ETHICALSYSTEMS.ORG
Business Integrity Through Research

Corporate Culture Report For

Piggy Bank Savings

Executive Summary

Total Survey Responses: 108

Staff Levels: 29 coordinators, 38 executives, 22 directors, 14 managers, and 3 members of the executive team.

Functional Areas: 28 Division A; 27 Division B; 16 Division C; 25 other areas (design, finance, human resources, operations, portfolio, solutions design, talent management); and 9 prefer not to say. There were 3 employees who did not offer a response.

Offices: COUNTRY 1 office: 57; COUNTRY 1 remote: 3; COUNTRY 2 office: 31; COUNTRY 2 remote: 14; Other: 3

Overall, the survey responses suggest that Piggy Bank Savings has a healthy ethical culture. On all of the positive traits we measured, the means were high. On the negative traits, the means were low with one exception: self-interested ethical climate. Crucially, the means were low when employees were asked about the frequency of improper or unethical behavior, and there were no statistically significant group differences across seniority levels in the company.

When measuring positive traits among employees we found the highest levels of agreement on these items: 1) that supervisory leadership within the company is strong; and 2) that there are high levels of empathy among employees.

When measuring negative constructs of an ethical culture relating to perceptions of unethical behavior (where we hope to see low values), the survey results showed the highest level of agreement on items that assessed a self-interested ethical climate, with the mean across all respondents of 3.78 (close to 4, the midpoint, indicating that employees neither agree nor disagree that the company has a self-interested ethical climate).

We also found some noteworthy differences in means on some of the culture constructs when comparing employees by division and by office location – notably that employees in the COUNTRY 1 (compared to the COUNTRY 2 office) perceive a less ethical culture, and that the employees in Division A and Division B in COUNTRY 1 in particular had more negative perceptions of the culture of ethics at the firm.

Despite these differences in perception based on some divisions and office locations, the general pattern of results indicates an ethical culture at Piggy Bank Savings.

Full Analysis

1. *Components of an ethical culture*

Organizational culture, defined as the shared values, beliefs, and assumptions that energize and motivate employees, exerts a strong influence on organizational outcomes. One important component of organizational culture is ethical culture, which can be viewed as emerging from the interplay between formal (e.g., codes of ethics, training efforts) and informal (e.g., peer behavior, norms concerning ethics) systems that can foster or impede ethical behavior among employees.[1]

A culture that supports ethical and trustworthy behavior enhances a variety of employee and organizational outcomes. Empirical studies have shown that ethical culture enhances job satisfaction and organizational commitment, and that it decreases employee turnover intentions.[2]

The goal of the Ethical Systems Culture Survey is to help executives and managers understand employee perceptions of the firm's culture on a variety of dimensions that researchers believe are the most important ones to study. Appendix 1 provides a list all questions we asked employees at Piggy Bank Savings, grouped by component. The table below provides definitions for each component of an ethical culture, providing context for the research rationale:

Positive Components of an Ethical Culture	
1. Organizational Commitment	The strength of an individual's identification with and involvement in a particular organization, including their likelihood to remain working for that organization (Porter et al., 1974)
2. Speak-up Culture	Whether employees feel empowered to share their ideas, opinions, and concerns (Morrison & Milliken, 2003)
3. Ethical leadership (Supervisor & Executive)	The demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making (e.g., Brown, Treviño, & Harrison, 2005)
4. Trust in the company	Willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trust or, irrespective of the ability to monitor or control that other part (e.g., Mayer, Davis, & Schoorman, 1995)
5. Empathy	Being able to understand what others feel, be it an emotion or a sensory

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[1] Chatman & Cha, 2003; Schein, 1992; Mulki et al. 2008; Trevino et al., 1998

[2] Pettijohn et al. 2008; Valentine et al. 2011; Hunt et al. 1989; Sharma et al. 2009; Valentine et al. 2002

	state (Singer et al., 2010)
6. Benevolent Ethical climate	The reasoning process by which ethical decisions are made and the focus of the ethical reasoning that identifies the scope of ethical issues under consideration (Victor & Cullen, 1988)
7. Efficacy	The capacity for producing a desired result or effect (e.g., Schwartz, 1973)
8. Ethical decision making	The process of evaluating and choosing among alternatives in a manner consistent with ethical principles (e.g., Bazerman & Moore, 2012)
9. Ethical awareness	The willingness and ability to identify ethical contexts and dilemmas; critically examine, assess, and/or change one's own ethical values; and examine the implications of one's own behavior for the lives of others (Williams Institute for Ethics & Management, 2008)
10. Fairness	Whether resources are allocated fairly, decisions are made in fair ways, and employees are treated fairly in the organization (e.g, Folger & Konovsky, 1989)
Negative Components of an Ethical Culture	
1. Abusive supervisor climate	The extent to which their supervisors engage in the sustained display of hostile verbal and nonverbal behaviors, excluding physical contact. (Tepper, 2000: 178)
2. Self-interested ethical climate	The prevailing perceptions of self-interested organizational practices and procedures that have ethical content
3. Observed misconduct*	The survey question asked "over the past year, how often have you observed violations of organizational policies and codes?"
4. Overall misconduct*	Respondents are asked to rate the frequency with which they observed specific types of misbehaviors in the workplace (Appendix 1 lists all the misbehavior types we surveyed). Figures 1, 2 and 3 provide a *composite* score mean for all the misconduct types.

All responses were made on a scale from 1 to 7:
    1=Strongly Disagree;
    2=Disagree;
    3=Slightly Disagree;
    4=Neither Agree nor Disagree;
    5=Slightly Agree;
    6=Agree;
    7=Strongly Agree

*The misconduct questions ask about *frequency* of observed misconduct on a scale from 1 to 7:
    1=Never;
    2=Very Rarely;
    3=Rarely;
    4=Occasionally;
    5=A Moderate Amount;
    6=Frequently;
    7=Very Frequently

Our analyses of the data revealed that the overall mean for the negative culture components was low (2.36) and the overall mean for the positive culture components was relatively high (5.05), suggesting that **a strong ethical culture exists at Piggy Bank Savings**. As demonstrated by Figure 1 below, **the surveyed means for all the positive components of an ethical culture are all high (above 4, the midpoint), indicating that a strong ethical culture exists at Piggy Bank Savings.** The lowest mean among the positive culture components was for Ethical Decision Making (4.12), and Executive Leadership (4.33). These means are close to the scale's midpoint of 4.00 and thus indicate that employees tended to "neither agree nor disagree" with the questions asked. With the exception of Ethical Awareness (mean = 4.65), the means for the remaining positive culture components all exceeded 5.00 indicating employees tended to agree with the questions asked.

On the negative culture components (the four components at the left of Figure 1) we hope to see low values because the questions ask for employee perceptions of behaviors generally considered to be unethical (e.g., self-interested behaviors and observations of misconduct). Figure 1 demonstrates that **the surveyed means for the negative components of an ethical culture are low (below 4, the midpoint), reinforcing the conclusion that a strong ethical culture exists at Piggy Bank Savings.**

Of the four negative constructs indicated in Figure 1, the mean for Self-Interested Ethical Climate (3.78) was the highest and may be an area for additional analysis. While the mean of 3.78 is still below the scale midpoint of 4.00, we further explore the data relating to Piggy Bank Savings' Self-Interested Ethical Climate in our narrative in sections 3 and 4 below.

Figure 1
Culture Constructs: Overall Means
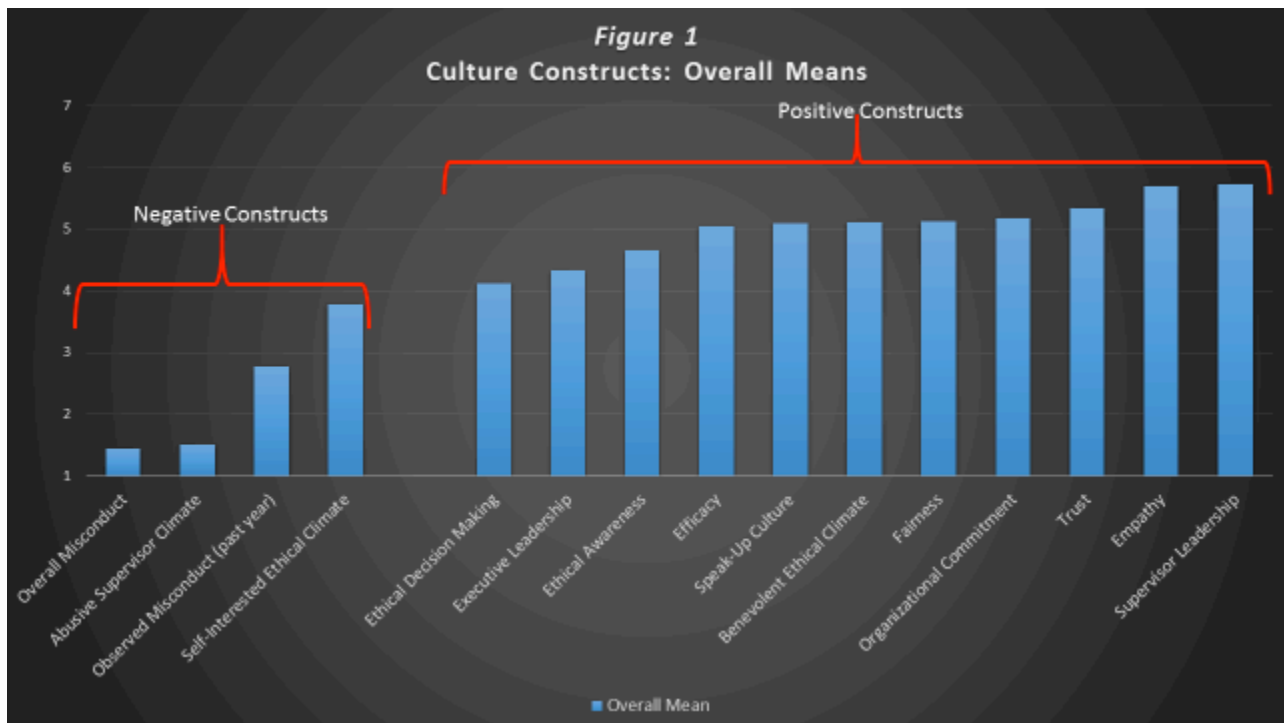
2. Perceptions of ethical culture *by company status (seniority)*

