	.05	.22	-.15	.01	.04	-.09	-.11	.07	-.10	.11	-.06	-.01	.12	.00	1							
17	Education	3.36	1.02	.08	-.10	.07	.05	.06	.10	.12	-.01	-.03	.04	.11	-.11	.11	.02	.02	-.03	.06	-.16	1						
18	Ethnicity: White	.61	.49	-.20	-.04	-.04	.08	.06	.14	.05	.10	.04	-.03	.11	-.01	**.22**	-.16	.12	.02	.02	**.23**	-.01	1					
19	Ethnicity: African American	.06	.24	.16	-.16	-.03	-.01	-.10	-.12	.03	-.14	.00	-.07	-.04	-.03	-.09	.05	.00	-.04	-.03	-.17	.05	**-.54**	1				
20	Ethnicity: Asian American	.02	.13	-.13	.11	-.02	-.06	.01	.02	-.02	.04	-.06	-.13	-.07	.09	.07	.03	-.17	-.11	-.19	-.16	-.04	-.20	-.03	1			
21	Ethnicity: Native American	.08	.27	.11	.14	.05	-.05	.02	-.08	-.04	-.01	.03	.10	-.06	-.04	-.17	.17	-.13	-.04	.10	.06	-.10	**-.62**	-.10	-.04	1		
22	Size of local government	6.01	.97	.05	-.06	.16	.18	.09	.11	.16	.19	.07	.16	.08	-.17	.09	-.14	.39	.01	.24	-.08	-.13	-.03	.13	-.01	-.18	1	
23	Type of local government	.66	.48	-.13	-.03	.05	.14	-.03	.03	.06	.00	.11	.14	.06	-.10	.15	-.01	.03	.14	-.02	-.22	-.05	-.05	.03	.08	.09	.02	1

Note: significant correlations at the *P* > 0.05 level appear in bold. Missing items in the dataset were replaced by the mean.

Table 18: OLS and Ordinal Regression Results for Perceived Corruption

Dependent Variable	Perceived Corruption			
	OLS			PLUM
Independent Variables	B	β		Coefficient
Learning	-.18	-.20		-.74
Control Variables				
Ethical leadership	-.52	-.49		-2.38
Formalization	.24	.21		.97
	Adjusted R² = .40			Nagelkerke R² = .52
	F = 4.475 (P = .000)			Chi-Square = 63.659 (P = .000)
	N = 126			N = 126

Note: Only significant coeffficients at the $P < .05$ level are included. The dummy variable Hispanic was not included in the analyses as there were no cases available. Missing cases in the dataset were replaced by the mean.

Table 19: OLS and Ordinal Regression Results for Corruption Frequency

Dependent Variable	Corruption Frequency			
	OLS			PLUM
Independent Variables	B	β		Coefficient
Robustness	-.25	-.25		-1.41
Information	.28	.27		1.18
Mistake-ability	.22	.20		.95
Control Variables				
Ethical leadership	-.61	-.60		-1.35
Hierarchy of Authority	.28	.24		1.56
	Adjusted R² = .49			Nagelkerke R² = .61
	F = 6.234 (P = .000)			Chi-Square = 77.874 (P = .000)
	N = 126			N = 126

Note: Only significant coeffficients at the $P < .05$ level are included. The dummy variable Hispanic was not included in the analyses as there were no cases available. Missing cases in the dataset were replaced by the mean.

That is, within the context of the research population in this study, there is a 99 percent probability that the results for *ethical leadership* happened by chance. Consistent with previous studies on certain ethical leadership behaviors —i.e., ethical role modeling (see, e.g., Hartman &

Brown, 2000; Huberts, Kaptein, & Lasthuizen, 2007; Treviño, 1986; Treviño, Hartman, &

Brown, 2000; Treviño & Weaver, 2003); providing rewards and punishments (see, e.g., Huberts

et al., 2007; Treviño et al., 1999; Treviño & Weaver, 2003); and communicating with employees

about ethics and values (Huberts et al., 2007; Treviño et al., 1999)—, the results in this study

indicate that a one-point increase (on a five-point scale) in perceived *ethical leadership* within

local governments is likely to result in lower *perceived corruption* (b = -.18; *P* = .00), holding all

other variables in the model constant. A four-unit change in *ethical leadership* would correspond

to a -2.08-point decrease in *perceived corruption* or more than two and a half standard

deviations. The organizational structure dimension of *formalization* —i.e., emphasis on rules and

formal procedures— was also found to be statistically related to *perceived corruption* but in a

positive direction. That is, the more formalized the organizational structure within local

governments, the more likely it is that *perceived corruption* will increase (b = .24).

