

**THE MOLDABLE MODEL: DESIGNING AN EFFECTIVE CORPORATE
ETHICAL MANAGEMENT SYSTEM**

by

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Abstract

The current literature that discussed ethical leadership, specifically the management of corporate ethics, lacked a consensus toward a consistent component model for a corporate ethical management system (CEMS). This qualitative, multiple case study utilized semi-structured interviews of six executives and 15 employees, organizational document analysis, and an observational tour of each case or organization in order to discover and design a consistent component CEMS, including participant perceptions of the effectiveness of their CEMS. The results indicated that a priori CEMS components of a code of ethics with value statements, a communication system, and discipline processes are consistent across the three cases of this study. A moldable model (MM) or general framework for a CEMS emerged from this study. The theoretical constructs of ethical leadership theory (ELT), social learning theory (SLT), social exchange theory (SXT), and deontological and teleological ethics are supported as foundations to an effective CEMS. Peer-to-peer role modeling (P2P) and engrained ethical theory (EET) emerged as possible theoretical constructs for ELT and future research. Assumption theory (AssumpT), a theory for ministry-based not-for-profit organizations, emerged from this study. The a priori CEMS effectiveness labels of employee satisfaction and commitment (ESC) and employee comfort and fun (ECF) found strong support in this study; productivity, business results, and ethical emulation by employees (EE) found moderate support as results of an effective CEMS. Leadership and management implications, recommendations, the application of the moldable model, and future research potential are discussed.

Dedication

This study is dedicated to my wife, Janice, for her commitment to my doctoral journey through her varied and multiple sacrifices, her constant love and cheerleading, and the pride in her eyes that brought renewed energy to my work. Our sons, David and Jared, and daughter-in-law Stephanie, were also constant sources of encouragement and support through the milestones of this journey. Without the approval of my family, this work would not have been possible.

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This work is not possible without the vision and resources of the God that I have served for nearly 50 years. It was His vision, 36 years ago, that I enter the field of higher education, especially the instruction of business principles to those in ministry positions. God truly guided me to and through the rigorous pursuit of the PhD degree in Organization and Management, specializing in Leadership from Capella University. I am grateful for His strength and guidance to persevere through the doctoral journey.

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CHAPTER 1. INTRODUCTION

Introduction to the Problem

Twenty-first century corporate scandals have encouraged an ethical focus on the management of today's organizations, both from public and regulatory scrutiny. Ethical leadership and the management of corporate ethics have occupied recent research interest that has demonstrated the effectiveness of such leadership and management in improved employee behaviors and organizational performance (Brown & Mitchell, 2010). In order to appropriately manage organizational ethics, executives or top leaders need a model that represents consistent components from which to build their own corporate ethical management system (CEMS). This research seeks to design an effective CEMS through the discovery of that consistent component model.

The discovery of a consistent component CEMS attracted this researcher's interest and passion from scholar-practitioner and educational models. When asked to teach a graduate level course in ethical leadership, this researcher conducted a literature review of the extant literature on the topic. Ethical leadership with its foundational theories and practices has been a continued research interest throughout the doctoral journey. Over time, the educational and research focus evolved to seek an understanding of how the theoretical constructs of ethical leadership could be applied to a practitioner model to lead and manage corporate ethics in a consistent manner. With no consistent

CEMS model in the literature, it seemed prudent to add to the body of knowledge for this topic of inquiry.

Scholar-practioners should find interest in this study since an empirical and theoretical CEMS model is missing from the literature, as is multiple case study design to study existing organizational ethical systems and their management. Transferability, though not always the goal of qualitative inquiry, is enhanced through a diverse sample, thick description, fit with reader's experiences, consistency with a priori theory, and multiple case study design (Miles & Huberman, 1994), which this study integrates. Since the post-industrial paradigm sees leadership as a multidirectional influence process (Rost, 1993), or a collaborative arrangement, employees' perceptions of an effective CEMS is studied to narrow another gap in the extant literature.

The implications to the fields of organization, management, and leadership include a proposed standardized model for executives in the construction of an organization-specific corporate ethical management system (CEMS) and the ability to utilize tested ethical components that are effective for like organizations. The organizational management and leadership fields could also quantitatively test the proposed model CEMS in ongoing research. The test of such a model in relation to organizational behavior issues such as employee commitment, job satisfaction, comfort, fun, and organizational performance (Brown & Mitchell, 2010; Trevino, Hartman, & Brown, 2000) would add depth to the current understanding of ethical leadership and to potential organizational applications of the model. Managers and leaders of organizations similar to the diverse sample could find points of application from this study. The target audience for this study represents professionals in for- and not-for-

profit organizations who desire methods to manage the ethical context of their companies.

Background of the Study

Research has indicated that ethical leadership and the management of an organization's ethical context is the responsibility of top executives (Brown & Trevino, 2006; Trevino et al., 2000); such ethical leadership and management resulted in improved employee behavior, decreased deviant behaviors, and increased organizational performance (Brown & Mitchell, 2010). Ethical leadership theory, through social learning and social exchange theories, proposed that leaders have the responsibility to demonstrate and promote appropriate conduct within their organizations, or in other words, manage the organizational ethical context (Brown & Mitchell, 2010; Brown, Trevino, & Harrison, 2005; Trevino, Brown, & Hartman, 2003; Trevino et al., 2000). Research has shown that the management of organizational ethics, through formal and informal systems, is a critical factor for ethical context, to ethical employee behaviors, and firm performance (Donker, Poff, & Zahir, 2008; Trevino, Butterfield, & McCabe, 1998; Trevino et al., 2000; Valentine & Fleischman, 2008; Vitell & Davis, 1990). The literature also offers diverse and varied components for formal and informal ethical management systems (Cohen, 1993; Collins, 2010; Howell & Avolio, 1992; Johnson, 2012; Klein, Laczniak, & Murphy, 2006; Sekerka, 2009; Trevino et al., 1998). Deontological and teleological ethics theories formed the foundation for some systems and components (Altman, 2007; Colle & Werhane, 2008; L'Etang, 1992; Renouard, 2011; Reynolds & Bowie, 2004).

Ethical leadership theory (ELT), based on social learning (SLT) and social exchange (SXT) theories, posits that top leaders or executives have the responsibility to set and manage the ethical context of their organizations as “moral persons” and “moral managers” (Brown & Mitchell, 2010; Brown et al., 2005; Trevino et al., 2000). Extant literature offers various components for formal and informal ethical management systems such as codes, codes of conduct, value statements, role modeling, training, audits, rewards, and disciplines, responsibility to the company and stakeholders, effective customer service, social and environmental responsibility, management and leadership practices, including deontological and teleological ethics theories as foundations (Cohen, 1993; Collins, 2010; Colle & Werhane, 2008; Howell & Avolio, 1992; Klein et al., 2006; Trevino et al., 1998;). However, beyond the accounting transparency of the Sarbanes-Oxley Act, the literature lacks consensus on an empirical and theoretical model, with consistent components, as a standardized guide for executives in the construction of an organization-specific corporate ethical management system (CEMS).

There is also little literature evidence of the qualitative, multiple case study research design proposed herein that has addressed this topic in the past or that has had the input of such a system from employees.

Statement of the Problem

The research problem is that theoretical ethical leadership literature and organizational practice lack a consensus on what consistent components constitute an effective corporate ethical management system (CEMS).

Ethical leadership theory (ELT), based on social learning (SLT) and social exchange (SXT) theories, posits that top leaders or executives have the responsibility to

set and manage the ethical context of their organizations as “moral persons” and “moral managers” (Brown & Mitchell, 2010; Brown et al., 2005; Trevino et al., 2000). Extant literature offers various components for formal and informal ethical management systems, such as codes, value statements, role modeling, training, audits, rewards, and disciplines, including deontological and teleological ethics theories as foundations (Cohen, 1993; Collins, 2010; Colle & Werhane, 2008; Howell & Avolio, 1992; Klein et al., 2006; Trevino et al., 1998;). However, beyond the accounting transparency of the Sarbanes-Oxley Act, the literature lacks consensus on an empirical and theoretical model, with consistent components, as a standardized guide for executives in the construction of an organization-specific corporate ethical management system (CEMS). There is also little literature evidence of the qualitative, multiple case study research design proposed herein that has addressed this topic in the past or that has had the input of such a system from employees.

Purpose of the Study

The purpose of this qualitative, multiple case study is to discover what executive leaders, employees, organizational documents, and existing organizational systems of purposive selected ethical companies identify as components of an effective corporate ethical management system (CEMS). A CEMS is defined as a system of consistent components to manage corporate ethics.

Research has shown that the management of organizational ethics, through formal and informal systems, is a critical factor for ethical context, to ethical employee behaviors, and firm performance (Donker et al., 2008; Trevino et al., 1998; Trevino et al., 2000; Valentine & Fleischman, 2008; Vitell & Davis, 1990). The literature also offers

diverse and varied components for formal and informal ethical management systems (Cohen, 1993; Collins, 2010; Howell & Avolio, 1992; Klein et al., 2006; Sekerka, 2009; Trevino et al., 1998). Deontological and teleological ethics theories formed the foundation for some systems and components (Altman, 2007; Colle & Werhane, 2008; L'Etang, 1992; Renouard, 2011; Reynolds & Bowie, 2004).