Status, (respect, admiration, and esteem in the eyes of others) and power (asymmetric control over valued resources in social relationships) have important organizational implications.[3] When not managed well, they breed resentment and unethical behavior.

Both power and status can create formal (e.g. job titles) and informal hierarchies (e.g., status) in the workplace. An employee's experience of status can facilitate pro-social behaviors, including helping, cooperation, giving advice, and interpersonal justice. The experience of power (rather than status) tends to be associated with more negative ethical outcomes; "all power corrupts," said Lord Acton. That may be an exaggeration, but power can liberate action, enabling power holders to act on their own goals and interests.[4] In such cases, we would expect to find big discrepancies in perceptions of ethical culture when we contrast those high and low in power.

To analyze this dynamic at Piggy Bank Savings, we asked survey respondents to indicate whether they are a "coordinator", "executive", "director", "manager", or a member of the "executive team". The following is the breakdown by seniority of the total of 108 respondents: 29 coordinators, 38 executives, 22 directors, 14 managers, 3 members of the executive team, and 2 who did not indicate their seniority. Because there are 4 members of the executive team and we were able to sample 3 of them, we analyzed them as their own category because we had a 75% response rate. Thus, unless otherwise noted, the 3 members of the executive team and the 14 managers were analyzed as separate categories.

Figure 2 presents the overall mean for the 10 positive culture components (grouped together) and the overall mean for the 4 negative culture components (also grouped together) by seniority. A one-way ANOVA revealed no significant effect of job status, confirming what is visible to the naked eye: The higher ranking members of the firm are not reporting a rosier view, overall, than are the lower ranking members.

The absence of statistically significant group differences across seniority levels in the company, as indicated by Figure 2, further suggests **a strong ethical culture exists at Piggy Bank Savings.** When considered by seniority, the means for the negative culture constructs was fairly low, ranging from 2.01 (directors) to 2.48 (coordinators). In contrast, the overall mean for the positive culture constructs was fairly high, ranging from 4.86 (executives), to 5.58 (executive team).

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[3] Magee & Galinsky, 2008

[4] Fiske, 2010; Blader & Chen, 2012; Cheng, Tracy, Henrich, 2010; Willer, 2009; Hirsh, Galinsky, & Zhong, 2011; Keltner, Gruenfeld, & Anderson, 2003

Figure 2
Culture Constructs by Seniority

Executive Team (N = 3) Manager (Ns = 11 to 14) Director (Ns = 18 to 21) Executive (Ns = 32 to 38) Coordinator (Ns = 25 to 29)
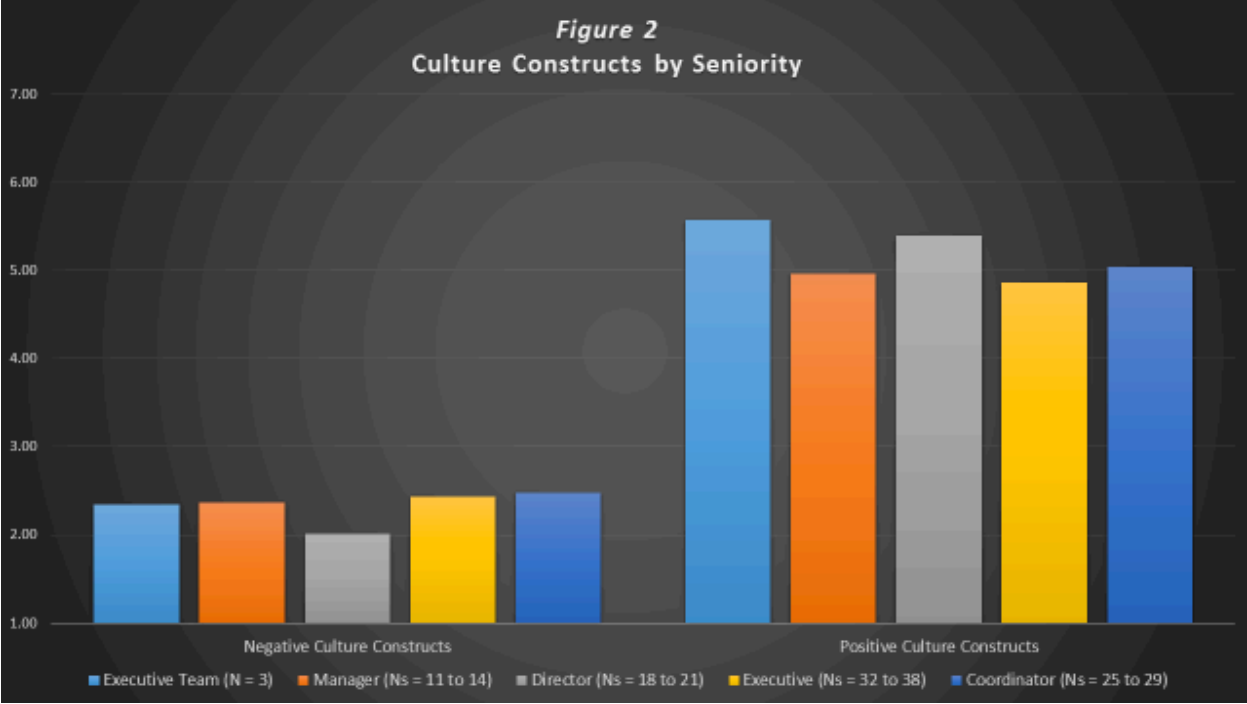
Figure 3 presents the means for each culture construct by company seniority. While the overall pattern is consistent with the suggestion that a strong ethical culture exists at Piggy Bank Savings, as we dig deeper, we do find some small differences that may be worth noting. First, for many of the positive culture constructs, the means for responses provided by the executive team are higher, suggesting that on some constructs they may possess a rosier perception of Piggy Bank Savings' ethical culture than what is perceived by other employees. Indeed, for 7 of the 11 positive culture constructs, the members of the executive team reported the highest mean among all employees. Of the remaining four positive culture constructs, the members of the executive team had the second highest mean for three of them.

Figure 3
Means by Seniority
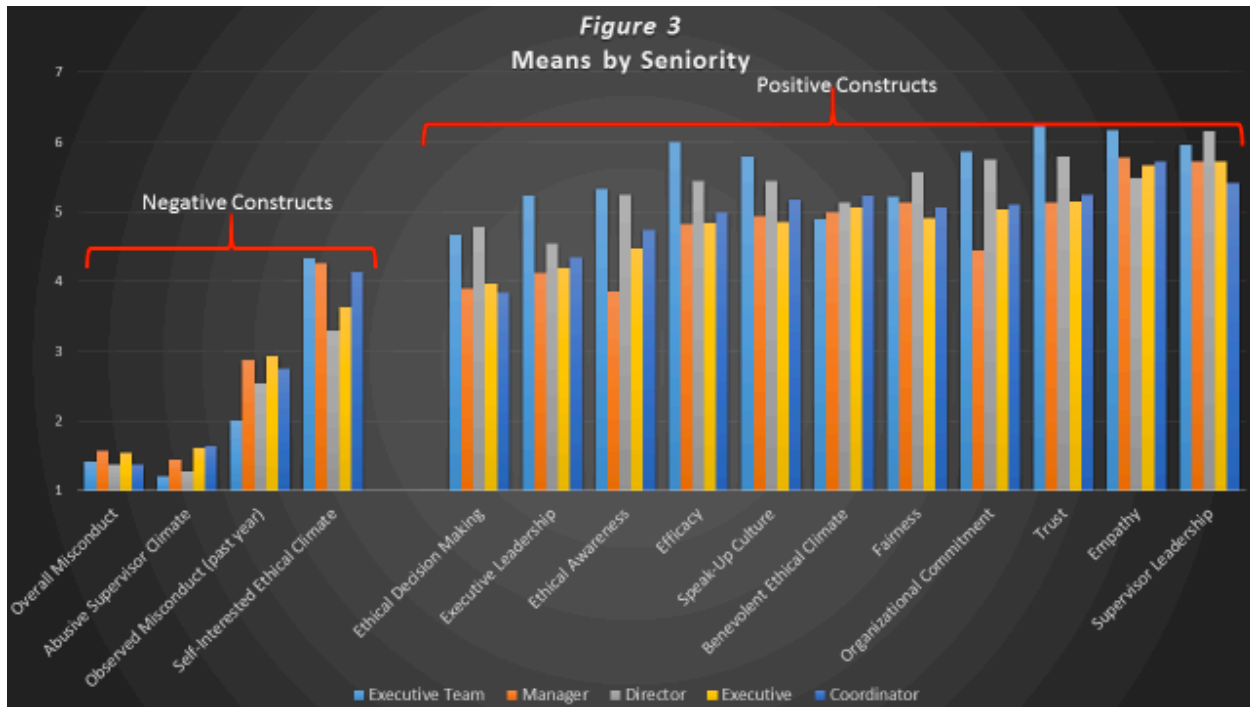
Research has shown that positions of power can narrow a leader's focus toward pursuit of self-oriented goals.[5] Powerful individuals also tend to see more simplified and abstract pictures of subordinates.[6] This can lead powerful individuals to treat others as means to an end, with less consideration of subordinates' thoughts and perspectives.[7] Studies have shown that leaders tend to use their power in more generous and beneficent ways when they think of themselves as interdependent members of a team, as opposed to independent agents of change.[8]