Finally, some of the control variables in this study had no effect on *perceived* corruption.

Neither the *scope of an ethics program* nor the other two dimensions of organizational culture —

employee participation in decision making and *hierarchy of authority*— seem to matter when it

comes to reducing *perceived corruption* within local governments. The results for *scope of an*

ethics program suggest that relying on formal controls to secure ethical behavior within public

organizations can result in a check-off approach (Ashforth et al., 2008) to ethics, in which rules

and codes of conduct are simply negotiated and put in place with no appreciation of underlying

ethical values (Martinez, 2009). Further, these results suggest that formal ethics reforms may not

only become decoupled from the day-to-day experiences of organizations (Weaver at al., 1999)

but also be seen as mere "window-dressing". Similarly, the following ethical organizational

culture competencies seem not to make a difference when it comes to reducing *perceived*

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corruption within local governments: *clarity/openness/reinforcement*, *commitment*, *visibility*, and

capability. This, however, is not to suggest that such competencies do not matter within

organizations as Kaptein (2011) has already provided empirical evidence suggesting that

openness, *reinforcement*, *commitment*, and *capability* are likely to lower unethical behavior

within private organizations. Rather, these results speak to the fact that such competencies may

not really matter in the context of the public sector. Future studies should investigate further if

such ethical organizational culture competencies have an effect on un(ethical) behavior

(corruption) within other organizational contexts in the public sector.

5.5.2 Corruption Frequency

The results of the OLS regression model predicting *corruption frequency* (i.e., bribing

and favoritism by management) indicate that three out of the four independent variables in this

study —*robustness*, *information*, and *mistake-ability*— were statistically related to *corruption*

frequency. Specifically, *robustness* was negatively and statistically related to corruption

frequency at the $P < .05$ level. The results indicate that: when there is frequent dialogue among

organizational members about mistakes and ethics; when organizational members feel safe in

expressing their knowledge and asking questions about ethics; and when they feel they work in

an ethical environment, the frequency of bribing and favoritism by management within local

governments is likely to decrease (b = -.25; $P = .05$). This results support *hypothesis 1b*, which

predicted a negative relationship between *robustness* and *corruption frequency* (see Table 20).

Also, the regression results show that the ethical organizational culture competencies of

information and *mistake-ability* were positively and statistically related to *corruption frequency*

at the $P < .01$ and $P < .05$ level, respectively. Specifically, the results show that when

information is easily accessible and there are processes in place to share information with both

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employees and the public, the frequency of bribing and favoritism by management within local

governments tends to increase (b = .28; *P* = .01). Similarly, when organizational members are

not afraid to admit mistakes, ask for help, and talk about work-related problems within local

governments, bribing and favoritism by management are likely to take place more frequently (b

= .22; *P* = .05). These results reject *hypotheses 2b* and *4b*, which predicted a negative

relationship between such competencies and *corruption frequency*. These results suggest that the

above patterns of behavior within public organizations can develop and sustain a culture in

which bribing and favoritism take place with more frequency as organizational members may not

feel afraid to admit mistakes and talk about them with fellow co-workers. Future studies need to

examine if these relationship, in fact, exist within other organizational contexts in the public

sector; if they do, they must also explore in depth the exact paths through which such patterns of

behavior are likely to lead to more bribing and favoritism within public organizations.

Interestingly, although *learning* had a negative effect on *perceived corruption*, it had no

effect on *corruption frequency*. Thus, *hypotheses 3b* was rejected in this study. Nevertheless,

these results suggest that the ethical organizational culture competencies examined in this study,

while important in reducing corruption, may not have the same effect when it comes to different

dimensions of corruption, such as *perceived corruption* and *corruption frequency*. This in itself

is important since it suggests that in addressing complex social problems like corruption, a multi-

dimensional approach must be taken as certain measures to address corruption may only address

certain dimensions of the problem.

Again, the presence of *ethical leadership* within local governments was found to be

negatively and statistically related to *corruption frequency* at the *P* < .01 level. Specifically, a

one-unit change in perceived *ethical leadership* was found likely to result in lower bribing and

favoritism by management within local governments (b = -.61) or a little more than 3/4 of a

standard deviation change in *corruption frequency*. These results are important and confirm the

important role that moral leaders play within public organizations in securing ethical

administrative behavior in the public sector.