However, beyond the accounting transparency of the Sarbanes-Oxley Act, the literature lacks consensus on an empirical and theoretical model, with consistent components, as a standardized guide for executives in the construction of an organization-specific corporate ethical management system (CEMS). Instead of guessing at the components needed for the management of company ethics, executives need a research-supported consistent component model that this study seeks to discover. Organizational leaders and managers also need a CEMS that demonstrates effectiveness, as perceived by organizational members such as those in this study.

Without this study, organizations will continue the current practices of (1) a failure to address the ethical climate of their organizations due to a lack of model implementation knowledge, or (2) addressing the ethical climate of their organizations with trial and error methods to determine an effective CEMS.

Rationale

Recent organizational scandals have raised public awareness of corporate ethical behavior. Consumers maintain a skeptical outlook and a cynical attitude toward business in America. As corporate accountability rests with its leadership, the scandals have served to deepen the negative perception of top executives in terms of their ethical behavior. The public distrust of executive leadership, and of the companies they

represent, can hinder profits as the consumer supports organizations perceived to be most ethical.

Research continues to demonstrate that ethical leadership from top executives results in improved organizational behaviors and performance. Many dimensions of organizational life are enhanced through corporate ethical behavior. Trevino et al. (2000) demonstrated that the perception of ethical leadership at the top of the organization brought a healthier bottom line and a happier workforce. Executives who are not only moral examples, but who are also managers of the moral behavior of their organizations will reap the rewards of consumer trust, committed employees, and improved organizational performance (Trevino et al., 2000). Executives have responsibility for more than increased shareholder wealth, competitive strategy, consumer loyalty, and workforce satisfaction. Executives should be focused on the ethical climates of their organizations in order to meet these other responsibilities.

Ethical leadership is a critical factor in the overall ethical behavior of organizations. Research has supported a causal relationship between ethical leadership and worker ethical behavior (Brown & Mitchell, 2010; De Hoogh & Den Hartog, 2008). Ethical leaders model the behaviors necessary to meet organizational goals, and leaders control the decisions that affect workers in substantial ways; therefore, employees look to leaders for ethical direction. Social learning theory posits that people learn patterns of behavior from those who engage them in authority, supervisory, or teaching relationships. From an organizational perspective, then, executives are the role models who must guide corporate ethical behavior (Brown & Trevino, 2006).

Ethical leadership is also a critical factor to improve organizational performance. De Hoogh and Den Hartog (2008) determined that ethical leadership resulted in the perception of the effectiveness of the top management team (TMT) and in workers' optimism about and willingness to contribute to the success of the organization. Again, a causal relationship has been demonstrated between ethical leadership and improved organizational performance (Brown & Mitchell, 2010). A positive correlation exists between ethical leadership and such follower behaviors as better ethical decisions, job satisfaction, organizational citizenship, and job commitment; ethical leadership also contributed to a decline in deviant workplace behaviors (Brown & Trevino, 2006). Executives believed their ethical leadership brought long-term business returns, avoided legal issues, and that it contributed to healthy employee behaviors such as satisfaction, commitment, and more ethical conduct; ethical leadership also allowed employees to relax and have fun at work (Trevino et al., 2000). Ethical leadership, then, has ramifications for several dimensions of organizational behavior and performance. Executives tend to focus on profit margins, shareholder wealth, organizational efficiency, product or service innovation, and consumer satisfaction. Rightly so, executives are interested in value creation and value enhancement for all organizational stakeholders. Many times, however, this focus can lead to unethical behavior to meet those value objectives. From the research, it is evident that an executive refocus on corporate ethical behavior can lead to the fulfillment of organizational objectives while maintaining ethical standards.

Executive leaders can also use legitimate, expert, referent, and reward power to influence employee behaviors. Trevino et al. (2003) found that executives could guide

and influence ethical behavior in their organizations by communication, rewards, and personal ethical behavior observed by the workforce, which are tools of the power bases. Communication from top leaders helps employees to understand and give meaning to organizational values, norms and visions; without communication, there is a perceived lack of executive transparency and a lack of ethical accountability (Parboteeah et al., 2010). It is critical, then, that executives keep ethical standards in front of employees through an intentional, repeated, and systematic process of communication, rewards, and actions. This ethical responsibility may be most important for top leadership to assure an ethical climate and improved performance in their organizations. But, in order for executives to have such an impact and to operationalize a guiding system, a model should serve as the foundation of corporate ethical behavior.

The literature expressed a need for both formal and informal systems to guide the ethical behavior of organizations (Donker et al., 2008; Trevino et al., 1998; Trevino et al., 2000; Valentine & Fleischman, 2008; Vitell & Davis, 1990). Top leaders are the impetus of such leadership and systems as the “tone at the top” (Trevino et al., 2003; Trevino et al., 2000). The literature offers several components of an ethical system such as codes, values, role modeling, training, audits, rewards, and disciplines (Collins, 2010; Colle & Werhane, 2008; Howell & Avolio, 1992; Trevino et al., 1998; Trevino et al., 2000). In order for top leaders to offer ethical guidance, a model of appropriate ethical behavior should be developed. Executives and employees need a visible model by which to keep the organization focused on ethical conduct. In order to provide reasoned, comprehensive, and academic support for its credibility, the model must rest on

established ethical theory. The model must offer philosophical underpinnings, while also representing practical implementation.

However, an empirically and theoretically derived model of a CEMS, with consistent components, is lacking to guide top leaders in the construction of an appropriate CEMS. There is also little literature evidence of the multiple case study research design proposed, including a diverse sample of international and national companies in the for- and not-for-profit sectors that has addressed this topic in the past. There also has been a lack of input of such a system from employees. This study addressed those gaps.

Research Questions

Overarching Research Question

What are the consistent components of an effective corporate ethical management system?

Research Question 1

What consistent components do executives, employees, organizational documents, and existing organizational systems identify as part of an effective CEMS in each case?

The research problem speaks to the lack of a consistent component model for a CEMS. Research Question 1 sought to identify consistent components in the management of company ethics in each of the selected cases.

Research Question 2

What theoretical constructs (e.g., ethical leadership theory, social learning theory, social exchange theory, deontological and teleological ethics theories) are integral to each case's CEMS?

The research problem speaks of the literature's use of several integral ethical theories as a basis for the management of corporate ethics. Research Question 2 sought to discover what the selected cases understand as the basis for their specific CEMS.

Research Question 3

How do executive leaders and employees measure the effectiveness of their CEMS?

The research problem addresses the need for an effective and consistent component model of a CEMS from which executives can build an organization-specific system. Therefore, Research Question 3 sought to discover how effectiveness, from an applied CEMS, is defined and which components are valued as most effective toward organizational behavior and performance.

Research Question 4

What differences in CEMS components are demonstrated within the context of each case and across cases, specifically between executive leaders and employees, between U.S. and international companies, and between for-profit and not-for-profit organizations?

This question guided the analysis in order to triangulate data for improved transferability and the creation of a consistent component CEMS to address the research problem.

Significance of the Study

An empirical and theoretical CEMS model is missing from the literature, as is multiple case study design to study existing organizational ethical systems and their management. Multiple sources of data common to qualitative inquiry, such as interview and document analysis (Creswell, 2009) add nonlinear and dense data that aids in validity and reliability (Hanson, 2005).

Since the post-industrial paradigm sees leadership as a multidirectional influence process (Rost, 1993), or a collaborative arrangement, employees' perceptions of an effective CEMS should be studied to narrow another gap in the extant literature. The implications to the field of organization and management include a proposed standardized model for executives in the construction of an organization-specific corporate ethical management system (CEMS) and the ability to utilize tested ethical components that are effective for like organizations. Transferability, though not always the goal of qualitative inquiry, is enhanced through a diverse sample, thick description, fit with reader's experiences, consistency with a priori theory, and multiple case study design (Miles & Huberman, 1994), which this study integrated. Managers and leaders of organizations similar to the diverse sample could find points of application from this study. The target audience for this study represents professionals in for- and not-for-profit organizations who desire methods to manage the ethical context of their companies.

Definition of Terms

The theoretical constructs of ethical leadership theory (ELT), social learning theory (SLT), social exchange theory (SXT), and deontological and teleological ethics

theories are foundational to the management of corporate ethics and as a basis to the components of a corporate ethical management system (CEMS) (Altman, 2007; Brown & Mitchell, 2010; Brown et al., 2005; Collins, 2010; Colle & Werhane, 2008; Sekerka, 2009).

Corporate Ethical Management System (CEMS)

A CEMS is a system of consistent components by which to manage corporate ethics. Extant literature offers various components for formal and informal ethical management systems, including deontological and teleological ethics theories as foundations (Collins, 2010; Colle & Werhane, 2008; Howell & Avolio, 1992; Trevino et al., 1998). However, beyond the accounting transparency of the Sarbanes-Oxley Act, the literature lacks consensus on an empirical and theoretical model, with consistent components, as a standardized guide for executives in the construction of an organization-specific CEMS.