The survey also asked respondents to indicate their observations of misconduct both as a general matter (defined as "observed misconduct"), and also in response to a specific list of types of misconduct they may have observed at the firm ("overall misconduct"). Figure 4 provides the list of misbehavior types in connection with "overall misconduct" and the mean frequency of respondent's observations of each item. As can be seen in Figure 4, the mean frequency of observed misconduct is very low, with only one type of misconduct exceeding 2.00 (misuse of on-the-job time, 2.24). As a reminder, the low endpoint of the scale, 1, means "never", and 2

[5] Guinote, A. (2007). Power and goal pursuit. *Personality and Social Psychology Bulletin*.

[6] Magee, J. C., Milliken, F. J., & Lurie, A. R. (2010). Power differences in the construal of a crisis: The immediate aftermath of September 11, 2001. *Personality and Social Psychology Bulletin*, *36*(3), 354-370.
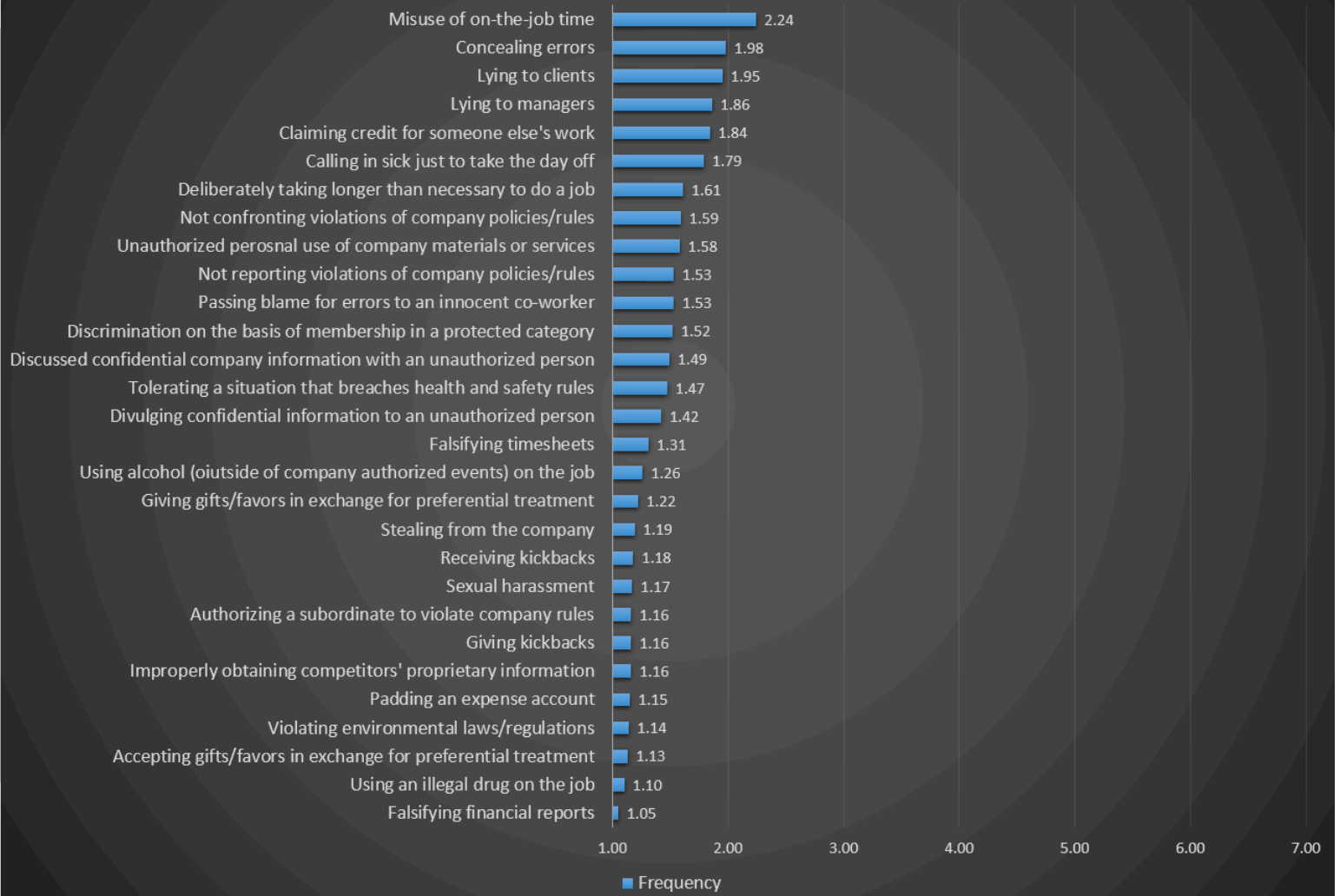
[7] Gruenfeld, D. H., Inesi, M. E., Magee, J. C., & Galinsky, A. D. (2008). Power and the objectification of social targets. *Journal of personality and social psychology*, *95*(1), 111.

[8] Howard, E. S., Gardner, W. L., & Thompson, L. (2007). The role of the self-concept and the social context in determining the behavior of power holders: self-construal in intergroup versus dyadic dispute resolution negotiations. *Journal of Personality and Social Psychology*, *93*(4), 614.

means "very rarely." Appendix 2 presents the mean frequency of observation for each kind of misconduct by level of seniority within the company. As can be seen in Appendix 2, **employees, irrespective of seniority level, typically agreed that the frequency of observed misconduct is low.**
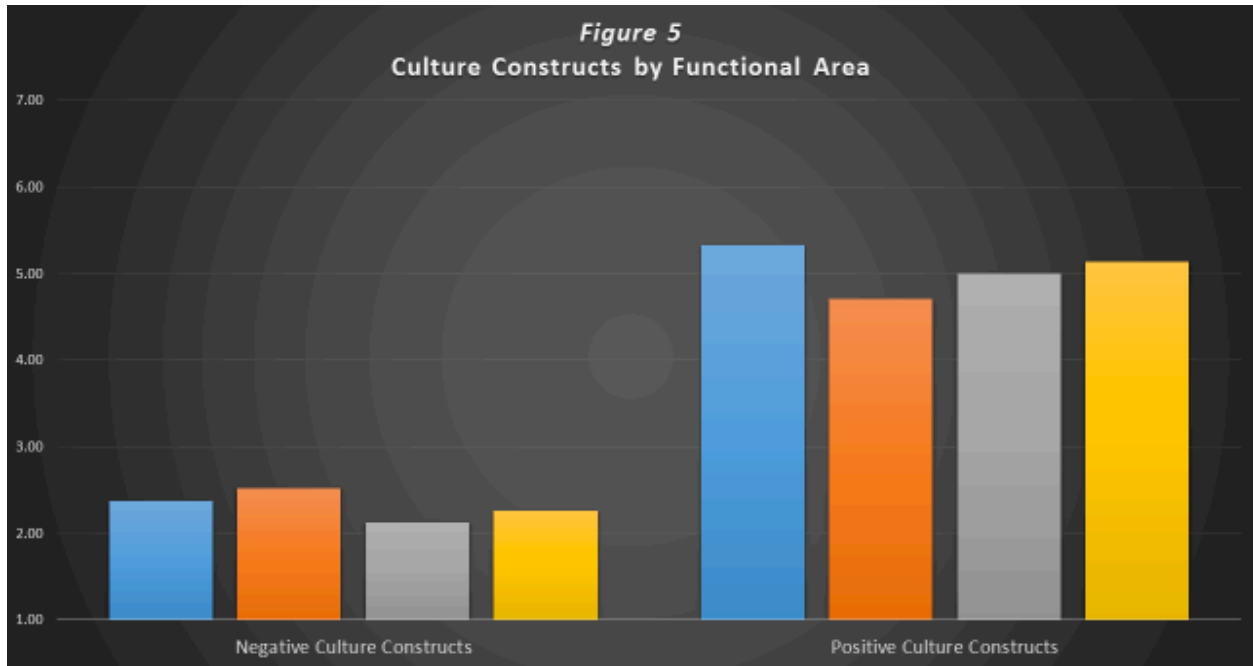
Figure 4
Mean Frequency of Observed Misconduct