In term of the effects of the other ethical organizational culture competencies examined

in this study, the results show that none of them had an effect on *corruption frequency*. Again,

these results suggest that while important in other organizational settings, competencies such as

robustness, *clarity/openness/reinforcement*, *commitment*, *visibility*, and *capability* may not really

matter in the context of the public sector for reducing *corruption frequency*. Future studies also

need to corroborate these findings within other organizational settings in the public sector.

Similar to the results above, *scope of an ethics program* was found not to matter when it

comes to reducing bribing and favoritism by management within local governments. These

results further suggest that formal controls are very unlikely to help secure ethical behavior

within public agencies as such controls may not only be put in place with no appreciation of

underlying ethical values (Martinez, 2009) but also become decoupled from the day-to-day

experiences of organizations (Weaver at al., 1999). In the end, such reforms may only be seen as

"window-dressing" within public organizations.

Finally, in terms of the effect of the different dimensions of organizational structure, the

results show some interesting patterns. Only *hierarchy of authority* was statistically related to

corruption frequency at the *P* < .01 level. Specifically, the results indicate that the more authority

is centralized at the top of local governments, the more bribing and favoritism by management

will take place (b = .28). These results confirmed the widely held notion among scholars that

certain organizational arrangements within organizations, in fact, can lead to more unethical

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behavior and even to discourage ethical behavior (see, e.g., Cooper, 1998, 2006; Denhardt, 1989).

5.6 Discussion

This study addresses a deficiency identified in the public administration literature on how to design and sustain public organizations in which ethical reasoning and decision making is possible (Cooper, 2009). It employs original survey data from local governments in Alabama to answer the following research questions: (1) what ethical organizational culture competencies (patterns of behavior) help reduce corruption within public organizations? And (2) what patterns

Table 20: Summary of Findings for Hypotheses Proposed in the Study

No. Hypothesis	Result
1a The ethical organizational culture dimension of *robustness* is negatively related to *perceived corruption* within public organizations.	Not Sported
1b The ethical organizational culture dimension of *robustness* is negatively related to *corruption frequency* (i.e., bribing and favoritism) within public organizations.	Supported
2a The ethical organizational culture dimension of *information* is negatively related to *perceived corruption* within public organizations.	Not Sported
2b The ethical organizational culture dimension of *information* is negatively related to *corruption frequency* (i.e., bribing and favoritism) within public organizations.	Not Sported
3a The ethical organizational culture dimension of *learning* is negatively related to *perceived corruption* within public organizations.	Supported
3b The ethical organizational culture dimension of *learning* is negatively related to *corruption frequency* (i.e., bribing and favoritism) within public organizations.	Not Sported
4a The ethical organizational culture dimension of *mistake-ability* is negatively related to *perceived corruption* within public organizations.	Not Sported
4b The ethical organizational culture dimension of *mistake-ability* is negatively related to *corruption frequency* (i.e., bribing and favoritism) within public organizations.	Not Sported

of behavior help support a sustainable ethical culture over time within public organizations in which ethical action is possible, even in the presence of immoral leaders? The results of this study indicate that the ethical organizational culture competency of *learning* —i.e., when organizational members perceive they can improve their education and learn from each other—

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is likely to reduced *perceived corruption* within local governments in Alabama. Also, the results indicate that the competency of *robustness* —i.e., when there is frequent dialogue among organizational members about mistakes, ethics; when organizational members feel safe in expressing their knowledge and asking questions about ethics; and when they feel they work in an ethical environment— is likely to reduce *corruption frequency* within local governments in Alabama.

Further, the study suggest that the utility of formal ethics programs in reducing unethical behavior within public organizations is questionable as the results indicate that they had no effect on corruption measured as *perceived corruption* and as *corruption frequency*. These results may support the premise that relying on formal controls to secure ethical behavior within public organizations can result in a check-off approach (Ashforth et al., 2008) to ethics, in which rules and codes of conduct are simply negotiated and put in place with no appreciation of underlying ethical values (Martinez, 2009) and decoupled from the day-to-day experiences of organizations (Weaver et al., 1999). Further, these results suggest that without habits that produce a sustainable pattern of ethical behavior among organizational members, ethics reforms may not be enough for securing ethical behavior within public organizations.

The research suggests the need for leadership who feels a responsibility for enabling ethical reasoning and practice within the organization, rather than merely punishing or rewarding ethical behavior. Based on the findings, it is plausible to speculate that organizations that have developed patterns of robustness and learning may be able to sustain their ethics when a "bad apple" is at the helm. This is because in such a culture, ethical behavior may not necessarily be the result of organizational members learning to behave ethically based on the example set by their leaders; ethical behavior may also not be the result of organizational members being

coerced to behave ethically based on formal controls, such as rewards and punishments; rather, in such an environment, ethical behavior may be the result of specific values, such as integrity or trust, that may have emerged within the organization from organizational members' learning from each other and their frequent communications about ethics and mistakes within the organization.