Deontological ethics theories. Deontological ethics theories, such as Kant's universality and respect for human value, are concerned with principled and reasoned decisions based on duty without concern for consequences (Altman, 2007).

Teleological ethics theories. Teleological ethics theories, such as Utilitarianism, are concerned with the consequences of any decision (Colle & Werhane, 2008).

Ethical Leadership Theory (ELT)

Ethical leadership theory (ELT), based on social learning (SLT) and social exchange (SXT) theories, posits that top leaders or executives have the responsibility to set and manage the ethical context of their organizations as "moral persons" and "moral managers" (Brown & Mitchell, 2010; Brown et al., 2005; Trevino et al., 2000). Ethical

leadership theory, through SLT and SXT, proposes that leaders have the responsibility to demonstrate and promote appropriate conduct within their organizations, or in other words, manage the organizational ethical context (Brown & Mitchell, 2010; Brown et al., 2005; Trevino et al., 2003; Trevino et al., 2000).

Social learning theory (SLT). Social learning theory suggests that followers learn appropriate behavior from those in authoritative positions such as parents, teachers, and workplace leaders and supervisors. Bandura (1990) espoused social cognitive theory in which a person's behavior is the reciprocal interaction among personal actions, personal cognitive and emotional processes, and environmental influences. Environmental influences include role modeling, pedagogy, and peer influences. For Bandura, the main theoretical attention focuses on the interplay between personal actions and environmental influences. A person's behavior can alter his or her environment, and reciprocally that environment can alter a person's behavior. Boyce (2011) interpreted SLT as the reciprocal interplay between environment, individual behavior, and personal experiences. Each factor affected the learning ability of an individual, including Boyce's extension of behavior to include the actions of others.

Much of ELT is based on the concept that follower ethical behavior can be altered by the modeling, pedagogy, and influence of workplace leaders who set the ethical tone from the top. In short, workplace employees learn from the social and ethical environment created by the organization's authoritative leadership (Mulki, Jaramillo, & Locander, 2009). Supervisors have positional and legitimate power to which employees look for credible role models (Mayer, Aquino, Greenbaum, & Kuenzi, 2012). Employee behavior is a result of the interplay between personal actions and the ethical or unethical

environment produced by the salient ethical agenda set by executives (Trevino et al., 1998; Trevino et al., 2003; Trevino et al., 2000). It is in the best interest of the organization for leaders to create an environment that teaches and guides employees to witness, experience, and implement appropriate ethical conduct.

Social exchange theory (SXT). The SXT model posits that individuals form dyadic relationships based on a utility analysis of personal benefits and costs associated with the relationship (Eby, Butts, Lockwood, & Simon, 2004). Benefits tend to improve and strengthen a relationship while the dyadic relationship is weaker due to perceived costs. According to SXT, not all relationships are positive, but all incur costs. Intuitively, SXT forms the basis for all of life's relationships, including workplace associations. Persons tend to gravitate toward bonding relationships that have personal benefit with little personal costs, or at least relationships in which costs are outweighed by the benefits.

As a foundation for ELT, SXT's role may be more complicated than the desire of an employee to reciprocate a leader's ethical behavior. According to Eby et al.'s (2004) interpretation of the SXT model of Thibaut and Kelly, a dyadic relationship is formed and strengthened based on personal benefits and costs. Therefore, a leader must be cognizant of the benefits and costs of any employee relationship in order to assure that the employee perceives that the benefits outweigh the costs. As the benefits outweigh any costs, the employee is more motivated to reciprocate ethical behavior required by the leader.

Assumptions and Limitations

This study makes several assumptions:

1. Stake (2006) insisted that the research must explicate the researcher's ideological framework. This research practiced an integrated ontological and epistemological framework in which reality and knowledge are both positivist and interpretative, and are based on objectivity and social construction. It is important to remember that the ethical nature of this study relied heavily on interpretative ontology and socially constructed knowledge.
2. This research utilized a qualitative, multiple case study design in order to discover a deeper understanding of consistent components of a CEMS in bounded contexts through the voices of participants (Miles & Huberman, 1994; Stake, 2006; Yin, 1981; Yin, 2009). Qualitative data provide rich, thick meaning from the lived experiences of participants in their respective organizational contexts, especially in case study design (Miles & Huberman, 1994; Yin, 1981); therefore, the researcher assumed that qualitative, multiple case study design provided the best approach to collect data from the lived experiences of executives and employees.
3. The researcher assumed that the sample of executives could be recruited in the diverse industries proposed.
4. The researcher assumed that the participants would freely discuss their organization's ethical systems in honest conversation.
5. The researcher assumed that multiple case study design, the diverse sample, and the triangulation of data would aid in the transferability of the findings to other industries in various locations.
6. The researcher assumed that consistent components will emerge to form a model CEMS.
7. The researcher assumed that the theoretical constructs of ethical leadership theory (ELT), social learning theory (SLT), social exchange theory (SXT), and deontological and teleological ethics theories form a basis for the management of corporate ethics, such that executives set the tone of the ethical climate through a salient and intentional ethics agenda (Trevino et al., 2000), including the use of specific ethical components and ethical communication.

There are several limitations to this study:

1. The researcher has worked in both for-profit and not-for-profit organizations for 36 years, so caution was necessary to remove assumptions of either (Stake 2006).
2. The researcher has developed organizational directives for organizations and the classroom, so that a priori knowledge could bias the emergent components from this study, or the lack of emergent components.
3. The researcher is male and a generational Baby Boomer, but works well with females and various generations in organizational and educational settings.
4. The researcher's academic expertise is in ethical leadership and business ethics, so preconceived notions about effective models could bias the research.
5. Though the study will cover several months in data collection and analysis, the cross-sectional nature of the study could limit transferability as cases change over time.
6. The recruitment of participants could be problematic in a purposive and volunteer sample as participants' self-selection introduces bias.
7. The researcher leans toward specific ethical theories that formed the theoretical framework for this study, so it was important to be open to emerging theories not previously considered.
8. The researcher was not fully trained in data analysis techniques; however, the dissertation model allowed for such training in an experiential fashion.
9. The sample size was small at three cases, but sufficiently diverse to allow saturation and triangulation of data.

In each of the researcher biases, memoing served as a reminder that these potential areas of bias must be mitigated for a fair and honest report. The rigorous data collection and analysis plan served as another tool to mitigate both assumptions and limitations. This multiple case study also enhanced replication of findings through cross-case analysis. Member checking or feedback from participants, as to the validity of the findings, added to the study's internal validity or credibility and possible transferability.

Nature of the Study (Theoretical/Conceptual Framework)

The conceptual framework for this study was an integration of the topic, problem statement, and purpose, which collaboratively sought to discover a consistent component model, lacking in the literature and in organizational practice, for an effective corporate ethical management system (CEMS) (See Figure 1). The theoretical constructs of ethical leadership theory (ELT), social learning theory (SLT), social exchange theory (SXT), and deontological and teleological ethics theories are foundational to the management of corporate ethics and as a basis to the components of a CEMS (Altman, 2007; Brown & Mitchell, 2010; Brown et al., 2005; Collins, 2010; Colle & Werhane, 2008; Sekerka, 2009).

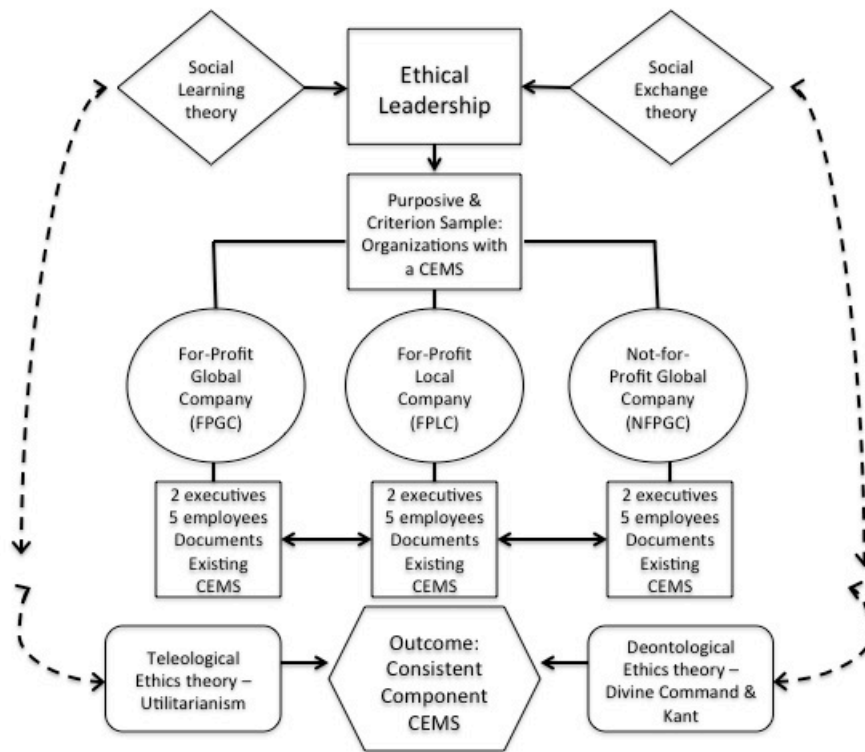


Figure 1. Conceptual framework

Ethical leadership is a more recent component of the study of leadership, and as a separate construct it has attracted research interest. Recent research has attempted to define ethical leadership and to know its variables, antecedents, and outcomes. The management of ethics within organizations is also a recent interest in research due to the myriad corporate scandals of the twenty-first century.