Misconduct	Frequency
Misuse of on-the-job time	2.24
Concealing errors	1.98
Lying to clients	1.95
Lying to managers	1.86
Claiming credit for someone else's work	1.84
Calling in sick just to take the day off	1.79
Deliberately taking longer than necessary to do a job	1.61
Not confronting violations of company policies/rules	1.59
Unauthorized perosnal use of company materials or services	1.58
Not reporting violations of company policies/rules	1.53
Passing blame for errors to an innocent co-worker	1.53
Discrimination on the basis of membership in a protected category	1.52
Discussed confidential company information with an unauthorized person	1.49
Tolerating a situation that breaches health and safety rules	1.47
Divulging confidential information to an unauthorized person	1.42
Falsifying timesheets	1.31
Using alcohol (oiutside of company authorized events) on the job	1.26
Giving gifts/favors in exchange for preferential treatment	1.22
Stealing from the company	1.19
Receiving kickbacks	1.18
Sexual harassment	1.17
Authorizing a subordinate to violate company rules	1.16
Giving kickbacks	1.16
Improperly obtaining competitors' proprietary information	1.16
Padding an expense account	1.15
Violating environmental laws/regulations	1.14
Accepting gifts/favors in exchange for preferential treatment	1.13
Using an illegal drug on the job	1.10
Falsifying financial reports	1.05

■ Frequency

### 3. *Perceptions of Ethical Culture by Functional Area*

We conducted additional analysis on variations in perceptions of ethical culture across the firm's functional areas. Of the 108 respondents, 28 are employed in Division A, 27 in Division B, and 16 in Division C. The remaining respondents are employed in functional areas that all had fewer than 5 respondents (design, finance, human resources, operations, portfolio,

solutions design, talent management). Therefore, given the low numbers in those functions, we grouped those together into the category of "Other Areas."

Figure 5
Culture Constructs by Functional Area

Division 1 (Ns = 23 to 27): Blue / Division 2 (Ns = 23 to 27): Orange /
Division C (Ns = 15 to 16): Gray / Other Areas (Ns = 21 to 25): Yellow

Figure 5 presents the overall mean for the 10 positive culture components (grouped together) and the overall mean for the 4 negative culture components (also grouped together) by functional area (i.e., Division). Figure 5 provides further evidence that **a healthy ethical culture exists at Piggy Bank Savings.** When considered by functional area the overall mean for the negative culture constructs was low, ranging from 2.13 (Division C) to 2.52 (Division B). In contrast, the overall mean for the positive culture constructs was fairly high, ranging from 4.71 (Division B) to 5.33 (Division A).

Figure 6
Culture Construct Means by Functional Area
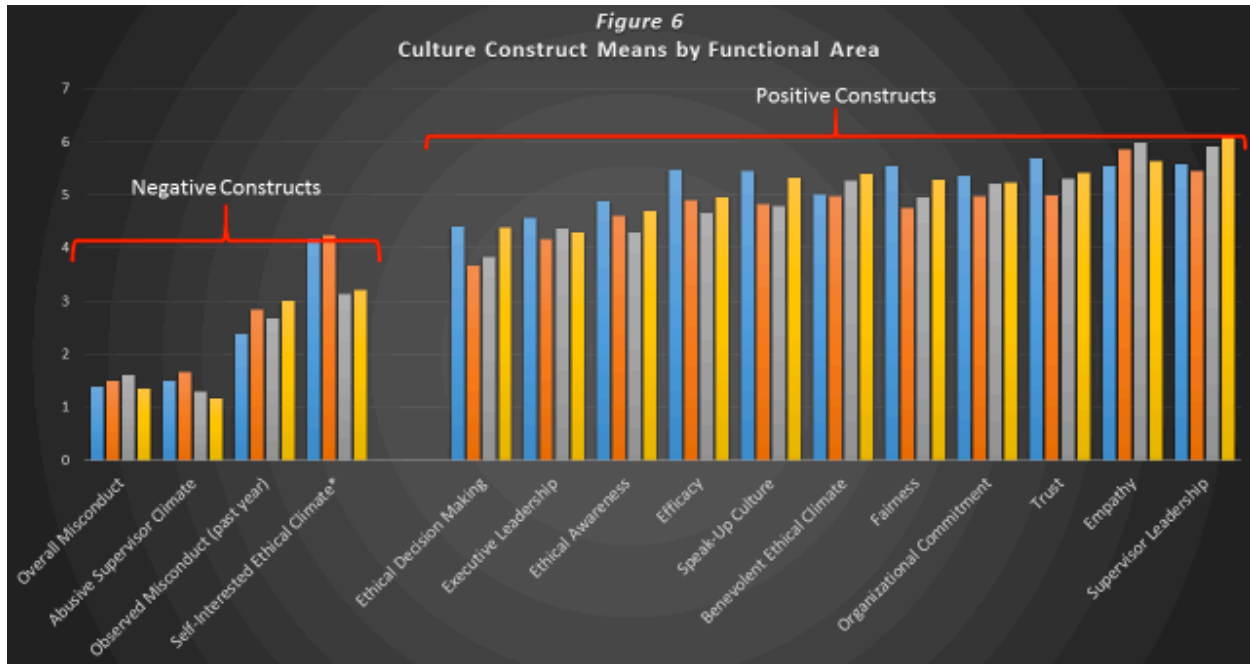
Division A (Ns = 23 to 27): Blue / Division B (Ns = 23 to 27): Orange /
Division C (Ns = 15 to 16): Gray / Other Areas (Ns = 21 to 25): Yellow

Figure 6 presents the means for each culture component by functional area. While the overall pattern is consistent with the conclusion that a strong ethical culture exists at Piggy Bank Savings, the findings on Self-Interested Ethical Climate should be noted. Figure 6 demonstrates that the means for both Division A (4.18) and Division B (4.24) on Self-Interested Ethical Climate are considerably higher than the means for Division C (3.13) and the remaining other areas (3.20). A one-way ANOVA revealed that these mean differences were statistically significant.

This finding **merely tells us that the subcultures within these two areas are perceived to be different; it does not necessarily indicate a problem – especially since there is no difference in observed misconduct.** Areas for further consideration could include reward structures that are based on individual sales performance or competitive sales comparisons, which can create competitive environments that promote self-interest.[9] Balancing the pros and cons of such a structure is important. For example, more competitive structures can increase

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[9] Caballero, M. J. (1988). Selling & Sales Management in Action: A COMPARATIVE STUDY OF INCENTIVES IN A SALES FORCE CONTEST. *Journal of Personal Selling & Sales Management*, *8*(1), 55-58.; Kerr, S. (1975). On the folly of rewarding A, while hoping for B. *Academy of Management journal*, *18*(4), 769-78

team speed and ambition, while more cooperative structures can increase team accuracy and creativity.[10]

Appendix 3 presents the mean frequency of observation for each kind of misconduct by each division within the company. As can be seen in that appendix, **employees, regardless of functional area, generally agreed that the frequency of observed misconduct is low.** Nevertheless, there were a few statistically significant differences by functional area in the kinds of misconduct frequently observed, as indicated in Table 1. It is important to note that in all of these cases the mean frequency of observed misconduct was below 3.00, indicating it was *rarely observed*:

Table 1:

Observed Misconduct	Perceived Difference by Functional Area
Falsifying timesheets	● Division B > Division A ● Division B > Other Areas
Lying to clients	● Division B > Other Areas
Concealing errors	● Division C > Other Areas

4. *Perceptions of Ethical Culture <u>by Office Location</u>*

We also analyzed whether there is a difference in the perception of Piggy Bank Savings' ethical culture between employees in COUNTRY 1 and employees in COUNTRY 2. Of the 108 total respondents 60 indicated they work in COUNTRY 1 (57 in the office, and 3 remotely) and 45 in COUNTRY 2 (31 in the office, and 14 remotely). Three of the respondents did not indicate their location.

