Ethical climate of Public Sector organizations in Australia

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Abstract
The aim of this paper is to identify and analyse the ethical climate in the Australian Public Sector organizations. Using a mixed method design, data was collected from 158 employees of all ranks using an online survey. Data analysis suggests that public servants rate highly such values as integrity, honesty, support and compassion that act as a positive force for making the workplace more tolerable, flexible, and most importantly, in support of an ethical climate that is accountable. However, some respondents expressed concerns that management do not necessarily maintain or display such values. This is reflected in the doubt cast by respondents that an individual with a self-serving (selfish) ethical mindset can be changed for the better. This suggests that there are a number of different possible ethical climates. Furthermore, the analysis suggests that respondents display a high level of respect for belief systems different to their own. While there are those who stated that they do not ‘wear their beliefs on their sleeves’, those belief systems come out in the way they treat others and the way they view the world. To improve the ethical climate of public service organizations, the data suggests that it is important to combat feelings amongst staff that favouritism is being practiced. Interestingly, respondents concede that this too is in the hands of management who they say ‘set the ethical scene’. Though limited to Australia, this research potentially adds to the developing business ethics literature generally and more specifically to the evolving theoretical perspectives on ethical mind-sets with the identification and development of ethical climate in organizations raising some interesting theoretical questions worthy of further research.

Introduction and background
The Public Sector comprises a powerful organizational sector that has been criticized for its lack of accountability to governments and their citizens (Andre, 2010). The Public Sector seems to be on the same footing as other organizations when it comes to transgressions and corruption incidents. In this respect, Perkumiene, Adamoniene and Merkienė (2005) argue that media outlets are inundated with stories about the officials’ abuse of their position or corruption cases. They contend that the courts are at the receiving end more than ever before of applications concerning breaches of ethics and working culture. Andre (2010) argues that though these organizations are established to serve the public as a whole by targeting the needs of particular groups or fulfilling specific functions. They often seem to adopt practices from the business sector, and sometimes they enter the marketplace as profit-making enterprises, thus opening the way for further examination of the position in and impact of such sector on society as a whole. Calling for the need for responsible business practice, fair reward policy, stable business relations, job security and sustainable corporate policy, Aslander, Filos, and Kaldis (2011) stresses the need for ethical reflection as a foremost duty of responsible management arguing that the financial crisis has unsettled individuals’ former rather, naïve, confidence in national sovereignty, seeing how whole countries may be adversely affected. Aslander et al. (2011) argue that the organizational context, pathos in the classical Greek sense that refers to passion and describes how passionately a person stands for his/her personal moral convictions is an indispensable element of (ethical) leadership and a driving force when striving for (business) excellence and (organizational) improvements. Aslander et al. (2011) go on to argue that pathos for ethics can influence business life or the way corporations unfold their corporate strategies and conduct their business. However, during the recent economic crisis, it became obvious that ethical passion is missing in many corporations.

Fleming and McNamee (2005) argue it is clear that a recognition of ethics and equity will move more closely to the heart of Public Sector organizations in the twenty-first century, and it did (e.g. Randall & Procter, 2008; Sementelli, 2007). There is evidence that the introduction of ethics will have the Public Sector organizations in some countries (e.g. USA) to rebound from corruption (Pelletier & Bligh, 2006). Fleming and McNamee (2005) conclude that the current climate of increased accountability in Public Sector organizations has brought to public attention the ethical dimension of corporate governance. Presenting a conceptually informed method for undertaking an ethically focused audit corporate governance, Fleming and McNamee (2005) consider that this conceptual-theoretical terrain might be set out in three dimensions: ethics as applied moral philosophy; equity as social justice; and corporate governance as the moral health of an organization. At an operational level, their proposed conceptual model provides a framework to evaluate the overall integrity of an organization and embraces the interrelated themes of individual responsibility, social equity and political responsibility. In addition, they set out
a method for ethical audits. It emphasizes the significance of key personnel in (re)producing and challenging the organizational ethos, while recognizing the necessary limitations placed on researchers’ commitment to anonymity and confidentiality in the collection, interpretation and analysis of data, and in the eventual sharing of such data.

