

# Ethical Culture: Defined and Measured

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# Ethical Systems Culture Measurement Working Group



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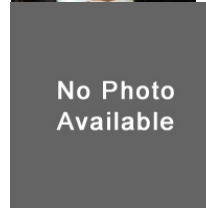
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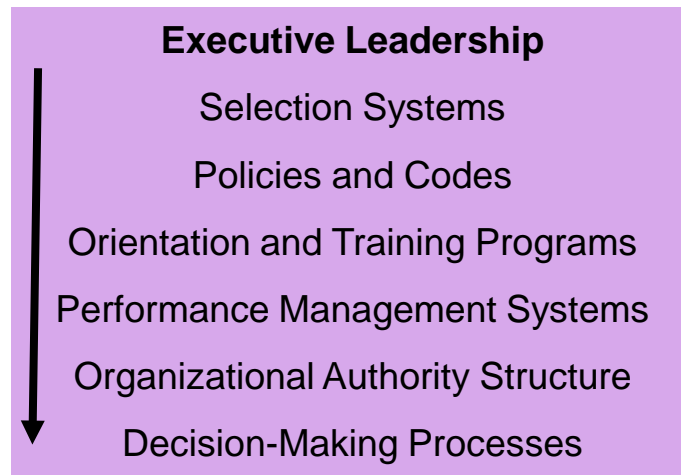
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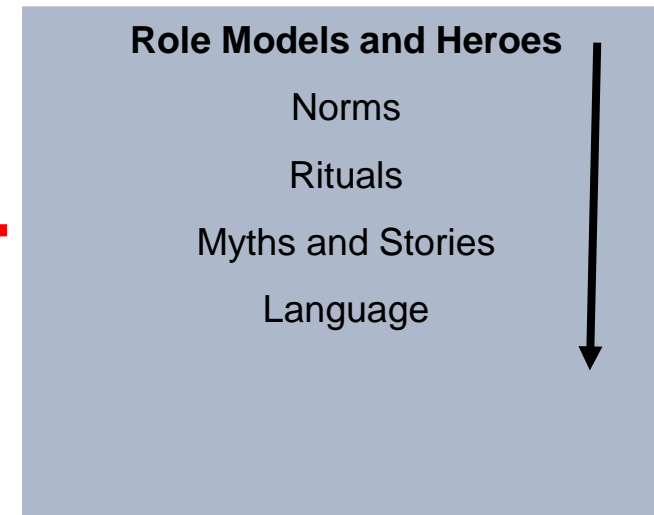
# What is ethical culture?



## Formal Systems



## Informal Systems



Ethical/  
Unethical  
Behavior

A yellow rectangular box containing the text "Ethical/Unethical Behavior". Red arrows point from the Formal and Informal Systems boxes towards this central box.

Alignment?

A red arrow points upwards from the word "Alignment?" to the central yellow box.

# How can culture be measured?

## Multiple ways:

- Ethical culture surveys (with open-ended opportunities)
- Focus groups
- Exit interviews
- Social media (e.g., Glassdoor)
- Data mining
- Implicit association tests

## Ethical Systems Culture Survey:

- Based upon survey measures previously validated in academic research

# What the Ethical Systems Survey Measures

## **“Formal” structural elements – Employee perceptions of:**

- ethics in recruitment
- ethics in performance evaluation
- organization’s response to misconduct
- applicability of training to my work
- organization’s efforts to detect misconduct
- applicability of the code of conduct in organizational life

# What the Ethical Systems Survey Measures

“Informal” elements – Employee Perceptions of:

- **Fairness**
- **Trust**
- **Ethical leadership**
- **Abusive supervision**
- **Ethics in decision making**
- **Efficacy**
- **Empathy**
- **Ethical awareness**
- **Ethical climate**
- **Pressure to compromise ethics**
- **Openness to discussing ethics**
- **Obedience to authority**
- **Consistency of behaviors**
- **Perception of ethics as part of rewards structures**

# What the Ethical Systems Survey Measures

## **Outcomes measured:**

- Observed unethical behavior (overall & specific)
- Belief that employees would report a violation
- Use of telephone line for help/reporting
- Better decision-making because of E&C activities
- Better problem solving because of ...