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[10] Beersma, B., Hollenbeck, J. R., Humphrey, S. E., Moon, H., Conlon, D. E., & Ilgen, D. R. (2003). Cooperation, competition, and team performance: Toward a contingency approach. *Academy of Management Journal*, *46*(5), 572-590

Figure 7
Positive and Negative Culture Constructs by Location
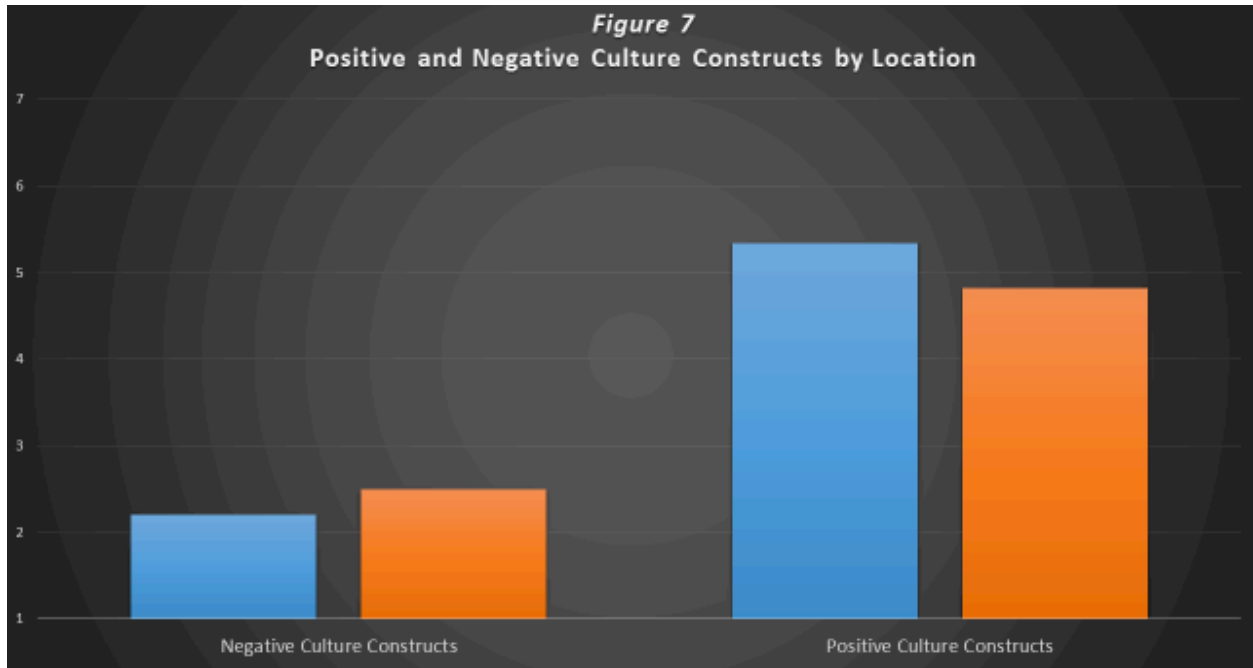
COUNTRY 2: Blue (N's = 40 to 45) / COUNTRY 1: Orange (N's = 49-59)

Figure 7 presents the overall mean for the ten positive culture components (grouped together) and the overall mean for the four negative culture components (also grouped together) by office location. The means provide further evidence that a healthy ethical culture exists at Piggy Bank Savings. As the data in Figure 7 indicates, employees in COUNTRY 2, whose mean for the positive constructs is 5.38, report a more positive view of the firm's culture than employees in COUNTRY 1, whose mean for the positive constructs is 4.82. Likewise, employees in COUNTRY 2 tend to report a better (lower number) perspective of ethical culture (mean of 2.21) for the negative constructs, compared employees in COUNTRY 1 who responses indicate a mean of 2.50 for the negative constructs.

Figure 8
Culture Constructs Means by Office Location
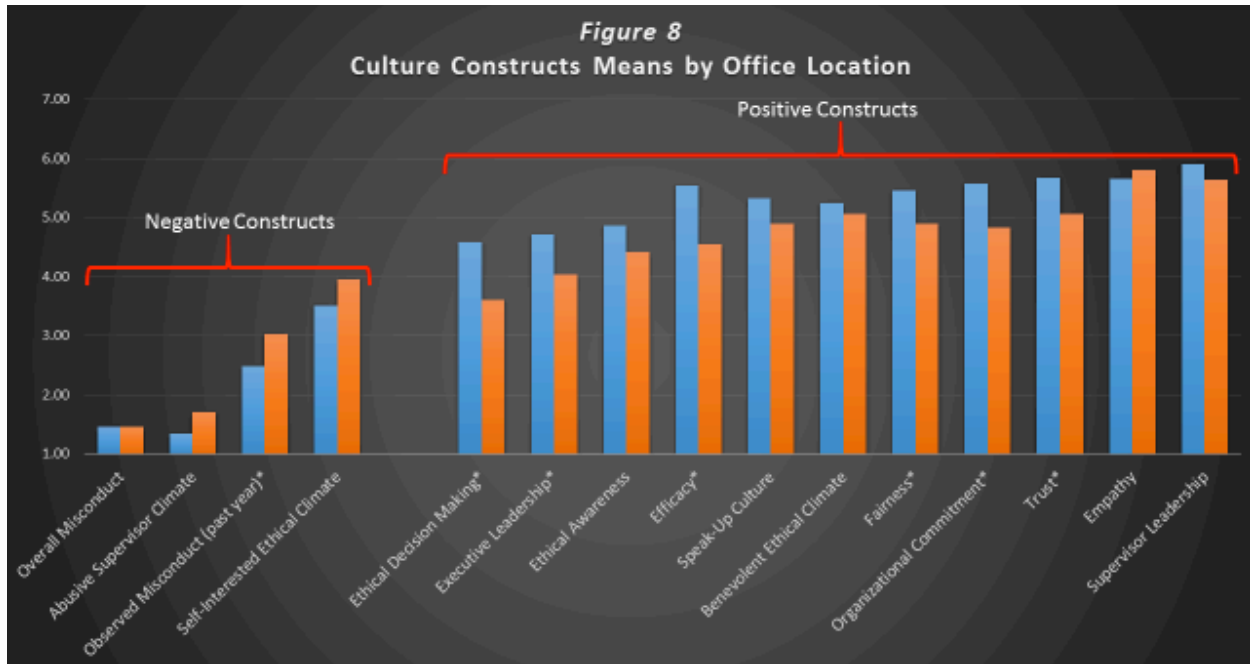
COUNTRY 2 Offices: Blue / COUNTRY 1 Offices: Orange

Figure 8 demonstrates further that there are consistent differences in perceptions of culture between employees in COUNTRY 2 and employees in COUNTRY 1. **Crucially, employees in COUNTRY 2 reported higher mean levels for 10 of the 11 positive culture constructs, as indicated in blue on the right side of Figure 9.** For the eleventh positive construct, Empathy, the mean for employees in COUNTRY 2 was below that of COUNTRY 1 (COUNTRY 2=5.66, COUNTRY 1=5.80). **COUNTRY 2 employees also reported lower means for 3 of the 4 negative culture constructs, as indicated in blue on the left side of Figure 8.** For the fourth negative construct, overall misconduct, the means in COUNTRY 2 and COUNTRY 1 were practically the same (COUNTRY 2=1.46; COUNTRY 1=1.45). The following is a list of those culture components that had statistically significant differences based on office location:

- Trust
- Organizational Commitment
- Fairness
- Efficacy
- Executive Leadership
- Ethical Decision Making
- Observed Misconduct

Appendix 3 presents the mean frequency of observation for each kind of misconduct by office location. As can be seen, **employees, regardless of office location, typically agreed that the frequency of observed misconduct is low.** In all of these cases the mean frequency of observed misconduct was below 3.00, indicating it was *rarely observed*.

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*4a. Perceptions of Ethical Culture <u>by Office Location and Functional Area</u>*

<u>**Division A**</u>

Due to the consistent pattern of differences in perceptions of ethical culture between offices in COUNTRY 2 and offices in COUNTRY 1, we conducted further detailed analyses of results by office location and functional area. Specifically, we investigated how office location and functional area impacted employee perceptions of ethical culture. In one function, in Division A, the differences were significant, as represented in Figure 9, which presents the means within Division A by office location.

As can be seen in Figure 9, **Division A in COUNTRY 2, compared to Division A in COUNTRY 1 reported higher means for all of the positive culture constructs *and* lower means for all of the negative culture constructs.** The following list of differences were statistically significant, whereby the COUNTRY 2 employees expressed a stronger level of agreement with the existence of the following culture components at the firm:

- Trust
- Organizational Commitment
- Fairness
- Efficacy
- Executive Leadership
- Ethical Decision Making
- Self-Interested Ethical Climate
- Abusive Supervisor Climate