There is a continuous call to embrace, explore new paradigms, or generate new methods and have new concepts that might change the way management is dealt with in the corporate world that includes the Public Sector, (e.g., Bruch & Ghoshal, 2004; Cowton & Macfarlane, 2002; Ghoshal, 2005; Marques, 2009; Marques, Dhiman, & King, 2005; McDonald, 2004; Mele, 2008; Vasconcelos, 2010). Ashar and Lane-Maher (2004), argue that ‘things are changing’, and contend that the new global economic order is built on knowledge, intelligence, and innovation rather than planning, control and obedience. Providing empirical evidence, Ashar and Lane-Maher (2004) they state that in the new economy, the competitive advantage resides in its human capital, with its qualities - commitment, responsibility, creativity and energy of the employees that facilitates success. To foster and revitalize these qualities, business needs to nurture relationships to grow human spirit, which is the core of a new business paradigm. Ashar and Lane-Maher (2004) warn that it should be noted that twenty-first century business is about changing values and ‘change of mind’ that takes place within the business community. However, Ashar and Lane-Maher (2004) contend that in the new economy, competitive advantage resides in its human capital; it is the qualities, such as commitment, responsibility, creativity and energy of employees that determine success.

In their new paradigm Ashar and Lane-Maher (2004) intend to match the challenges of the new economy and changes that prevail. Calling for a need to look beyond materialistic meanings of success, they suggest that spirituality and the notion of success are associated, bringing to the forefront the concept of spirituality and its relationship with success and competitive advantage in business, thus forming part of the statements included in the online survey administered in this study.

Kinchin (2007) argues that the essential factors of a public service code of ethics can be divided into five categories. These categories or principles are fairness, transparency, responsibility, efficiency and conflict of interest. These principles are identified by Kinchin (2007) as being the basic elements of democratic accountability in relation to Public Sector decision-making. In this research, the modification to the recently developed research tool, through its thirty-five statements and eight questions, examined the respondents’ evaluation of the existence of integrity, compassion, support; harmony and balance amongst spirituality, teamwork, peace, beauty and happiness that prevail. Calling for a need to look beyond materialistic meanings of success, they suggest that spirituality and the notion of success are associated, bringing to the forefront the concept of spirituality and its relationship with success and competitive advantage in business, thus forming part of the statements included in the online survey administered in this study.

Ethical Climate

In their discussion on the typology of the nine ethical climate types and the Ethical Climate questionnaire (ECQ), Maesschalck (2005) bring in Victor and Cullen’s definition of ethical climate stating it is ‘the shared perceptions of what is ethically correct behaviour and how ethical issues should be handled’ (1987, p. 51-52). Maesschalck (2005) calls for improvement of the ECQ whereas the sources be made much more explicit in the survey items. While Jurkiewicz (2002) highlights the relationship between codes of ethics and Public Sector reform.

Based on Victor and Cullen’s ethical climate model (1988), where ethical climate was arranged from lower to higher levels, Leung (2008) examined the relationship between organizational ethical climate and the forms of organizational citizenship behavior (OCB), including in-role and extra-role behaviours, examining the mediating effect of employee loyalty. This was mainly to examine the causes and implications of how various ethical work climates affect employee performance. Leung (2008) results suggest that lower levels of ethical climate (instrumentality and independence), characterizing a weak relational contract between employee and employer, are associated with negative extra-role behavior. In contrast, higher levels of ethical climate (caring and law-and-code), symbolic of a strong relational contract at work, are associated with positive extra-role behavior. Moreover, normative commitment mediated a positive relationship between caring and identification with the company, whereas attitudinal loyalty mediated the negative relationship between independence and altruism.