Research has indicated that ethical leadership and the management of an organization's ethical context is the responsibility of top executives (Brown & Trevino, 2006; Trevino et al., 2000). Such ethical leadership and management resulted in improved employee behavior, decreased deviant behaviors, and increased organizational performance (Brown & Mitchell, 2010). Ethical leadership theory, through social learning and social exchange theories, proposes that leaders have the responsibility to demonstrate and promote appropriate conduct within their organizations, or in other words, manage the organizational, ethical context (Brown & Mitchell, 2010; Brown et al., 2005; Trevino et al., 2003; Trevino et al., 2000). Ethical leaders are moral persons and moral managers (Brown & Mitchell, 2010; Trevino et al., 2000).

Social learning theory suggests that followers learn appropriate behavior from those in authoritative positions such as parents, teachers, and workplace leaders and supervisors. Bandura (1990) espoused social cognitive theory in which a person's behavior is the reciprocal interaction among personal actions, personal cognitive and emotional processes, and environmental influences. Environmental influences include role modeling, pedagogy, and peer influences. For Bandura, the main theoretical attention focuses on the interplay between personal actions and environmental influences. A person's behavior can alter his or her environment and reciprocally that environment

can alter a person's behavior. Boyce (2011) interpreted SLT as the reciprocal interplay between environment, individual behavior, and personal experiences. Each factor affected the learning ability of an individual, including Boyce's extension of behavior to include the actions of others.

Much of ELT is based on the concept that follower ethical behavior can be altered by the modeling, pedagogy, and influence of workplace leaders who set the ethical tone from the top. In short, workplace employees learn from the social and ethical environment created by the organization's authoritative leadership (Mulki et al., 2009). Supervisors have positional and legitimate power to which employees look for credible role models (Mayer et al., 2012). Employee behavior is a result of the interplay between personal actions and the ethical or unethical environment produced by the salient ethical agenda set by executives (Trevino et al., 1998; Trevino et al., 2003; Trevino et al., 2000). It is in the best interest of the organization for leaders to create an environment that teaches and guides employees to witness, experience, and implement appropriate ethical conduct.

Social exchange theory (SXT) forms another critical foundation for ELT. The SXT model posits that individuals form dyadic relationships based on a utility analysis of personal benefits and costs associated with the relationship (Eby et al., 2004). Benefits tend to improve and strengthen a relationship while the dyadic relationship is weaker due to perceived costs. According to SXT, not all relationships are positive, but all incur costs. Intuitively, SXT forms the basis for all of life's relationships, including workplace associations. Persons tend to gravitate toward bonding relationships that have personal

benefit with little personal costs, or at least relationships in which costs are outweighed by the benefits.

As a foundation for ELT, SXT's role may be more complicated than the desire of an employee to reciprocate a leader's ethical behavior. According to Eby et al.'s (2004) interpretation of the SXT model of Thibaut and Kelly, a dyadic relationship is formed and strengthened based on personal benefits and costs. Therefore, a leader must be cognizant of the benefits and costs of any employee relationship in order to assure that the employee perceives that the benefits outweigh the costs. As the benefits outweigh any costs, the employee is more motivated to reciprocate ethical behavior required by the leader.

Research has shown that the management of organizational ethics, through formal and informal systems, is a critical factor for ethical context, to ethical employee behaviors, and firm performance (Donker et al., 2008; Trevino et al., 1998; Trevino et al., 2000; Valentine & Fleischman, 2008; Vitell & Davis, 1990). The literature also offers diverse and varied components for formal and informal ethical management systems (Collins, 2010; Howell & Avolio, 1992; Sekerka, 2009; Trevino et al., 1998). Deontological and teleological ethics theories formed the foundation for some systems and components (Altman, 2007; Colle & Werhane, 2008; L'Etang, 1992; Renouard, 2011; Reynolds & Bowie, 2004).

In summary, ethical leadership theory (ELT), based on social learning (SLT) and social exchange (SXT) theories, posits that top leaders or executives have the responsibility to set and manage the ethical context of their organizations as moral persons and as moral managers through various components for formal and informal

ethical management systems, including deontological and teleological ethics theories as foundations.

Organization of the Remainder of the Study

Chapter 2 of this study conducts an extensive literature review on the topic of inquiry and its theoretical constructs in order to provide a background into previous and potential research in the management and leadership of corporate ethics. Chapter 3 explicates the research design, including population, sample, case contexts, and the use of specific data collection and data analysis instruments. Chapter 4 includes a description of (a) the study and researcher, (b) the sample or study's participants, (c) the application of the research methodology to data analysis, and (d) the presentation of data and the analysis results. Chapter 5 brings the study together in its overview of the research through the analysis and interpretation of the findings, the consistency of the findings with the conceptual framework and research questions, and the proposed recommendations for leadership and management application and for future research.

CHAPTER 2. LITERATURE REVIEW

The interest in corporate ethics is not a novel focus. Seminal thinking on business ethics can be found as early as Donham's (1929) address at Northwestern University in which he believed that he was foundationally entering new territory for the study of ethics by broaching the subject of business ethics. He saw that business ethics should reflect internal and external dimensions as a corporation looks to its business and its relationship with the community. The author felt that the business world had not handled well the changes of the industrial revolution and needed to focus on ethical management more than profits to have a permanent place in society. To do so, businesses needed codes of specific ethics much like medicine and law. With no data other than personal observation, Donham's speech began a theoretical, but subjective and interpretivist approach to ethical management in its call for business to find parameters to guide its growth.

Corporate ethics represents a study of human perceptions and socially constructed norms or codes of behavior often best researched through qualitative inquiry. But, researchers began to understand the need for value-neutral data that quantitative methodology provided from a positivist ontology and objective epistemology. Reverend Raymond C. Baumhart (1961) was a minister and doctoral candidate at Harvard Business School when he completed his empirical study of ethics in business. Baumhart's quantitative and qualitative study, from a cross-section polling of 5,000 HBR readers

through open- and closed-ended questions and interviews, resulted in a 34% return rate. Demographics, descriptive statistics on percentages, and mean average scores comprised the data analysis. Coding of themes provided additional data to the open-ended questions. Some pertinent findings in the area of ethics included (a) executives see social responsibility as part of corporate ethics; (b) to reduce unethical behavior, top managers must set the example; and (c) written codes of ethics would help reduce unethical behavior, if there were enforcement policies. This seminal work represented a positivist and objective, yet an interpretivist approach to understanding human ethics in business. Baumhart's research began a trend toward a more scientific approach to corporate ethics.

Later studies in ethics research, particularly ethical leadership, relied on sophisticated quantitative analysis to show variable correlations and possible causality (Brown et al., 2005; Mayer et al., 2012; Neubert, Carlson, Kacmar, Roberts, & Chonko, 2009; Toor & Ofori, 2009; Trevino et al., 1998). As ethics research continued to evolve, there has been a return to qualitative methodology to achieve deeper human meaning through interviews and thematic codes or patterns in data analysis (Sekerka, 2009; Trevino et al., 2003; Trevino et al., 2000). The use of both quantitative and qualitative inquiry into the issues of corporate ethics demonstrates the complexity of the subject matter. Corporate ethics needs to understand not only the subjective nature of its development, but also the objective nature of its outcomes.

Ethical Leadership Theory (ELT)

Ethical leadership is a more recent component of the study of leadership, and as a separate construct it has attracted research interest. Recent research has attempted to define ethical leadership and to know its variables, antecedents, and outcomes. The

management of ethics within organizations is also a recent interest in research due to the many corporate scandals of the twenty-first century.

Brown and Mitchell (2010) conducted a literature review that focused on the social scientific or descriptive approach to ethical leadership. The authors purposed to add direction for future research after their discussion of ethical and unethical (dark) leadership and specific organizational behavior trends that could influence organizational ethics. Brown and Mitchell described ethical leaders as moral persons and moral managers (Trevino et al., 2000). From social learning theory (SLT), leaders have the responsibility to create a salient climate of ethics through role modeling appropriate behavior to their employees. Employees then emulate proper behavior seen from top management. From social exchange theory (SXT), followers reciprocate the ethical behaviors shown to them by their leaders. Brown and Mitchell demonstrated that research discovered relationships between ethical leadership and employee behaviors such as job satisfaction, work commitment, and extra effort on the job. The authors suggested that unethical leadership has the opposite effect in that it hinders organizational effectiveness and viability.