Figure 9
Division
A
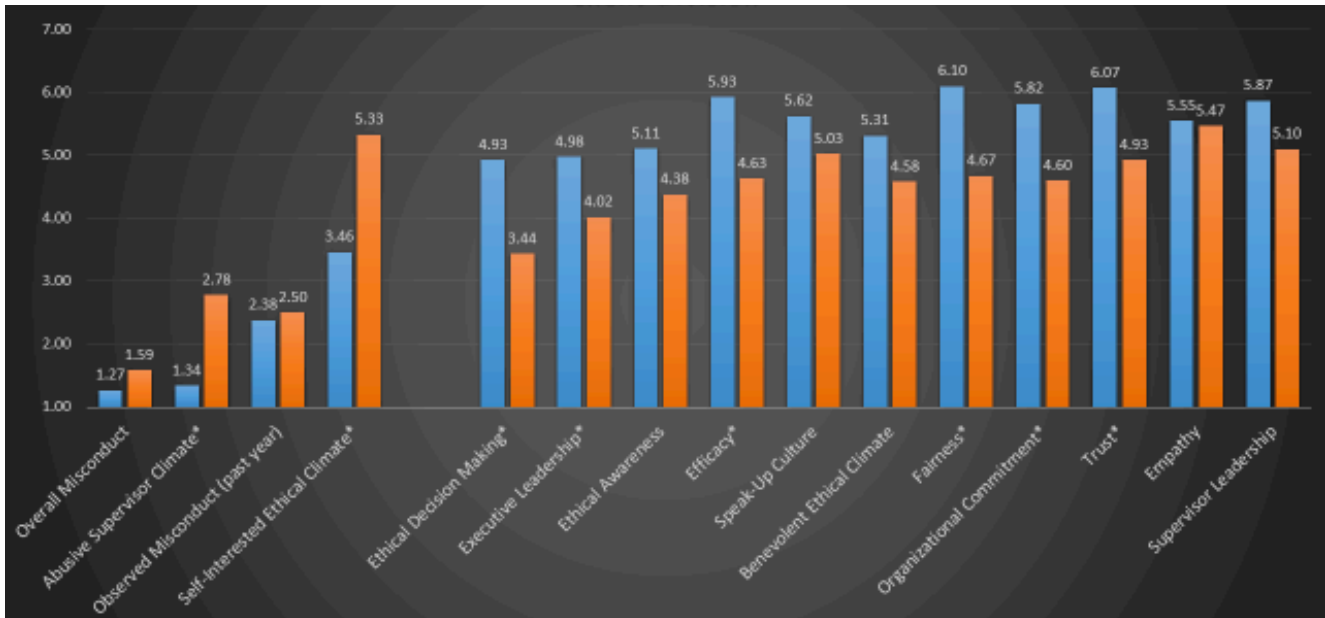
COUNTRY 2: Blue / COUNTRY 1: Orange

In some cases, these differences were pronounced. For instance, the mean for Self-Interested Ethical Climate in Division A in COUNTRY 2 was 3.46 while the mean for the same function in COUNTRY 1 was 5.33, a score well above the scale midpoint of 4.00. **This suggests that Division A in COUNTRY 1 may be developing, or already possesses, a climate characterized more by self-interest than is found elsewhere at Piggy Bank Savings.** Structural differences between the divisions in COUNTRY 2 and COUNTRY 1 could be areas for further consideration -- for example, the fact that a majority of the employees in Division A in COUNTRY 2 work remotely, and that Division A in COUNTRY 1 spends much of their time pitching new clients could be two aspects of the structure of work environments that impact employees' perceptions of ethics, and are potential areas for further exploration.

Whether or not the perception of a self-interested ethical culture within Division A in COUNTRY 1 has also impacted other aspects of Piggy Bank Savings ethical culture in COUNTRY 1 is not revealed by the data. It is, however, interesting to note that levels of Ethical Decision Making (3.44) and Executive Leadership (4.02) are somewhat low in COUNTRY 1, compared to COUNTRY 2, and in the case of Ethical Decision Making, below the midpoint of the scale. Additionally, in comparison, Division A in COUNTRY 2 has significantly higher levels of **perceived Fairness, Trust,** and **Organizational Commitment**.

We also note that the mean for Abusive Supervisor Climate within Division A in COUNTRY 1 (2.78) is considerably higher than the mean within Division A in COUNTRY 2

(1.34), although both numbers are still quite low. Research defines abusive supervisory behavior as the extent to which employees view their supervisors engaging in the sustained display of hostile verbal and nonverbal behaviors, *excluding* physical contact.[11] Some typical abusive behaviors include: ridiculing subordinates, giving subordinates "the silent treatment," and making negative comments about the subordinates to others (see Appendix 1). Such behavior can have serious implications for an organization and its employees. For instance, researchers have found that abusive supervisory behavior is associated with lower job satisfaction, lower organizational commitment, lower organizational citizenship behavior, higher interpersonal conflict, and greater psychological distress. [12]

While the considerable difference in Abusive Supervisor Climate in Division A between COUNTRY 2 and COUNTRY 1 suggests a potential issue with one or more supervisors in that division in COUNTRY 1, it is important to note that the mean of 2.78 is still well below the scale's midpoint of 4.00. Thus, while the difference in means for Abusive Supervisor Climate for Division A across offices is notable, it is of secondary concern in comparison to the high mean reported for Self-Interested Ethical Climate (5.33) within Division A in COUNTRY 1.

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[11] Tepper, 2000

[12] Bies & Tripp, 1998; Ashforth, 1997; Tepper, 2000; Zellars, Tepper, & Duffy, 2002; Duffy et al., 2002; Zellars, Tepper, & Duffy, 2002

Figure 10
Division A: Frequency of Observed Misconduct
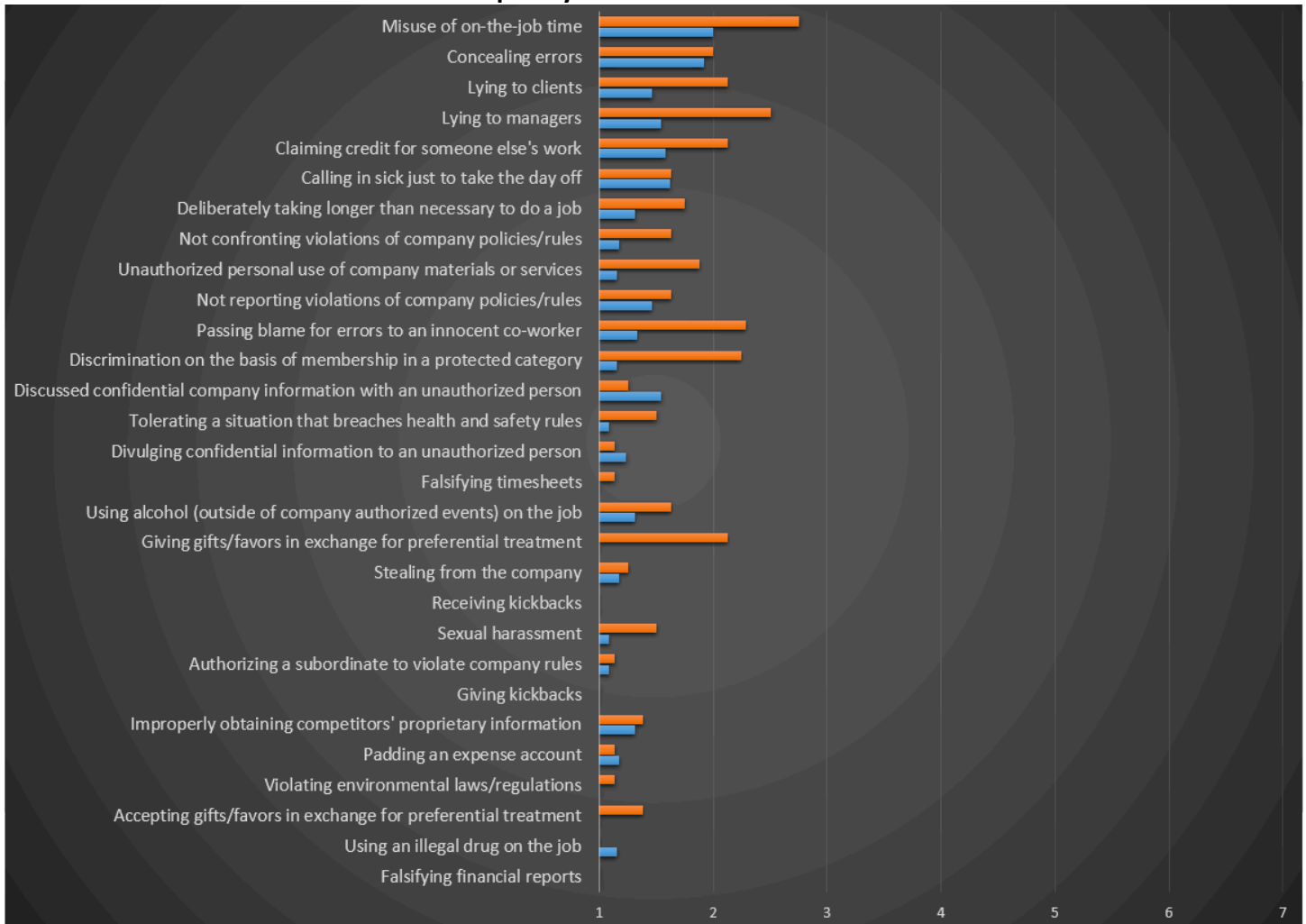
COUNTRY 2: Blue / COUNTRY 1: Orange

Figure 10 presents the mean frequency of observation for each kind of misconduct within Division A by office location. As can be seen, **employees of Division A in the COUNTRY 1 tended to report more observed misconduct.** In particular, when compared to Division A in COUNTRY 2, the reported misconduct *within Division A in COUNTRY 1* was considerably higher for:

- Misuse of on-the-job time
- Lying to Division As
- Lying to managers
- Claiming credit for someone else's work

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- Not confronting violations of company policies/rules
- Passing blame for errors to an innocent co-worker
- Discrimination on the basis of membership in a protected category
- Giving gifts/favors in exchange for preferential treatment

The majority of these behaviors can be considered examples of self-interested behavior further suggesting that Division A in COUNTRY 1 is characterized by a high degree of self-interest, and that this self-interest may impact their ethical behavior.