Developing sustainable ethical cultures within public agencies, nevertheless, will require that organizations achieve certain competencies currently overlooked in both the literature and practice of public administration. As the findings in this study suggest, public organizations are currently more competent at behaviors that, at least in the context of the research population in this study, do not necessarily reduce unethical behavior but that simply are part of the conventional approach to addressing unethical behavior in the public sector. That is, public organizations are far more competent when it comes to their employees having enough time, budgets, equipment, information, and authority at their disposal to fulfill their responsibilities (Mean = 4.02 on a five-point scale). They are also very competent at making information easily accessible to both employees and the public (Mean = 3.92). Further, they are competent at setting concrete, comprehensive, and understandable standards for ethical behavior; and punishing unethical behavior, rewarding ethical behavior (Mean = 3.86). Nevertheless, public organizations are lagging behind in terms of l*earning* (3.81) and *robustness* (Mean = 3.42), competencies that the results in this study suggest are likely to reduce corruption within the public sector. Further, especially in terms of *robustness*, a significant percentage of public officials and public employees expressed neutral views when presented with questions such as "employees frequently engage each other in formal and/or informal conversations about ethics" or "employees do not wait for a crisis to talk about ethics". 48 percent of public officials and 30

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percent of public employees expressed neutral views about the first question, and 35 percent of public officials and 26 percent of public employees remained neutral about the second question. Does this suggest that leaders within such organizations promote fear or passivity when it comes to expressing one's knowledge or asking questions about ethics? Does this suggest that ethics in such organizations are only discussed during a crisis?

5.7 Directions for Future Research

The findings in this study open up several avenues for future research. First, an interesting question for future research pertains to the relationships observed in this study between the ethical organizational culture competencies and different dimensions of corruption. Future studies could investigate which competencies explain different dimensions of corruption (and unethical behavior in general) within other organizational settings in the public sector.

Another interesting line of research pertains to the differences between private and public (and non-profit) organizations in terms of the ethical organizational culture competencies that help reduce unethical behavior within such contexts.

Future research could also study organizations that have suffered an ethical scandal as a result of the actions of an unethical leader. Such research may indicate whether organizations that have developed patterns of robustness and learning over time may be less vulnerable to the appearance of a corrupt manager.

5.8 Limitations of the Study

This study is unique in that it develops and tests a conceptual model for addressing unethical behavior within public organizations from an organizational culture perspective. The ethical organizational culture competencies addressed in this study are currently overlooked in the literature, which continues to emphasize the use of formal controls and the presence of moral

leaders to address the problem of corruption in the public sector. The study also develops and tests scales for measuring such ethical organizational culture competencies. Further, it is unique in that it is the first one to survey local governments in the U.S. context to study different dimensions of corruption.

Nevertheless, this study is not without its limitations. First and foremost, the small sample size ($N = 126$) in this study may have prevented certain important relationships from surfacing in the regression analyses. Second, there may be more nuanced relationships between the variables under study here that the analyses performed in this study were not able to explain. Finally, although the study finds some interesting relationships through the quantitative analysis of original survey data, there may be important contextual factors within the local governments under study here that the study is not able to account for in the analyses.

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Appendix A

Email Invitation for Survey Participants

Dear Public Official:

I am a current Ph.D. candidate in the Department of Political Science and Public Administration at Auburn Montgomery (AUM), Alabama. I would like to invite you to participate in my research study designed to assess the current status of integrity in Alabama local governments. You were selected as a possible participant because you were identified as a public employee in one of Alabama's local governments. Thank you in advance for your participation. Your knowledge in this area is greatly appreciated and respected.

If you agree to participate in this study, you will need to complete an online survey, which should take no longer than 10-15 minutes.

Your participation in this study not only helps us understand and perhaps improve ethical conditions in Alabama, but also provides an opportunity for you to express, in complete confidence, your feelings about your local government's level of integrity, as well as other organizational factors such as your local government's organizational culture, leaders, ethics programs, structure, and performance. You will be asked questions regarding the ethical/legal behavior of your colleagues.

Your participation in this study is completely voluntary and completely confidential. The risks associated with participation are minimum.

Any information you provide in connection with this study will remain confidential. No information you provide will be shared with anyone associated with your local government. No identifying information about you or your local government will be reported in the research results.