Relying on Victor and Cullen (1988) and other theoretical models (e.g. Thompson, 1967), and in their replication of Weber’s (1995) study of a large financial services, that found ethical sub-climates exist within multi-departmental organizations, are influenced by the function of the department and the stakeholders served, and are relatively stable over time, Weber and Seger’s (2002) findings were contrary to Weber’s original findings, their results implied that ethical sub-climates may be determined by the strength of an organization's overall ethical climate, rather than the department’s function. However, they did find support for Weber’s earlier contention that these sub-climates are relatively stable. Weber and Seger’s (2002) results also suggest that differences may exist across industries. It is worthwhile to note here that the theory of ethical climate continues to be under formation, following criticism in the literature, to which Martin and Cullen (2009) responded reviewing basic principles of meta-analytic research discussing the methodological context of their work.
More recently, and establishing a comparison between the public and the private sectors, and based on Victor and Cullen’s ECQ questionnaire, Venezia, Venezia and Hung (2010) conclude that the Public Sector displayed a higher perception in ‘rules/codes’, ‘caring’, ‘self-interests’, ‘social responsibility’, and ‘instrumentalism’, while efficiency and personal morality were perceived higher in the private sector. In a similar fashion, Laratta (2011) argues that ‘accountability’ is a key element of ethical climate in not-for-profit organizations that is connected to five types of ethical climate namely: ‘self-interest’, ‘individual caring’, ‘independence’, ‘social caring’, and ‘law and codes’. It is worthwhile to warn here and in line with Messner’s argument that accountability itself may become a problematic practice, if it does not acknowledge its own inherent limits as an ethical practice. These limits are constituted by the burden that accountability may place on the accountable self who is expected to provide a convincing account even in situations where this is extremely difficult or even impossible.’ (Messner, 2009 p., 919). Further, focusing on four systems dimensions: mission, organizational design, organizational outcomes, and the information feedback process, Andre (2010) presents a systems model that suggests how researchers might comprehensively assess the accountability of organizations in the Public Sector, that he terms ‘gray sector’, with respect to their government missions.

The aim of this is paper is to assess the applicability of such theoretical perspectives in the context of public service organizations. To this end, we examine the state Public Sector (PS) in Western Australia.

Methodology
This data was collected through the administration of an online survey. The survey includes eight sections with thirty-five items. Respondents were required to indicate their agreement or disagreement with these statements using a 5-point Likert scale where 1 = strongly agree, and 5 = strongly disagree. These eight sections were followed by eight questions relating to demographic data. Respondents were also provided the opportunity to add their comments under each of the sections, either to qualify or explain their responses to the statements. One hundred fifty eight of this Public Sector employees participated, yet only one hundred and ten responses were considered eligible for further analysis.

In relation to the interpretive mixed-methods approach, Richardson & Fowers (1998) and Tashakkori & Teddlie (2003) argue that it allows researchers to incorporate the virtues and avoid the limitations of the sole use of either quantitative or qualitative methods and provides opportunities to access the feelings and motives of people and engage more fully with the meanings by which individuals live. These characteristics proved very useful for researching ethical mindsets, spirituality and aesthetics, which provided stronger inferences and the identification of a greater diversity of perspectives.

Philosophically, the mixed-methods research is the ‘third wave’ or third research movement, a movement that moves past the paradigm debates by offering a logical and practical alternative. The approach that has emerged during the past few years, considered by Denscombe (2008) as a ‘third paradigm’ for social research, develops a platform of ideas and practices that are credible and distinctive as a viable alternative to quantitative and qualitative paradigms. Philosophically, mixed research makes use of the pragmatic method and system of philosophy. Johnson and Onwuegbuzie (2004) state its logic of inquiry includes the use of induction (or discovery of patterns), deduction (testing of theories), and abduction (uncovering and relying on the best of a set of explanations for understanding one’s results).

The concepts under investigation are known of their complex nature, thus one needs to be careful of designing a methodology that assists in a holistic understanding of these concepts. In this context Morse and Niehaus (2009) provide a guidance to grasp complex phenomenon, research often demands that more than one research method be used in the same project. Consequently, researchers must be versatile and adept at many types of research and research methods, both qualitative and quantitative. A mixed-methods design is a scientifically rigorous research project, driven by the inductive or deductive theoretical drive, and comprised of a qualitative or quantitative core component with qualitative or quantitative supplementary component(s).