Division B

Figure 11
Division B
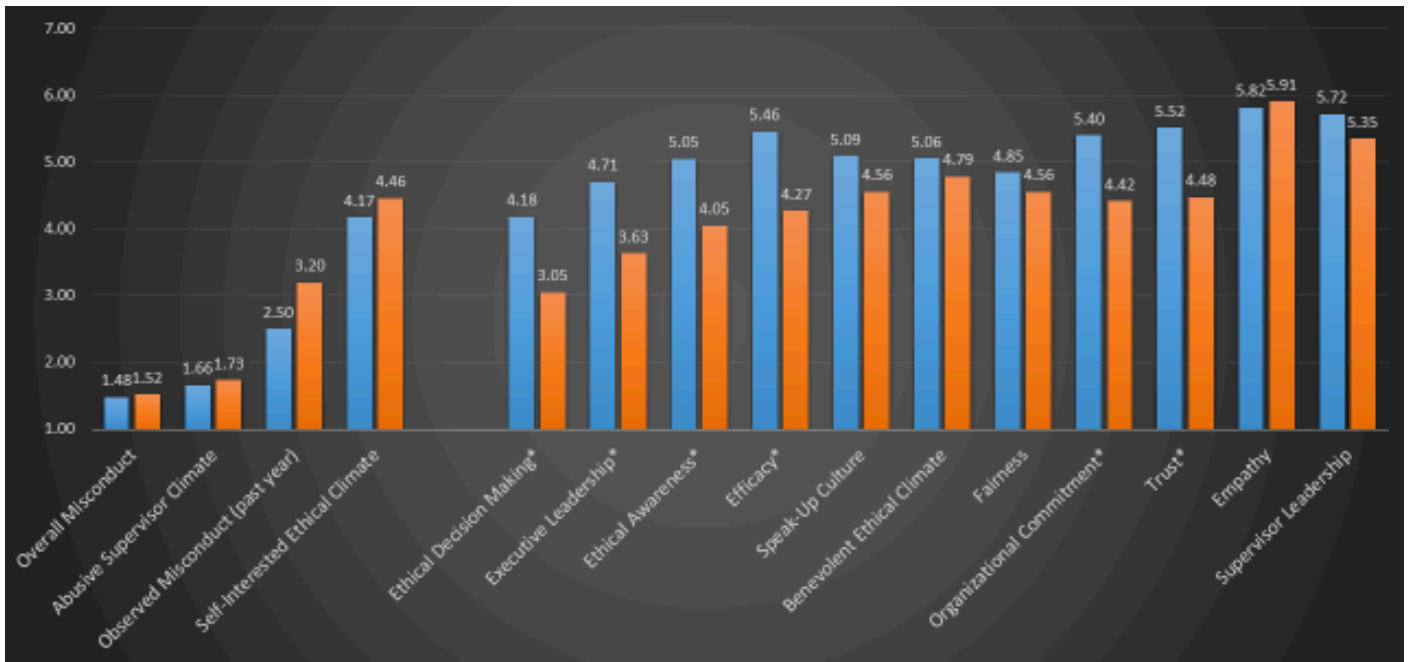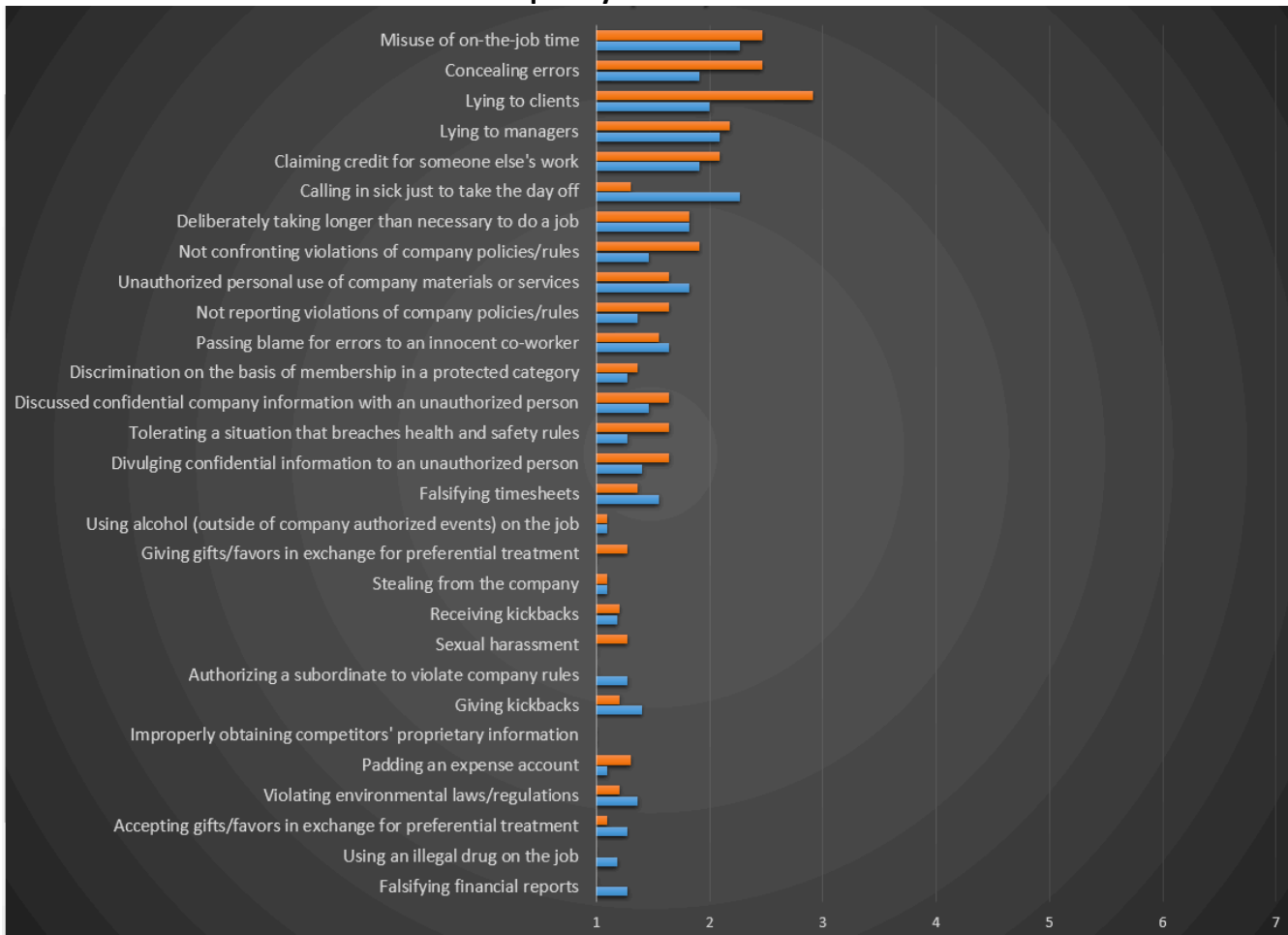

COUNTRY 2: Blue / COUNTRY 1: Orange

Figure 11 reveals a pattern of results within *Division B* that is similar to the one found within the firm's Division A. Specifically, **Division B in COUNTRY 2, compared to Division B in COUNTRY 1 reported higher means for 10 of the 11 positive culture constructs.** The following list of constructs indicate statistically significant differences:

- Trust
- Organizational Commitment
- Efficacy
- Ethical Awareness
- Executive Leadership
- Ethical Decision Making

As with Division A, in some cases these differences were particularly pronounced. With one exception, each of the above statistically significant mean differences was a full-scale point or greater. The exception was Organizational Commitment, with a mean of 5.40 in COUNTRY 2, compared to 4.42 in COUNTRY 1.