If you would like to know more information about this study, an information letter can be obtained by clicking on this link: _____ or by sending me an e-mail to hasencio@aum.edu.
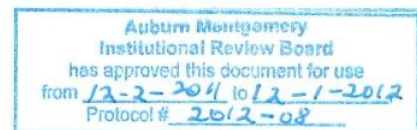
If you have any questions about this study, please contact me, Hugo Asencio, at (334) 244-3699 and/or my advisor, Dr. Linda Dennard, at (334) 244-3646. If you have questions regarding your rights as a participant contact Debra Tomblin at (334) 244-3250.

Sincerely,

Hugo Asencio
Ph.D. Candidate
334-244-3699
hasencio@aum.edu

To complete the online survey, please click on the link below: _____.

If you do not wish to receive further emails from me, please click on the link below, and you will be automatically removed from the mailing list _____.
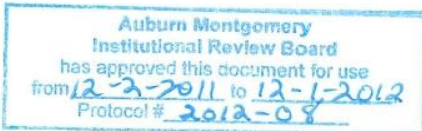
Appendix B

Information Letter for Survey Participants

Dear Public Official:

You are invited to participate in a research study designed to assess the current status of integrity in Alabama local governments. This study is being conducted by Hugo Asencio, a current Ph.D. candidate in the Department of Political Science and Public Administration at Auburn Montgomery (AUM), under the supervision of Dr. Linda Dennard, Professor. You were selected as a possible participant because you were identified as a public employee in one of Alabama's local governments. Thank you in advance for your participation. Your knowledge in this area is greatly appreciated and respected.

Your participation in this study is completely voluntary and completely confidential. Risks have been minimized by maintaining confidentiality of responses and anonymity of data. If you agree to participate in this study, please click on the link at the end of this letter to complete an online survey, which should take no longer than 10-15 minutes. Please complete the survey by _____.

Your participation in this study not only helps us understand and perhaps improve ethical conditions in Alabama, but also provides an opportunity for you to express, in complete confidence, your feelings about your local government's level of integrity, as well as other organizational factors such as your local government's organizational culture, leaders, ethics programs, structure, and performance.

You may withdraw from participation in this study, without penalty, at any time before submitting your completed survey by simply closing your browser window. You may withdraw any data which has been collected, as long as that data is identifiable. Your decision whether to participate in this study will not jeopardize your future relations with AUM, Department of Political Science and Public Administration.

Any information you provide in connection with this study will remain confidential. No information you provide will be shared with anyone associated with your local government. No identifying information about you or your local government will be reported in the research results.

Results of information collected through your participation will be used as a basis for my dissertation. They may also be used in publications in professional journals or in presentations at professional meetings. Only group data will be reported. No identifying data (such as names, etc.) will be published.

If you have any questions about this study, please contact me, Hugo Asencio, at (334) 244-3699 and/or Dr. Linda Dennard at (334) 244-3646.

If you have questions about your rights as a research participant, you may contact Ms. Debra Tomblin, Office of Sponsored Programs, at (334) 244-3250.

Having read the information provided, you must decide whether to participate in this research project. If you decide to participate, the data you provide will serve as your agreement to do so. You may print a copy of this letter to keep.

_____
Hugo Asencio's signature   Date

Link to Survey

Auburn Montgomery
Institutional Review Board
has approved this document for use
from 12-2-2011 to 12-1-2012
Protocol # 2012-08

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Appendix C

Survey Instrument: Alabama Public Employee Perception Survey

Dear Public Official:

Welcome to the "Alabama Public Employee Perceptions Survey" conducted by Hugo Asencio, Ph.D. candidate in the Department of Political Science and Public Administration at Auburn Montgomery (AUM), Alabama.

This survey contains statements intended to measure your perception about your local government's level of integrity, as well as other organizational factors such as your local government's organizational culture, leaders, ethics programs/policies, organizational structure, and performance. Your responses will be crucial in helping us better understand and perhaps improve ethical conditions in Alabama.

Any information you provide in connection with this study will remain strictly confidential. With this in mind, please take a few minutes to provide your true opinion about each of the statements in this survey. Your true opinion is crucial to the success of this study.

Thank you for your participation.

Sincerely,

Hugo Asencio
Ph.D. Candidate
334-244-3699
hasencio@aum.edu

1. Organizational Culture

Please indicate your level of agreement or disagreement with each of the following statements about your local government's organizational culture. Remember there are no right or wrong answers, and your true opinion is crucial to the success of this study. All your responses will be strictly confidential.