The analysis uses data collected during the second half of 2010 through an online survey from the PS staff. As highlighted earlier, the online survey was composed of eight sections with thirty-five items followed by eight questions. In section ‘A’ statements aimed at identifying the respondents’ position in relation to values that they wish to see evident in their leaders, employees or work colleagues. The statements in section ‘B’ related to spirituality, while the statements in section ‘C’ relate to the respondents’ degree of belief in change. Section ‘D’ concentrated on the workplace and the presence of harmony and balance. Section ‘E’ included statements relating to happiness, peace and beauty, with section ‘F’ dealing with truth. The final two sections, section ‘G’ had statements aimed at reflection on the self, if the individual makes difference in the workplace, and the like, with section ‘H’ questioning the respondents’ ability to deal with and be a member of a team in the workplace. While the
ninth section (section ‘I’) contained eight questions seeking some demographic data for the generation of a profile of those responding.

In addition to the quantitative data, the respondents were provided the chance, and under each of the sections to provide their comments. Total comments under these sections came to 200 that either aimed to qualify the responses or explore such responses by clarifying why the respondent aimed to agree, disagree, or even be neutral towards any of the statements/items. A total of one hundred fifty eight participants responded to the survey. Details of these respondents are explored in the following section.

Though the online survey was the source of both the quantitative and qualitative data, yet the qualitative data played a major role in enhancing the value of the data collected, indeed, this qualitative data allowed the triangulation and expansion of quantitative empirical evidence and results (Bergman, 2008). The value of this qualitative data is further enhanced when considering Brand’s (2009) argument, who states what might be obtained, in a qualitative sense, is access to the context of responses, insight into the perceptions underlying certain decisions, and a broader picture of the participants’ understanding of an issue, which is at the heart of researching business ethics.

A total of 158 participants responded to the survey. Of these 61% were male with 39% female. The majority of respondents were born in Australia with 19.5% born in the UK, followed by India and New Zealand. The highest percentage of respondents was in the ‘45-54’ age category followed by the age categories ‘25-34’, ‘35-44’ and ‘55-64’ with the age categories 65+ and ‘18-24’ the least represented. As for the highest level of educational achievement, those of high school and undergraduate qualifications shared almost the same position of 30% of participants followed by the postgraduate at 21% with the trade certificate being the least represented at 18%. The ages of the respondents were re-categorized into the following age groups

<table>
<thead>
<tr>
<th>AGE GROUPS</th>
<th>PERCENTAGE</th>
</tr>
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<tbody>
<tr>
<td>18-34</td>
<td>29</td>
</tr>
<tr>
<td>35-44</td>
<td>22</td>
</tr>
<tr>
<td>35-54</td>
<td>29</td>
</tr>
<tr>
<td>55 or above</td>
<td>24</td>
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</tbody>
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### Ethical climate

This study’s quantitative analysis generated six factors with high factor loadings and high alphas (Table 1)

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>MEAN</th>
<th>STANDARD DEVIATION</th>
<th>ALPHA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religious spirituality</td>
<td>3.3182</td>
<td>1.14935</td>
<td>0.889</td>
</tr>
<tr>
<td>Pursuit of truth</td>
<td>2.2295</td>
<td>0.75505</td>
<td>0.878</td>
</tr>
<tr>
<td>Interdependence (self-efficacy)</td>
<td>1.7015</td>
<td>0.44399</td>
<td>0.799</td>
</tr>
<tr>
<td>Aesthetic (Balance, harmony and integrity)</td>
<td>1.6343</td>
<td>0.47182</td>
<td>0.842</td>
</tr>
<tr>
<td>Optimism</td>
<td>2.41591</td>
<td>0.666427</td>
<td>0.730</td>
</tr>
<tr>
<td>Fulfillment</td>
<td>2.0091</td>
<td>0.54702</td>
<td>0.712</td>
</tr>
</tbody>
</table>

These six components would identify the sample as being aware of religious and spirituality issues, yet with the mean at 3.3182 and a high standard deviation of 1.14935. As will be explained later, the qualitative data revealed a significant divergence of perspectives – one that accepts religion, spirituality ‘i.e. religious spirituality’ the other rejecting these as relevant to ethics.