# Benefits of an Ethical Culture

Previous research says

- Having more formal program elements (e.g., code, training, hotline, etc.) is beneficial (NBES research)
- BUT, informal cultural elements are more important (e.g.,)
  - **“How we really do things around here”** – not just what we say, but what we do
  - **Ethical leadership, especially supervisory level (and not abusive supervision)**
  - **Performance management system**
  - **Fair treatment**
  - **Safety to speak up**
  - **Benevolent, not self-interested climate**



Pilot Test Results:

N = 165 employees, 34 managers/exec; Scale: 1= very low, 7 = very high;  
 Sorted by employee perception; No significant differences.

	<b>Employees</b>	<b>Managers/Executives</b>
Organizational Commitment	6.06	6.16
Trust	6.04	6.18
Ethical Awareness	5.95	5.69
Fairness	5.85	5.99
Supervisor Leadership	5.85	6.07
Executive Leadership	5.67	5.67
Empathy	5.40	5.34
Benevolent Ethical Climate	5.37	5.12
Ethical Decision Making	5.36	5.34
Speak-Up-Culture	4.96	5.02
<i>Self-Interested Ethical Climate</i>	<i>3.40</i>	<i>3.12</i>
<i>Abusive Supervisor Climate</i>	<i>1.59</i>	<i>1.37</i>
<i>Overall Misconduct</i>	<i>1.56</i>	<i>1.71</i>

	Predictor of Overall Misconduct?	# of Kinds of Misconduct Predicted
Fairness	Yes! ( B = -.315)	10 (Violations of organizational policies and codes; Giving gifts/favors for preferential treatment; Misuse of on-the-job time)
Benevolent Ethical Climate	Yes ( B = -.176)	8 (Concealing errors; Lying to customers; Divulging confidential information to an unauthorized person)
Supervisor Leadership	Yes ( B = .214)	6 (Unauthorized personal use of company materials or services; Padding an expense account )
Abusive Supervisor Climate	Yes ( B = .162)	5 (Lying to supervisors; Claiming credit for someone else's work)

# Conclusions:

- 1) Fairness matters, a lot.
- 2) Other things do too – we need to measure multiple constructs  
(benevolent ethical climate, supervisor leadership, abusive supervisor)
- 3) Employee perceptions matter – and can be easily assessed
- 4) In this sample, they pretty closely matched management perceptions

# Take the Survey in Your Company

**New York University**

**Ethical Systems Inc.**

Welcome to the Ethical Systems Culture Survey. The survey is a product of an ongoing collaboration between Ethical Systems, a non-profit formed by academic researchers across 12 business schools, and New York University's Stern School of Business. Our goal is to create a free and reliable survey and make it available to any company or organization looking to assess and improve its culture. On the following pages you'll find 77 questions about how you perceive the culture and climate at your company. We seek, and value, your complete honesty. To protect your confidentiality:

- We will never collect your name, social security number, employee number, etc.
- All data is stored on our servers and will not be accessible to anyone at your company.

We will share with your company only aggregated survey responses, and nothing that could be used to identify individual responses:

- The survey should take no longer than 10 to 15 minutes to complete.
- Your participation is completely optional and voluntary.
- There is no penalty for skipping questions, or for skipping the entire survey.
- Nobody at your company will know whether you have participated or not.

This study has been reviewed by the New York University Institutional Review Board for the Social and Behavioral Sciences.

**Please review the consent form in the box below and, if you agree to participate click the I Agree button below to begin.**

**Contact Ethical  
Systems staff to  
begin the process**

## Object Points Common Space