In my local government:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a. There are processes in place by which employees can improve their education and/or update their skills.	1	2	3	4	5
b. Relationships among employees are normal (for example, employees can be themselves at work, they talk often, they are honest with each other, etc.).	1	2	3	4	5
c. Employees are diverse in terms of their knowledge (professional, ethical, cultural, etc.).	1	2	3	4	5
d. Employees are diverse in terms of their personal aptitudes.	1	2	3	4	5
e. Employees can easily obtain information about their job description (duties, responsibilities, etc.).	1	2	3	4	5
f. Employees are respected for wanting to learn.	1	2	3	4	5
g. Employees openly engage in networking with others.	1	2	3	4	5
h. Employees and the public can easily obtain information about the local government (for example, agendas and minutes of public meetings, budget, financial, and performance measurement reports, etc.).	1	2	3	4	5

1
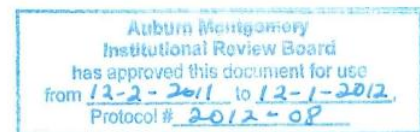
| In my local government:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
i. There is consistency between statements of equal opportunity and a commitment to diversity, especially as it is exhibited in the respect for employees' individual knowledge.	1	2	3	4	5
j. Employees frequently engage each other in formal and/or informal conversations about work-related problems.	1	2	3	4	5
k. Employees frequently engage each other in formal and/or informal conversations about ethics.	1	2	3	4	5
l. Mistakes are brought into the open for discussion.	1	2	3	4	5
m. Mistakes are seen as opportunities to learn.	1	2	3	4	5
n. Mistakes are seen as opportunities to consider things that may have been missed the first time.	1	2	3	4	5
o. There are processes in place to share information with both employees and the public.	1	2	3	4	5
p. Employees are not afraid to ask questions about ethics.	1	2	3	4	5
q. Employees are not afraid to ask for help because other employees or their leaders might take it as a sign that they do not know what they are doing.	1	2	3	4	5
r. Employees are not afraid to admit mistakes.	1	2	3	4	5
s. Employees can express their opinions without fear of reprisal for disagreeing with their leaders.	1	2	3	4	5
t. Employees feel they work in an ethical environment.	1	2	3	4	5
u. There is consistency between what employees say they value and their actions at work.	1	2	3	4	5
v. Employees do not wait for a crisis to talk about ethics.	1	2	3	4	5
w. Employees feel they can act on their sense of ethics.	1	2	3	4	5
x. It is made sufficiently clear to employees how they should conduct themselves appropriately toward others within the local government.	1	2	3	4	5
y. It is made sufficiently clear to employees how they should handle money and other financial assets responsibly.	1	2	3	4	5
z. It is made sufficiently clear to employees how they should deal with conflicts of interest and sideline activities responsibly.	1	2	3	4	5
aa. It is made sufficiently clear to employees how they should deal with confidential information responsibly.	1	2	3	4	5
bb. It is made sufficiently clear to employees how they should deal with external persons and organizations responsibly.	1	2	3	4	5
cc. Employees have sufficient time at their disposal to carry out their tasks responsibly.	1	2	3	4	5
dd. Employees have sufficient information at their disposal to carry out their tasks responsibly.	1	2	3	4	5
ee. Employees have sufficient resources to carry out their tasks responsibly.	1	2	3	4	5
ff. Everyone is totally committed to the (stipulated) norms and values of the local government.	1	2	3	4	5
gg. An atmosphere of mutual trust prevails.	1	2	3	4	5
hh. Everyone has the best interest of the local government at heart.	1	2	3	4	5
ii. Everyone treats one another with respect.	1	2	3	4	5
jj. If a colleague does something which is not permitted, managers will find out about it.	1	2	3	4	5
kk. If a colleague does something which is not permitted, I or another colleague will find out about it.	1	2	3	4	5

2
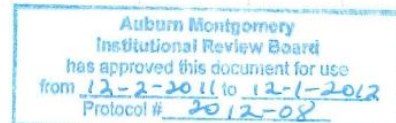
In my local government:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
ll. If managers do something which is not permitted, someone in the local government will find out about it.	1	2	3	4	5
mm. Reports of unethical conduct are handled with caution.	1	2	3	4	5
nn. Reports of unethical conduct are taken seriously.	1	2	3	4	5
oo. There is adequate scope to report unethical conduct.	1	2	3	4	5
pp. If someone is called to account for his/her conduct, it is done in a respectful manner.	1	2	3	4	5
qq. If reported unethical conduct in my work unit does not receive adequate attention, there is sufficient opportunity to raise the matter elsewhere in the local government.	1	2	3	4	5
rr. Ethical conduct is highly valued.	1	2	3	4	5
ss. Ethical conduct is rewarded.	1	2	3	4	5
tt. Employees will be disciplined if they behave unethically.	1	2	3	4	5
uu. If I reported unethical behavior to management, I believe those involved would be disciplined fairly regardless of their position.	1	2	3	4	5

2. Integrity

Please select the option that in your opinion best answers each question about your local government's level of integrity. Remember there are no right or wrong answers, and your true opinion is crucial to the success of this study. All your responses will be strictly confidential.