Trevino et al. (2003) assumed that ethical leadership at the executive level is a perceived phenomenon by those inside and outside the executive suite; as such, interviewing key informants and qualitative data analysis aided in the purpose of the study to ascertain the description of executive ethical leadership. The results described top-level leaders as people focused, role models (from SLT), approachable, and persons of integrity who are trusted to do the right thing. However, executive ethical leadership included a transactional element, much like SXT, through which executives communicate

and enforce ethical standards. Also, because of perceived differences from those inside and outside the office suite, to be perceived as ethical the executive must demonstrate prominent ethical behavior.

Social Learning Theory (SLT)

Social learning theory suggests that followers learn appropriate behavior from those in authoritative positions such as parents, teachers, and workplace leaders and supervisors. Bandura (1990) espoused social cognitive theory in which a person's behavior is the reciprocal interaction among personal actions, personal cognitive and emotional processes, and environmental influences. Environmental influences included role modeling, pedagogy, and peer influences. For Bandura, the main theoretical attention focused on the interplay between personal actions and environmental influences. A person's behavior can alter his or her environment and reciprocally, that environment can alter a person's behavior. Boyce (2011) interpreted SLT as the reciprocal interplay between environment, individual behavior, and personal experiences. Each factor affected the learning ability of an individual, including Boyce's extension of behavior to include the actions of others.

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Shareholder Theory (ShaT)

Friedman (1970), in his seminal article, expressed a new business theory that the only ethical concern of business was to increase stockholder wealth. The Friedman doctrine or the shareholder theory (ShaT) insisted that business should not be involved in social responsibility but should tend to the needs of its employees, customers, and stockholders. Friedman's ethics toward shareholders was based on personal opinion, but guided by logic and reasoning. A business that decided to become socially involved in humanitarian efforts was, in essence, unethically spending shareholders' money on the community instead of making the most profit possible. As such, the manager of that business became a public employee instead of an employee for the company. The manager is an agent of the company's shareholders, employees, and customers, not the greater community. Shareholders should have decided individually how their money was spent on social responsibility. Friedman hoped to counter the mentality that profit making was immoral. Friedman's effort in this article is clearly subjective, from interpretivist ontology, without empirical support. However, his doctrine gave pause to the business world for some time and allowed corporations to evaluate whether social responsibility should be included in their ethical systems.

Stakeholder Theory (StaT)

Stakeholder (StaT) theory presents a counter view of ShaT in its perspective that organizations have responsibility to and concern for all company stakeholders including stockholders, employee, customers, suppliers, and the community and environment in which the company operates. Stakeholder theory counters the ideas that business can be separated from ethics and that only the shareholders really count (Freeman, 1994). For

Freeman, StaT included the organization's role to care for stakeholder relationships, including the organizational networks and the earth's ecological needs. This corporate ethic theory invites managers to care for all stakeholders (normative stakeholder view) or only those stakeholders that affect performance (instrumental stakeholder view) (Cennamo, Berrone, & Gomez-Mejia, 2009). Though economic benefits arise from the ethical connection to all stakeholders, the normative view may give managers too broad a power that is easily corrupted for selfish gain. Stakeholder theory then requires leaders to balance the diverse and conflicting needs of all persons and entities within the influence of the company (Culpan & Trussel, 2005). Stakeholder theory ties together the focus of the organization on ethical behavior (ELT) and social responsibility (CSR) beyond mere profitability (Groves & LaRocca, 2011). The limitation of StaT is the ability of a manager to define existing stakeholders and their specific interests and how to negotiate what competing interests take priority for the organization, especially when the list of stakeholders is extensive (McCall, 2002; Trinkaus & Giacalone, 2005).

Corporate Social Responsibility (CSR)

Similar to StaT and dissimilar to ShaT, corporate social responsibility (CSR) is the label used in the business venue for the external activities of a corporation in its concern to address community and global issues. Due to the organizational scandals involving Enron, child labor laws, pollution, and executive bonuses, ShaT lost corporate popularity to be usurped by StaT (Arvidsson, 2010); CSR was the natural progression from stakeholder theory. As an extension of StaT, CSR involves ELT in the moral management of organizational stakeholders (Carroll, 1991). Carroll offered four domains of CSR: (a) economic responsibility to be profitable; (b) legal responsibility to obey laws;

(c) ethical responsibility to do right, be fair, and avoid harm; and (d) philanthropic responsibility to improve quality of life through corporate resources.

As with any organizational construct, leadership plays a critical role. Ethical leadership and its close constructs, authentic and transformational leadership, have demonstrated a link to CSR (Angus-Leppan, Metcalf, & Benn, 2010). Through SLT and SXT, ethical leadership was believed to increase employee citizenship behavior (Brown & Trevino, 2006), which can encourage both internal and external concern for social issues. Leaders that rated high on CSR also rated high on ethical leadership (De Hoogh & Den Hartog, 2008). In an exploratory case study of an Australian bank, Angus-Leppan et al. (2010) discovered from the triangulated interviews, observations, and meeting transcripts that explicit CSR from autocratic leadership dominated the bank's social initiatives. Those results coincided with Aaronson's (2005) view that CSR is the decision of a corporation's leadership. Implicit CSR was also present in the bank, but through authentic or emergent leadership. The dual forms of leadership created a conflict in the minds of the bank interviewees suggesting that explicit CSR from autocratic policies seems contrary to CSR's voluntary nature. However, CSR needs both an explicit and implicit foundation if an organization is to be socially involved; but leadership should not coerce explicit CSR in order to gain employee compliance. Both explicit and implicit CSR can originate in a shared leadership model (Angus-Leppan et al., 2010) as leaders and employees seek to involve the corporation in social change.

In a recent and significant quantitative study, Groves and LaRocca (2011) surveyed a large ($N = 580$) and diverse sample (leaders, direct reports, age, gender, ethnicity, industry, and education) with a high response rate. Vignettes, The Multifactor

Leadership Questionnaire, and the PRESOR scale for CSR measurement collected the needed data for correlational analysis. Results indicated the positive correlation of deontological ethics with transformational leadership (TL), and TL's correlation to the stakeholder view of CSR.

Valentine and Fleischman (2008) offered an exploratory, quantitative study to determine if perceived corporate social responsibility (CSR) had a moderating effect on organizational ethics programs to enhance job satisfaction. Exploratory factor analysis demonstrated that CSR and job satisfaction were distinct constructs. Descriptive statistics, variable coefficients, and mediated regression analysis demonstrated high correlations and positive interrelations between ethics programs and CSR and job satisfaction, resulting in support for the hypotheses.

As seen here, ELT, CSR, and StaT are inextricably linked to form a corporate view of ethics that mandates the responsibilities of top leaders. Top leaders must be role models of appropriate behavior (SLT), and they must manage the ethical environment of their organizations (SXT) in order to gain trust, employee satisfaction, employee commitment, increased organizational performance, and a positive reputation, personally and corporately. In contrast to ELT, CSR, and StaT, shareholder theory (ShaT) represents a limited view of the ethical responsibility of the corporation in its insistence upon the maximizing of stockholder wealth as the proper ethical decision, even to the exclusion of any social responsibility to the greater community.

ELT and a Corporate Ethical Management System (CEMS)

Brown and Trevino (2006) utilized a qualitative and comprehensive literature review in order to move from a normative view to a descriptive and predictive approach

in the correlation of ethics and leadership. The authors presented a visual, concept map that described the ethical leadership construct based on their proposed correlations of antecedents (individual attributes and situational and moderating influences) and outcomes. Brown and Trevino proposed that role modeling and ethical context, and leader characteristics of agreeableness, conscientiousness, and moral reasoning did influence ethical leadership. Ethical leadership then results in ethical follower citizenship behavior, an emulation of the leader's principled decision making by followers, and follower satisfaction and commitment. This research helped corporate leaders to see the antecedents and outcomes of ELT. Top leaders have the ability to control the listed personal characteristics in order to set the company's ethical context. The iterative result is an organization of contented employees who follow the leader's example. Brown and Trevino reviewed motivation theory, Kohlberg's cognitive moral development theory, social learning theory, and they built upon the Ethical Leadership Scale (ELS) developed in previous research (Brown, et al., 2005). These researchers also compared and contrasted the constructs of authentic leadership (AL), spiritual leadership (SL), and transformational leadership (TL). This research demonstrated a relationship between EL, TL, AL, SL and the correlating characteristics of concern for others, integrity, role modeling, and decision making from an ethical framework. From SLT, antecedents to EL were proposed: role modeling, ethical organizational context, personality factors of agreeableness (trusting, cooperative), conscientiousness (responsible, dependable), moral reasoning, internal locus of control, and a lack of neuroticism (anger, fear, anxiety) and Machiavellianism (ends justify all means). Ethical leadership had the following outcomes: increased follower ethical decisions, organizational citizenship behavior

(OCB), satisfaction, motivation, commitment, and less deviance. The authors also recommended an approach to increase ethical leadership: proper selection of employees, role modeling, training, and an ethical climate within the organization.