The analysis of the qualitative data revealed six themes. These themes were (1) compassion &/or support joined by flexibility (2) happiness and peacefulness, (3) harmony, (4) integrity, honesty and truth (5) optimism, and (6) personal responsibility, recognition and religion.

The participants considered that the demonstration of compassion that might be substituted by support at the office would create better environment, which might ultimately create optimism. This was followed by happiness and peacefulness, the presence of which, it was perceived, would bring positive atmosphere to co-workers, including the impact of individual’s positive influence on others, though in some cases, and specifically in the Public Sector where an attitude of ‘do not care’ is cultivated, highlighting the importance of such investigation as this one in the Public Sector. Add to all this the fact that staff would spend most of their time at work, thus happiness while conducting your work is of great importance.
‘I firmly believe that you lead by example and Integrity/Honesty and Compassion towards others are qualities that I value in myself and others.’ (OS_PS 1)

‘I prefer to work in an organization where decisions are transparent and can withstand public scrutiny. While I understand that decisions for the good of all are not always possible, a certain amount of compassion is desirable.’ (OS_PS 2)

Without integrity, honesty, support and compassion, trust and respect cannot be developed within the team or organization. This will create problems and conflicts at work as without all these attributes, there is no team work among colleagues and manager. You cannot expect work/tasks to be completed efficiently. (OS_PS 3)

As for harmony, the results suggest the importance of this virtue being present at the leadership level which will create pleasant environment at the office promoting teamwork and higher morale, thus allowing the respect amongst co-workers. In addition, integrity, honesty and truth were valid themes in that these virtues, and especially honesty, would transform the office environment into being more comfortable, acknowledging that honesty brings in respect, with integrity improving morale. While truth sometimes hurts, it is the leader who would be the role model, insisting on the need of transparency in decision making.

‘If a leader of people does not show integrity then the rest of the workforce will follow. Professional integrity is important to an organization as a whole. Support and compassion from leaders and workers creates a cohesive work place.’ (OS_PS 4)

‘I find it difficult to work with or for people I do not respect. / I do not respect people lacking in honesty, integrity, compassion and the willingness to support those with whom they work.’ (OS_PS 5)

Following from these comments, there were rather some pessimistic opinions when respondents were questioned about change and if individuals would change.

‘Not sure that people can change to a great extent although human nature normally allows people some compassion when it comes to seeing others suffering regardless of how self-centred they are. Selfish, negative and cautious people may take longer to develop positive traits however.’ (OS_PS 6)

The survey revealed perceptions that some individuals can only change if they are faced with a life changing event or a major event that takes place in their lives.

‘Majority of people will not change their attitudes or approach. Generally there is a trigger (such as a major event) which may instigate change.’ (OS_PS 7)

‘Although I agree with all of these statements, change is a very hard thing to do. / Most people become set in their ways and do not change without enough reason to do so. (life change, trauma etc)’ (OS_PS 8)

Further, the analysis also indicate that the participants are optimistic, and have the belief that the majority of people can change, yet this change is governed by issues such as the individual nature, the circumstances and situations influences on these individuals. Nonetheless, there will be those who would have some traits that are more flexible than others that might assist in the change.