	Very Low	Low	Moderate	High	Very High
a. What is your best guess of the percentage of employees (including elected officials, political appointees, and civil servants) in your local government submitting fraudulent expense reports?	1	2	3	4	5

	Very Rare	Rare	Moderate	Common	Very Common
b. How common do you think is corruption of employees (including elected officials, political appointees, and civil servants) in your local government?	1	2	3	4	5

	Not Corrupt at all	Least Corrupt	Average	Corrupt	Most Corrupt
c. Suppose you were to rank all local governments in Alabama in terms of level of corruption of their employees (including elected officials, political appointees, and civil servants). Where would you rank your local government?	1	2	3	4	5

Please indicate the extent to which you perceive certain integrity violations take place in your local government. Remember there are no right or wrong answers, and your true opinion is crucial to the success of this study. All your responses will be strictly confidential.

3
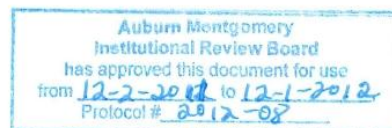
In the past year:	Never	Once	Sometimes	Regularly	Often
a. Acceptance of money or favors in exchange for action/non-action as a public official has taken place in my local government:	1	2	3	4	5
b. Being offered money or favors in exchange for action/non-action as a public official has taken place in my local government:	1	2	3	4	5
c. Favoring friends or family from outside has taken place in my local government:	1	2	3	4	5
d. Internal favoritism by management has taken place in my local government:	1	2	3	4	5

3. Leadership

Please indicate your level of agreement or disagreement with each of the following statements about your local government's leaders. Remember there are no right or wrong answers, and your true opinion is crucial to the success of this study. All your responses will be strictly confidential.

In my local government, leaders:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a. Listen to what employees have to say.	1	2	3	4	5
b. Discipline employees who violate ethical standards.	1	2	3	4	5
c. Conduct their personal lives in an ethical manner.	1	2	3	4	5
d. Have the best interest of employees in mind.	1	2	3	4	5
e. Make fair and balanced decisions.	1	2	3	4	5
f. Can be trusted.	1	2	3	4	5
g. Discuss organizational ethics or values with employees.	1	2	3	4	5
h. Set an example of how to do things the right way in terms of ethics.	1	2	3	4	5
i. Define success not just by results but also by the way they are obtained.	1	2	3	4	5
j. When making decisions, ask "what is the right thing to do?"	1	2	3	4	5
k. Communicate a clear and positive vision of the future.	1	2	3	4	5
l. Treat staff as individuals and support and encourage their development.	1	2	3	4	5
m. Give encouragement and recognition to staff.	1	2	3	4	5
n. Foster trust, involvement, and cooperation among team members.	1	2	3	4	5
o. Encourage to think about problems in new ways and to question assumptions.	1	2	3	4	5
p. Instill pride, respect, and inspire others by being highly competent.	1	2	3	4	5
q. Are clear about their values and practice what they preach.	1	2	3	4	5
r. Discuss in specific terms who is responsible for achieving performance goals.	1	2	3	4	5
s. Make clear what one can expect to receive when performance goals are achieved.	1	2	3	4	5
t. Reward employees when they achieve performance goals.	1	2	3	4	5
u. Concentrate their full attention on dealing with mistakes, complaints, and failures.	1	2	3	4	5
v. Direct employees' attention toward failures to meet standards.	1	2	3	4	5

4
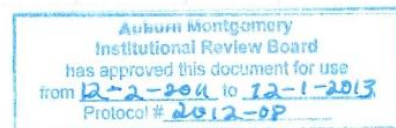
w. Wait for things to go wrong before taking action.

| | 1 | 2 | 3 | 4 | 5 |

4. Ethics Programs/Policies

Please indicate your level of knowledge about the following ethics programs/policies in your local government. Remember there are no right or wrong answers, and your true opinion is crucial to the success of this study. All your responses will be strictly confidential.