Brown and Trevino (2006) believed that there was a discrepancy between how the national population, organizational employees, and organizational leaders view ethical leadership. The general population has little trust in organizational leaders and organizational employees are cynical about their leaders' ethics. Yet organizational leaders believe that they set a good ethical example and communicate ethical standards to their organizations. In order to bridge this gap, the authors agreed that leaders need to do more to not only behave morally, but to also intentionally incorporate ethics into their agendas. This is a comprehensive approach to EL in its multi-faceted variables under consideration. The results are based on propositions that align with previous research and suspected outcomes. The authors suggested further research for EL in areas of the level of organizational leadership, distance factors between the leader and subordinates, and how these interact with EL proposed outcomes. More research is needed to see how EL compares on a global scale. Brown and Trevino's research reminded leaders that the following attributes are necessary for EL: role modeling; personality factors of agreeableness, trusting, cooperative, conscientiousness, dependability, principled moral reasoning; EL should also lack emotive responses to situations and selfish means to accomplish ends.

The qualitative study of Trevino et al. (2003) and Trevino et al. (2000) suggested that leaders could be perceived as ethical through the inclusion of two pillars, moral person and moral manager. A moral person exhibits traits of integrity, honesty, and

trustworthiness. A moral person also is principled, concerned for others, transparent, moral, value-oriented, fair, and makes decisions based on ethical rules. An ethical leader also manages the ethics of the organization through role modeling, rewards and discipline, and intentional communication of ethical standards (Parboteeah et al., 2010). Trevino et al.'s (2000) interviews with company executives and ethics officers found that ethical leadership aided in business profits, employee satisfaction, commitment, and ethical behaviors. Trevino et al. (2003) admitted that their research lacked generalizability due to the non-random sample indicative of qualitative research and due to a lack of within-case analysis. Trevino et al. (2003) did not employ member checking to increase credibility, but did confirm the results with other practitioners. Though the results found identification with other experts, it may be difficult to use the data of Trevino et al. (2003) and Trevino et al. (2000) beyond the current sample.

Brown et al. (2005) believed that leaders must provide ethical guidance to employees based on social learning theory (SLT) as the theoretical foundation for ethical leadership. The authors defined ethical leadership as appropriate behavior from leaders, which is demonstrated and promoted through actions and relationships by communication, accountability, and decision processes. Through SLT, ethical leadership is modeled and emulated. Social learning theory emphasizes the learning capability of persons through direct experience and observation. Social learning theory relates to transformational leadership's idealized influence in its emphasis on influence by modeling. Ethical leadership is correlated to consideration, honesty, trust, fairness, and idealized influence as followers observe these traits and are attracted to this type of

leadership. Ethical leadership encompasses consideration, concern for, and fair treatment of employees that aid the modeling efforts as employees sense justice and fairness.

Brown et al. (2005) believed that leaders should provide ethical guidance to employees. Recent organizational scandals point to this need and to how leadership can shape ethical conduct. Employees look to external sources for ethical standards, therefore, organizational leaders are needed to provide those standards through role modeling, communication, idealized influence, and accountability. Trustworthiness and honesty can be seen as attributes of the moral person, while moral management does not necessarily rely on those traits. Ethical leadership also includes principled decision making and the creation of ethical standards to which employees are held accountable. Appropriate communication of ethical standards is needed to focus employees on ethical messages to complete the social learning. Rewards and punishments also aid social learning as employees see the benefits of modeled ethical behavior and the costs of unethical behavior. The authors' insistence on rewards and discipline found disagreement with Baucus and Beck-Dudley (2005). Abusive supervision was negatively correlated to ethical leadership. Ethical leadership resulted in the outcomes of follower job satisfaction, organizational commitment, and a willingness of employees to report issues to management.

The defining element of the research of Brown et al. (2005) was the development of a quantitative scale to measure ethical leadership (ELS). The creation of the scale involved survey item generation based on the definition of ethical leadership and previous research. Content validity was somewhat confirmed as no new ethical leadership dimensions were added from a major, qualitative study (Trevino et al., 2003).

The resulting measure included both a 48-item and 10-item survey, which was tested in seven studies with exploratory and confirmatory factor analysis, correlation analysis, and expert rating investigation. Structural equation modeling tested the predictive ability of the ELS. The ELS demonstrated strong reliability with predictable correlations of critical variables to ethical leadership. The ELS also demonstrated a high correlation between ethical leadership and the construct of transformational leadership, thus limiting construct validity. Through the aggregated studies, sample size was large and diverse which strengthens external validity or generalizability. Through this seminal work, ELT now had a valid and reliable measurement scale. Research limitations included high correlation between ethical leadership and idealized influence that could limit construct validity of the ELS. Data were collected from only followers' perceptions of ethical leadership; self-ratings could add a more comprehensive look at EL, though leaders usually rate themselves positively on EL. The research sample was large and diverse, but EL needs cross-cultural validation.

Based on the cliché “tone at the top,” ELT is intuitive and compelling. It is a much-researched construct within the construct of leadership. From 21st century corporate scandals, there is a public outcry for more ethical companies. Research has demonstrated what is intuitive, compelling, and needed, which is leaders who have personal morals that are intentionally lived before their employees and community, and leaders who take seriously the mandate to manage the ethics inside the walls of the organization and extend those ethics to be socially responsible outside those walls.

The research offered thus far, and the research on ELT offered later, represents both qualitative and quantitative designs. Both methodologies give a rigorous view into

the perceptions and the realities of ethical leadership. There are limitations in transferability for some of the ELT qualitative investigations (Brown & Trevino, 2006; Trevino et al., 2003; Trevino et al., 2000). But, the Ethical Leadership Scale (Brown et al., 2005) found content validity through Trevino et al. (2003), and the research to come demonstrated strong organizational outcomes from ethical leadership theory.

ELT and Effective Organizational Management

Current economic climate. The current economic climate resounds with financial and job insecurity, unemployment, high prices on commodities, wage and hiring freezes, global competition, and lower operating capital for many organizations due to the economic crises over the past decade. Much of the economic meltdown of the 21st century was a result of the greed and lack of values of successful leaders in the economic industry (Darcy, 2010). Ethical egoism was rampant without consideration of the long-term effects to others or the global markets.

Ludwig and Longenecker (1993) coined the Bathsheba Syndrome, a label for leader temptations and a theory of the pitfalls that confront successful leaders. Ludwig and Longenecker proposed that successful leaders with privileged access and unrestrained control of organizational assets, like King David of biblical fame, could believe that any outcome is within their manipulative power. Due to the ever-changing and competitive economic environment, leaders can lose strategic focus as they engage in unethical practices in order to ensure organizational objectives. Therefore, Ludwig and Longenecker believed that leaders and organizations needed ethical tools in order to develop moral character and a moral organizational environment.

Argandona (2003) prophetically proposed 10 years ago that business was entering a new economy based on knowledge and an information technology that required global networks in a flexible business strategy. Argandona felt that business ethics need not change, but a heightened focus on ethics was needed to mitigate the lack of ethical learning due to rapid organizational change. To survive in today's changing and competitive global environment, cooperation with competing firms could enhance performance to the benefit of all firms in the alliance (Luo, Rindfleisch, & Tse, 2007). Business must change how it does business even if cooperative alliances are needed to survive.

The speed and competitive nature of business, the global interconnectedness with consumers and competitors, and the temptation of lucrative profits necessitate adherence to ELT, specifically in the moral management of corporations by leaders who behave with a personal integrity and morality. Without ethical leadership, greed and ethical egoism prevails, corporations seek only bottom-line profits, and organizations exploit the community for gain instead of sharing their resources to make the community better. As research now demonstrates, without ethical leadership, employees are not as satisfied and committed, which affects organizational performance.

Application of ELT to effective organizational management. Ethical leadership research demonstrated that ELT has positive organizational outcomes for stockholders and stakeholders, including managers, employees, and the community at large (Donker et al., 2008). De Hoogh and Den Hartog (2008) conducted a mixed method study of 73 CEOs in diverse industries to understand the relationship of ethical leadership to a leader's social responsibility and to perceptions of top management team

(TMT) effectiveness. The results demonstrated that high leader ratings on social responsibility correlated with high leader ratings on ethical leadership. Also, ethical leadership was positively correlated with TMT effectiveness (.41, $p < .01$). These results have significance due to the triangulation of data in multi-method design and a diverse sample; but the low response rate (22%) expresses some limitations to the findings.

Toor and Ofori (2009) offered a quantitative analysis into several hypotheses of the relationships among ethical leadership and transformational and transactional leadership. One hypothesis posited that ethical leadership was positively correlated with employee satisfaction with leaders, the perceived effectiveness of leaders, and the desire of employees to exert increased effort on the job. The results show a positive and significant correlation between ethical leadership, leader effectiveness, employee extra effort, and employee satisfaction. There was a strong relationship between the ethical climate leaders created in an organization and between employee supervisory and job satisfaction and employee effort, which in turn affected job performance, including lower turnover intentions (Mulki et al., 2009; Schwepker, 2001). Neubert et al. (2009) utilized a diverse sample to demonstrate that a manager's ethical leadership had a direct effect on employee job satisfaction and organizational commitment (Brown & Trevino, 2006).