‘Anyone can change.’ (OS_PS 9)

‘All things are possible with God :).’ (OS_PS 10)
‘I believe all but the selfish can change given time or depending on the circumstances, again this is due to personal experiences, I haven’t seen or met may Selfish people who have changed and become less selfish.’ (OS_PS 11)

Overall, personal responsibility, recognition and religion or rather ‘religious spirituality’ were featured too. While there was an indication that those surveyed would believe in the existence of a greater power than the human kind, yet they do not necessarily relate this greater power to any particular religion. Those surveyed expressed their worries and fear about overzealousness towards any specific religion, indicating that they would respect others’ religion, declaring that religion gives meaning to life, yet religion should not be considered as a prerequisite to morality. Some respondents however expressed doubt that spirituality and religion or ‘religious spirituality’, have no place when talking about ethics:

‘I have no set beliefs except to treat every one with respect; I disagree with teachings of organized religions and the divisions they create, but respect others who have such beliefs.’ (OS_PS 12)

As a secular individual I am not looking for a cosmic consciousness or deity to provide meaning to my life. This doesn’t rule out the possibility of design in the universe or a first cause or prime mover (just not an anthropomorphic god that shares qualities with humans). (OS_PS 13)

I thought ethics is secular!!! Faith should have little or no role to play in honesty and ethical decision-making. (OS_PS 14)

Some of these values that are represented in these themes, in their essence, actually relate to or are derived from spirituality that is identified with religion or religiosity. In the majority, spirituality was interchangeably identified with religion, thus applying the concept ‘religious spirituality’. This, in a way, echoes what Altman, Ozbilgin and Wilson (2008) whereas more and more people strive to find meaning, creativity and fulfilment in their work, spirituality in the workplace is becoming more openly recognised as an integral part of working life. These values resonate with being ethical, and in turn maintaining an ethical mindset that allows for the existence of ethical climate.

One of the general comments provided by the respondents would sum up the ideas coming through:

‘I believe to be successful and happy you need to be surrounded by people with similar work ethics including integrity, honesty and compassion resulting in a team orientated workplace which works in harmony and minimal conflict.’ (OS_PS 15)

**Limitations and Implications**

While the analysis is limited to the Australian context at one-point in time, the analysis raises some interesting theoretical questions worthy of further research. It is clear that the ethical climate of the Public Sector in Western Australia can be characterized as being a tapestry of different ethical perspectives. This highlights the importance of values to employees with great emphasis on the importance of setting the tone from the top, providing directions that ethical leadership might hold the key to determining an ethical climate.

The seminal work of Victor and Cullen (1988) on ethical work climate (ECW) had identified several dimensions of ethical climate that exist in organizations and organizational subunits, and since then has been investigated by several scholars. For example, Wimbush, Shepard and Markam (1997) examined ethical climate and ethical behaviour identifying five factors (1) caring, (2) laws and rules, (3) service, (4) independence, and, (5) instrumental. VanSandt, Shepard, and Zappe (2006) and based on his empirical results conclude with an evidence that ECW is a primary predictor of individual moral awareness, and that the influence of social factors often overrides the effects of individual differences in a work group setting. More recently, Weber and Gerde (2010) looked at the ethical work climate in military units, and came with five factors that were named (1) law and professional code, (2) company rules and procedures, (3) instrumental, (4) independence, and, (5) caring. It is not only the names are different but rather the dimensions under these factors seem to change depending on the industry investigated and examined. While the use of the ECW had generated slightly different factors when different organizations are examined, this online survey had generated six factors that might in a way be the source of these factors identified through the application of ECW. These factors were: (1) religious spirituality, (2) pursuit of truth, (3) self-efficacy, (4) balance harmony and integrity, (5) optimism, and, (6) fulfillment.
When compared to this seminal work and the literature on ethical climate, this research provides unique factors and extends present theoretical understandings. When combined with the work of Laratta (2011) and Venezia, Venezia and Hung (2010) the following theoretical framework is proposed that could form the basis of hypothesis testing and further development.

Figure 1 Proposed theoretical framework for the examination of ethical climate

Conclusion

The main aim of this paper was to assess the suitability of current understandings about ethical climate, for examining Public Sector organizations. While this research supports much of the previous findings, the results suggest that further development is required. The proposed set of relationships between variables is not definitive. There is still more research required to develop understandings with special attention to the limitations of accountability. It seems that the best way forward is the applications of mixed methods, particularly quantitatively-driven hypothesis testing with supplementary qualitative data collection and analysis.
References