	Not at all	Informal	Formal	Unsure/no opinion	Not applicable
a. Code of ethics.	0	1	2	3	4
b. Ethics compliance officer/office.	0	1	2	3	4
c. Ethics training.	0	1	2	3	4
d. Ethics hotline to discuss ethical dilemmas.	0	1	2	3	4
e. Policies on employee accountability for unethical behavior.	0	1	2	3	4
f. Policies on how to investigate allegations of unethical behavior.	0	1	2	3	4
g. Incentives and rewards for ethical conduct.	0	1	2	3	4
h. Internal monitoring systems of ethics.	0	1	2	3	4
i. Pre-employment screening.	0	1	2	3	4

5. Organizational Structure

Please indicate your level of agreement or disagreement with each of the following statements about your local government's organizational structure. Remember there are no right or wrong answers, and your true opinion is crucial to the success of this study. All your responses will be strictly confidential.

In my local government:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a. Employees are involved in decisions to adopt new programs.	1	2	3	4	5
b. Employees are involved in decisions to adopt new policies.	1	2	3	4	5
c. There can be little action taken until a supervisor approves a decision.	1	2	3	4	5
d. A person who wants to make his/her own decisions would be quickly discouraged.	1	2	3	4	5
e. Even small matters have to be referred to someone higher up for a final answer.	1	2	3	4	5
f. There are many written rules and procedures.	1	2	3	4	5
g. There is a complete description for most jobs.	1	2	3	4	5
h. Records are kept of nearly everyone's job performance.	1	2	3	4	5
i. There is a formal orientation program for most new employees.	1	2	3	4	5

6. Organizational Performance

Please indicate your level of agreement or disagreement with each of the following statements about your local government's performance. Remember there are no right or wrong answers, and your true opinion is crucial to the success of this study. All your responses will be strictly confidential.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a. My local government is constantly looking for ways to become more efficient.	1	2	3	4	5

5

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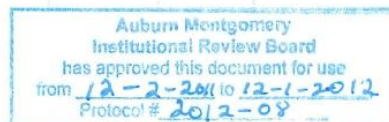
b. In the past two years, the productivity of my work unit has improved.	1	2	3	4	5
c. Overall, the quality of work performed by my coworkers is high.	1	2	3	4	5
d. My local government provides fair and equitable treatment to employees regardless of their individual background.	1	2	3	4	5
e. My local government provides services to the public in a prompt manner.	1	2	3	4	5
f. My local government provides fair and equitable services to citizens regardless of their individual background.	1	2	3	4	5
g. My local government is successful at accomplishing its goals.	1	2	3	4	5

7. Follow-up Interview

Please remember that any information you provide in connection with this study will remain strictly confidential. NO identifying information about you or your local government will be reported in the research results.

(Optional) If further information is needed on my local government's organizational culture and level of integrity, I am willing to participate in a phone or personal interview? Yes [ ] No [ ]

If yes, please provide your contact information:

Name: _____

Mailing Address: _____

Email: _____ Phone: _____

8. Local Government and Demographic Information

Please answer the following questions about your local government and your demographic information. Your responses will allow us to compare your responses to those of other respondents from other local governments. Please remember that all your responses will be strictly confidential and that NO identifying information about you or your local government will be reported in the research results.

Name of your local government?
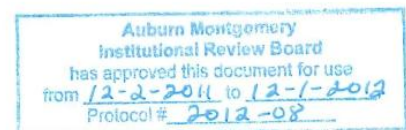
_____

Form of your local government?   1—Mayor-Council
2—Council-Manager
3—Commission
4—Other (please specify) _____

How many full-time employees work in your local government?   1—1-5 employees
2—6-15 employees
3—16-30 employee
4—31-50 employees
5—51-100 employees
6—101-500 employees
7—501-1,000 employees
8—More than 1,000 employees

6

What is your title and position? _____

What is your age group?   1—18-24 years
                                     2—25-34 years
                                     3—35-44 years
                                     4—45-54 years
                                     5—55-64 years
                                     6—Over 64 years

What is your gender?   1—Female
                                     2—Male

What is your ethnicity?   1—Native American or Alaska Native
                                     2—Asian or Asian-American
                                     3—African American or Black
                                     4—Hispanic or Latino
                                     5—European-American or Non-Hispanic White
                                     6—Other (please specify) _____

Highest level of education?   1—High school degree
                                     2—Associate's degree
                                     3—Bachelor's degree
                                     4—Master's degree
                                     5—J.D.
                                     6—Ph.D.
                                     7—Other (please specify) _____

Prior years of experience in the public sector (including your current position)? _____

(Optional) I am interested in receiving an electronic copy of the survey results at the following email address: _____

Thank you for your participation!