Trevino et al. (1998) attempted to discover how the ethical contexts of organizations affect employee behaviors and attitudes. Organizational commitment and observed unethical behavior were dependent variables regressed on the independent variables of ethical climate and culture, the two factors of ethical context. Job satisfaction was a control variable. Results determined that the ethical context of the organization resulted in less unethical behavior. The ethical culture of an organization,

characterized by formal components such as codes, rewards, and discipline, affected employee behaviors in both code and non-code organizations. The ethical climate of an organization, characterized by informal components such as leadership, employee and customer focus, and a lack of self-interest, also affected employee behaviors. Therefore, implications suggest that managers need to formally and informally manage the ethics of their organizations through leadership, codes, rewards, and other-focus. Mayer et al. (2012) demonstrated through correlational analysis that ethical leadership is a distinct and needed construct in organizational management as leaders model and hold employees accountable for ethical conduct; employees engage in less unethical and conflict behaviors.

Piccolo, Greenbaum, Den Hartog, and Folger (2010) presented a research article that furthered Hackman and Oldham's (1976) theory of work motivation. The authors hypothesized and supported a model that ethical leadership positively impacts employee motivation and performance. Structural equation modeling, validated and reliable scales of measurement for the variables, and descriptive and inferential statistics provided quantitative measures. Piccolo et al. determined that leaders affected both the objective and socially constructed aspects of work for employees. In order to be an effective ethical manager, executives must communicate a salient ethics agenda, be transparent about ethical decisions, listen to and care for employees, and exercise concern for the greater good (Trevino et al., 2003).

Collins (2010) demonstrated that ethical organizations have a financial and competitive advantage over unethical organizations. Ethical organizations attract and retain employees, customers, and investors of such quality that these organizations

develop strong reputations for quality products and services, employee productivity, and less employee problems. In Collins' approach, organizations must be ethically managed in a systems approach that included ethics at the hiring, orientation, training, and operations phases. Ethical training, especially for top leaders, needs to be visible in order for employees to trust corporate leadership (Pelletier & Bligh, 2008).

The research of Mulki et al. (2009) represented a quantitative design in which measurement scales of leadership style and ethical climate were reliable measures from other research. The sample included salespeople from a large, multinational drug company in the U.S. Surveys were mailed to 572 salespersons with a 60% response rate that resulted in 333 useable instruments for analysis. Data were standardized to avoid multicollinearity and factor analysis was performed on all scales. Cronbach's alpha demonstrated reliability on all model constructs. Instrumental leadership and considerate leadership accounted for 72% variance in the dependent variables of ethical climate and satisfaction. The hypothesis of the relationship of instrumental leadership to ethical climate was supported, as was the hypothesis of the relationship between considerate leadership and employee satisfaction and performance. Leadership style, either initiating structure or consideration (concern for product/concern for people) was a determinant of organizational ethical climate that in turn affects employee performance and satisfaction. Leaders who employed initiating structure or instrumental leadership brought a directive style and guidance to employees. Instrumental leaders provided clear expectations of group and individual roles in task completion, and provided reward systems to ensure employee accountability to company guidelines. Consideration or considerate/participative leadership provided a caring and supportive environment for

employees. Consideration was characterized by psychological support, friendly encounters, and collaborative decision making. This style of leadership affected employee performance and satisfaction. Instrumental and considerate leadership can account for most of the changes in ethical climate and satisfaction. However, there were 28% of other variables that have not been identified or considered. The increase of corporate scandals has brought the spotlight to corporate ethical policies and the need of leaders to set the tone at the top. Mulki et al.'s research met its goal of correlating leadership practices with ethical climate perceptions. The study was limited in causality and generalization in that it was a cross-sectional and singular data source study; however, it did shed light on the importance of the directive style of leaders to provide clear expectations and reward systems for accountability, and the supportive style of leaders to provide support, friendships, and collaboration.

O'Brien (2009) suggested the need of a global code of ethics for business that is inclusive of all persons with varying issues and hopes. While efforts have worked toward local ethical standards, the same is lacking on the global front. O'Brien utilized the analysis of a case study, the ethical systems of Confucianism and Christianity, and a methodology to glean common ethical standards. O'Brien rejected the search for ethical parallels in ethical traditions as ineffective in the attempt to find common ground. He also rejected the search for the lowest common denominator among cultures. Though this method provides quick consensus to what cultures already agree upon, it does not account for disagreements in ethical characteristics. O'Brien believed that the best methodology to reach a global code was to search for the best practices ethically. This was a practical approach and it respected the various ethical systems in the world. Such

global common denominators are common good, harmony in conflict, and a balance of individual with community priorities. O'Brien is an Australian lawyer who was concerned with the ethical issues of conflict of interests between lawyers and clients and client and other clients. His professional experience and limited research did not raise this article to a level of validity; however, it added to the EL attributes necessary for the effective management of organizational ethics.

Patten (2004) is the Senior Executive Vice-President of Human Resources and the Head of the Office of Strategic Management for BMO Financial Group. Patten recognized that ethical leadership in organizations was no longer assumed or expected following recent leadership scandals. Ethical leadership was a result of a “conscious, deliberate effort to make it a reality” (Patten, 2004, p. 1). Organizational values originated with executives through strategical methods to integrate those values at every level of the company. Patten believed that a value-laden corporate culture was not only a means to mitigate risk and maximize shareholder wealth, but was more importantly connected to being a societal force for good. Patten's methodology was anecdotal evidence from personal and professional experience. BMO employed the following strategic methods: (a) restructuring to top executive pay, specifically stock options; (b) increased accountability for executives regarding relationships with people, programs and company finances, based on fairness, rightness, and legality; (c) corporate ethical codes are modeled, rewarded for compliance, and disciplined for neglect. The BMO code included care of all stakeholders, strength in diversity, respect for all people and opinions, keeping of promises, accountability for behavior, and collaboration to enhance customer service. The article was not empirically based, but offered sound and reasonable results

from one organization. Patten added to and validated the EL attributes necessary for the effective management of organizational ethics: accountability, fairness, rightness, legality, role modeling, rewards, disciplines, care, diversity, respect, integrity, and collaboration.

Trevino et al. (2003) conducted a qualitative, inductive interview investigation to address the lack of empirically based knowledge about executive ethical leadership. Senior executives have a critical impact on organizational ethical cultures and conduct; therefore, these researchers sought to answer the question: what is executive ethical leadership (content domain), and how do those inside and outside the executive suite perceive ethical leadership? Trevino et al. believed that “executive ethical leadership is a highly subjective phenomenon and open to multiple interpretations” that required the systematic study from multiple perspectives (p. 8). Therefore, Trevino et al.’s study matched the subjective, interpretivist perspective that reality and knowledge are socially constructed through human experience. Since the authors intended to capture the perceptions and perspectives of 20 senior executives (inside) and 20 ethics officers (outside) from diverse, large companies, semi-structured interviews gained the appropriate qualitative data. Though the specific research design was not identified, the researchers utilized a contrast principle (ethically neutral leadership) that they believed aided in theory development (grounded theory). The authors employed content and interpretative analysis of the data to determine concepts, categories, and meaning. The qualitative research design was an appropriate fit that linked the need for empirical and interpretative data with the semi-structured interview format in which a few specific questions are asked, but followed with further probative questions based on participants’

answers (Cooper & Schindler, 2011). The findings indicated that executive ethical leadership was more than a trait-based phenomenon (integrity, inspiration, and people-focus) that also included transactional elements (communication and rewards). To be perceived as ethical, outside the office suite, senior executives must model prominent social behaviors that are in clear contrast to ethically neutral behaviors. According to the findings, ethical leaders cared about the means to achieve ethical ends and that decision-making processes were open to disclosure and fairness standards. The research demonstrated the need of top executives to be visual examples of morals in pertinent social situations due to the power and position distance between executives and most employees. The study's reliability attained high inter-rater agreement, but Trevino et al. (2003) admitted difficulties with qualitative validity: (a) transferability, or the ability to generalize to other contexts (Trochim, 2006), was weak due to the non-random sample from diverse firms in which the researchers did not match perspectives within firms nor with types of leaders; the sample was also purposive by which participants are chosen arbitrarily for their unique contributions (Cooper & Schindler, 2011); and (b) credibility, or the ability for results to be believed by participants (Trochim, 2006), was lacking due to the authors' inability to return to the sample for follow-up interviews. Trevino et al. (2003) reported that confirmability, or the ability to corroborate results with others (Trochim, 2006), was possible due to the fact that other practitioners confirmed their findings. Results, however, found a significant and overlooked transactional component to ethical leadership: socially salient behavior from top executives, including communication and rewards, were necessary to perceived ethical behavior. This

extensive research added role modeling, communication, and rewards toward a component CEMS.