Figure 11 also demonstrates that **Division B in COUNTRY 1 reported higher means for all 4 of the *negative* culture constructs, when compared to the same division in COUNTRY 2.** However, these mean differences were not as pronounced as those found among COUNTRY 1 and COUNTRY 2 offices of Division A, and none were statistically significant. Additional details on the frequency of observed misconduct is provided in Figure 12, where you can see that Division B in COUNTRY 1 perceived higher frequency of lying to clients (2.91 in COUNTRY 1, compared to 2.00 in COUNTRY 2) and concealing errors (2.46 in COUNTRY 1, compared to 1.91 in COUNTRY 2).
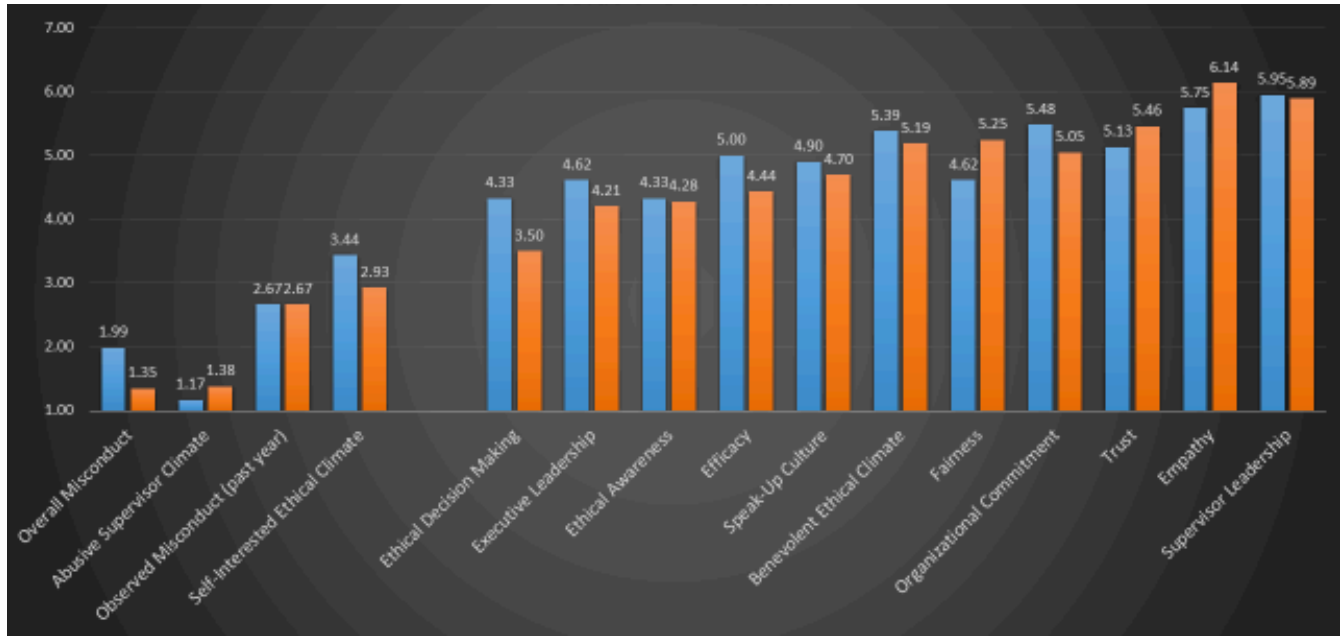
Figure 12
Division B: Frequency of Observed Misconduct

COUNTRY 2: Blue / COUNTRY 1: Orange

Division C

<div align="center">

**Figure 13**
Division C

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COUNTRY 2: Blue / COUNTRY 1: Orange

Similar differences across office locations can be found in connection with Division C, as demonstrated by Figure 13. Specifically, **Division C in COUNTRY 2, compared to Division C in COUNTRY 1 reported higher means for 7 of the 11 positive culture constructs.** A number of these differences were notable:

- Ethical decision-making
- Executive leadership
- Efficacy
- Organizational commitment

It is interesting to note, however, that despite the higher means for positive culture constructs from Division C in COUNTRY 2, they also perceived a higher levels of overall misconduct (1.99 in COUNTRY 2, compared to 1.35 in COUNTRY 1) as well as a more self-interested climate (3.44 in COUNTRY 2, compared to 2.93). The data does not reveal the cause of such inconsistency, and this could be an area for further inquiry. There is additional data, however, in Figure 14 that shows the types of observed misconduct that Division C in COUNTRY 2 perceived, compared to their colleagues in COUNTRY 1. In particular, as evident in the graphs, the Division C in COUNTRY 2 perceived high levels of misuse of on the job time (3.33) and concealing errors (3.33).

Figure 14
Division C: Frequency of Observed Misconduct
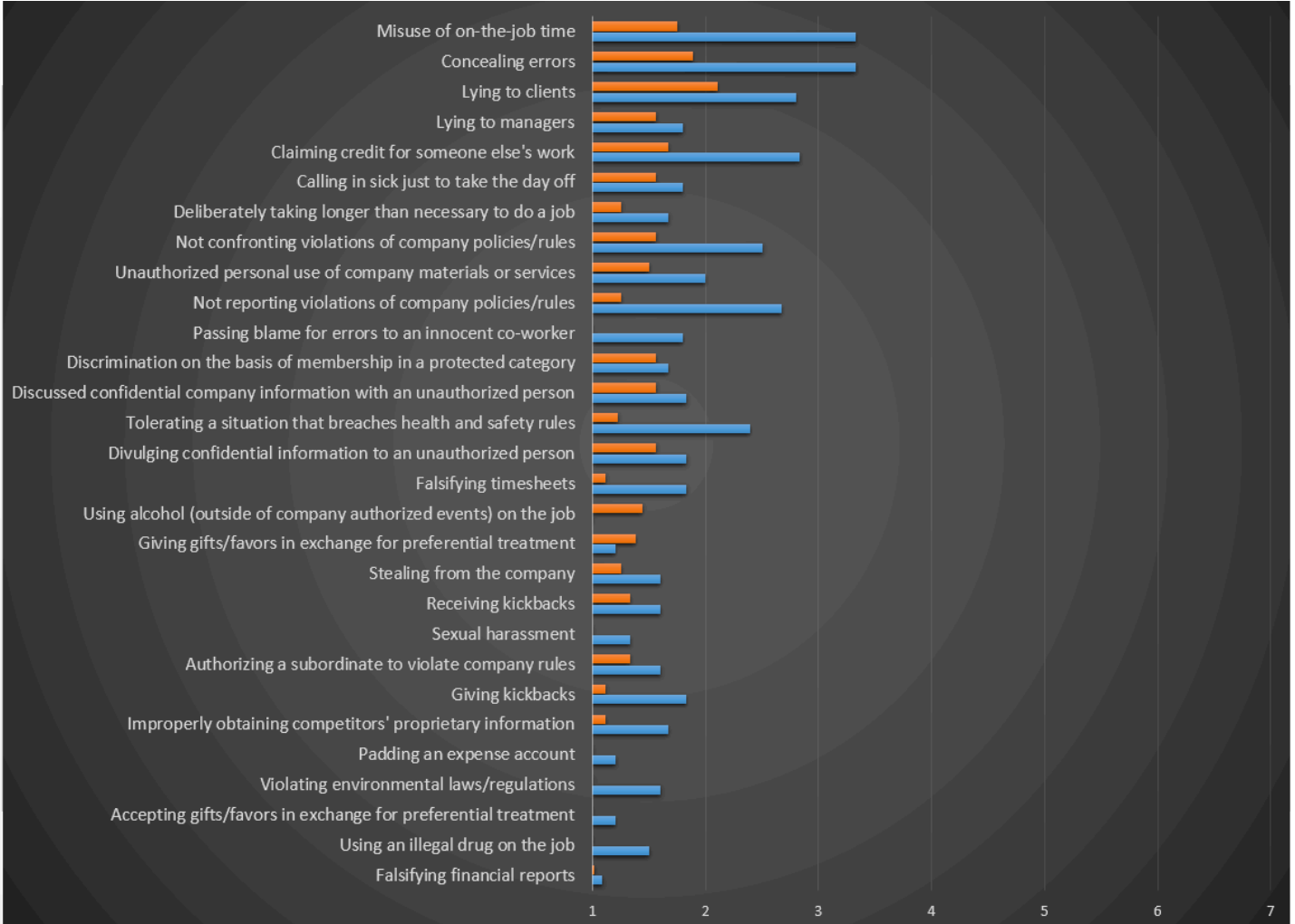
COUNTRY 2: Blue / COUNTRY 1: Orange

5. Conclusion

The Ethical Systems Culture Survey responses suggest that Piggy Bank Savings has a healthy ethical culture.

The employee responses indicated consistently strong perceptions of an ethical culture across all levels, and functions. There were some significant differences between the COUNTRY 1 and Country 2 office, particularly in Division A, Division B, and Division C. In these areas where the data revealed potential divergence from the perspective that the culture at Piggy Bank Savings is ethical, the results indicate that problems are not systemic; they are localized to certain divisions and offices.

Piggy Bank Savings should feel pleased with these results. They indicate that a majority of employees are committed to ethics and that most employees and managers have internalized this culture, trust each other, and therefore can reap the efficiencies and pleasures of an ethical workplace. In those areas where the data revealed some divergence in perceptions of ethics, Piggy Bank Savings should consider whether incentive structures are promoting self-interested behaviors and what impact it may have on employee's perceptions of culture and also misbehavior.

Of course, an ethical culture does not necessarily maintain itself, and problems can arise at any time, within any of Piggy Bank Savings' divisions. We suggest that Piggy Bank Savings repeat this survey, perhaps once a year, to track its progress and to detect any early warning signs that might arise. And we suggest that Piggy Bank Savings' leadership continue to talk about the importance of ethics – and use the results of this survey – to continually signal the importance of ethics to the company's identity and its success. We invite Piggy Bank Savings' leadership to explore our website for ideas about how to maintain and strengthen an ethical culture. In particular, this page has advice on ethical leadership: ethicalsystems.org/content/leadership