Trevino et al. (2000) utilized information from a previous qualitative study in order to provide data for this article (Trevino et al., 2003). The qualitative methodology used previously consisted of 40 structured interviews with CEOs and ethics officers of different, large organizations. To effectively be perceived as an ethical leader, executives must be moral persons with traits of integrity (holistic), honesty, and trustworthiness (credible, predictable). Executives must exhibit behaviors of concern for people (respect, dignity), right actions, openness (approachable, good listener), and morality (standards). When making decisions, executives must be value-oriented, objective and fair, concerned about societal issues, and those who base decisions on ethical standards. Also, executives must intentionally manage the ethics of their organizations through visible action or role modeling, clear communication of ethical standards, and rewards and discipline. Ethical leadership (EL) involved two pillars: (a) moral person and (b) moral manager. In order to be perceived as an ethical leader, an executive must incorporate both pillars in the leadership of the organization. The result increased employee pride, organizational commitment, and a loyalty that decreases employee turnover. This research has significant impact as it related the first-hand experience of organizational leaders in the area of EL. Its limitation was the same in that employees were not researched for a more full base for suggested attributes of EL. This article provided the most succinct and salient direction for an EL attribute taxonomy of all the literature in this review: integrity, honesty, trustworthiness, concern for people, right actions, openness, values,

objectiveness, fairness, concern for society, role modeling, communication of ethical standards, and rewards and discipline.

Walumbwa and Schaubroeck (2009) believed that due to ethical scandals, ethical leadership has seen a surge in interest in the media. Academic research has seen a similar surge in interest due to evidence that correlated ethical leadership behavior to both positive and negative results. These authors attempted to examine new antecedents of ethical leadership with its subsequent outcomes. Extant literature on ethical leadership lacks comprehensive views on trait antecedents that predict ethical leadership, how ethical leadership effects outcomes, and the psychological differences of followers of ethical leaders and followers of unethical leaders. A quantitative design included two separate surveys. The first survey was sent to supervisors and employees of a large financial company. Supervisors were asked to assess their personality dimensions while employees rated their supervisors on ethical leadership. The sample size was large as 240 supervisors and 959 direct reports returned the questionnaires for a response rate of 80% and 69% respectively. The second survey was released five weeks after the first survey and asked supervisors to rate work group members on voice behavior and direct reports were to respond to issues of psychological safety. The combined sample for both surveys was 222 supervisors and 894 direct reports for a 74% and 64% response rate respectively. Reliable measurement scales operationalized the variables of personality traits, ethical leadership, psychological safety, and voice behavior. It was hypothesized that the personality traits of agreeableness and conscientiousness would be positively correlated with ethical leadership; neuroticism would be negatively correlated. It was hypothesized that ethical leadership would be positively correlated with employee voice

behavior and psychological safety. The results demonstrated that ethical leadership was positively related to employees' voice behavior and psychological safety. Agreeableness and conscientiousness were positively related to ethical leadership as predicted; neuroticism was not supported in the research as negatively related to ethical leadership.

Walumbwa and Schaubroeck (2009) identified traits that predicted ethical leadership, agreeableness and conscientiousness. From social learning theory (SLT), as ethical leaders model ethical behavior and take a stand against unethical behaviors, followers wish to emulate their leaders. Ethical leadership also encourages voice behavior or participation by employees in offering opinions and in reporting ethical violations to management. Ethical leadership brings psychological safety in the perception that the work environment is a safe place to discuss issues and to not follow group norms. Ethical leadership must be consistent in terms of time and across situations in order for employees to see leadership with moral reputation. Previous research had limited organizational ethical management to communication, rewards, punishments, and role modeling.

Walumbwa and Schaubroeck (2009) added the liberating effect of ethical leadership on voice behavior and psychological safety where employees offer opinions, report violations, and express new ideas without retribution. Implications to leadership offer the positive role of ethical leadership in outcomes of voice behavior where groupthink is avoided, conflicts arise over issues instead of relationships, and group cohesion is formed without excessive concurrence. Further research can determine the effect of distance on these relationships. As noted by Walumbwa and Schaubroeck, Brown and Trevino (2006) suggested that supervisor distance from employees could be a

two-edged sword. On the one hand, close interaction is necessary for role modeling; but close interaction could result in employees realizing the humanness of their leaders with ethical blemishes. A synthesis of this study gleaned the following EL attributes that aid the effective management of corporate ethics: agreeableness, conscientiousness; and the seeking for employee voice and psychological safety.

In his research, Whetstone (2003) employed qualitative phenomenological field research, rooted in philosophical analysis that recognizes the dignity and value of the individual. Attributes of excellent managers were allowed to emerge from discussions with managers regarding management behaviors. Whetstone sought to characterize excellent management in a “particular organization using empirically-grounded methodology relying upon an Aristotelian understanding that a virtuous act is that which a virtuous person would do” (p. 346). Interviews were conducted in one company but at multi-levels, various sites, and within multiple job functions. Observation included planned and serendipitous interactions. Follow-up interviews were conducted with the most admired managers from earlier interviews and an historical document analysis was also conducted. A questionnaire that included the 20 most representative qualities filtered from the previous interviews was distributed to a sample of 133 employees. The response rate was 79%. Quantitative methods of mean scores, variances, and significance testing were conducted on survey responses. Virtue ethics was the standard vocabulary of the managers interviewed. Attributes of honesty, trustworthiness, dedication, responsibility, fairness, and integrity ranked highest. Other characteristics such as loyalty, faithfulness to God, self-control, respectful, and adaptability also showed

high mean scores on the Likert scale. The lowest mean score was the attribute of toughness.

Whetstone (2003) integrated attributes from traditional virtues, personal values, and core ethical principles. The list demonstrated exact comparisons in the concepts of trustworthiness, fairness, and respect; implied comparisons can be seen in the attributes of loyalty, love, care, and citizenship, and in the concepts of responsibility and reliability. Previous research identified managers as moral persons (Trevino et al., 2000).

Whetstone's research allowed moral labels to emerge from discussions with managers. This research proposed that virtues emerge within a context of managerial character and are not prescribed a priori. However, most of the results of this study suggested virtuous attributes long held as suitable for ethical leadership. Whetstone's research incorporated both qualitative and quantitative design with tedious analysis over several months of research. Whetstone's work added validity to the list of ethical leadership attributes: honesty, trustworthiness, responsibility, fairness, integrity, loyalty, respect, and adaptability.

Valentine and Fleischman (2004), in a quantitative study, hypothesized and demonstrated that businesspersons who are exposed to ethics training programs have more positive perceptions of their organization's ethical context than do businesspersons who were not formally trained in ethics. The target population focused on business professions known to face ethical challenges; thus the researchers selected a random sample of 3,400 accounting, human resources, and sales and marketing professionals. The study utilized three developed instruments to measure organizational ethics and job satisfaction in questionnaire form: (a) corporate ethical values scale, (b) ethical

environment instrument, and (c) a generalized work perception scale. The authors did not address the validity of the individual scales, but did demonstrate that the reliability alphas of the scales were acceptable at 0.80, 0.91, and 0.86 respectively. The study's results indicated an important component to a CEMS model – formal training.

Sims (1991) discussed the importance of institutionalized (the persistent and daily behavior) of organizational ethics. Such institutionalization relies on ethical monitoring by board-level committees, a code of ethics, and ethical training. Sims proposed that a clear understanding of ethical expectations by stakeholders is an important component to ethical compliance, and that top executives are a key component to ethical communication and reinforcement of ethical policies. His recommendations included the need for ethical policies, a code, a monitoring committee, rewards, punishments, and a systematic training program. Sims's research added validity to the need of a component CEMS with specific components.

Singhapakdi and Vitell (2007) developed and tested an instrument to measure the institutionalization of ethics. Results indicated that the instrument, divided into subscales of implicit and explicit institutionalization, had reliability coefficients of $\alpha = 0.95$, and $\alpha = 0.92$ respectively. The instrument's subscales had significant correlations with the corporate ethical values (CEV) construct (0.849 and 0.517, respectively), which suggested a degree of convergent validity. Regression analysis demonstrated that implicit and explicit institutionalization was a significant predictor of job satisfaction (t -values 9.359 & 3.498, respectively, at the 0.05 significance level), and that implicit institutionalization significantly predicted organizational commitment (t -value 5.752 at the 0.05 significance level), but that explicit institutionalization did not. These findings

offered an instrument that could potentially test for the need of a CEMS to explicitly express ethical policies, which in turn leads to an implicit understanding by employees of ethical expectations.

Mugalu (2010), in a qualitative dissertation, purposed to understand the role that executives play in the ethical behavior of financial institutions through an interview-based, single case study. The study addressed, from both the perspective of senior leaders and direct reports, how executives (a) created and communicated ethical policies, (b) provided ethics training, (c) role modeled appropriate behavior, and (d) provided accountability for ethical behaviors. The final, purposive sample included 23 participants (eight executives and 15 direct reports) in a northeastern organization, classified as a leasing and financial services industry. Data was collected from both the senior leaders and direct reports through open-ended, interview questions. Mugalu enhanced the validity and trustworthiness of his study through bracketing of personal biases on a consistent basis, triangulation of the two data sources, and member checking (Ruona, 2005). Mugalu hired a transcriptionist to increase data validity, and he used interview guides, reviewed by a subject matter expert to maintain consistency throughout participant interviews and to increase instrumentation validity and reliability in data collection. The author seemed to mix reliability and generalizability concepts together in his explication of reliability techniques, which led to confusion. Mugalu discussed generalizability as a form of validity, and that his research had theoretical generalizability within the institution he studied. Results of the Mugalu's study indicated that (a) 96% of participants believed that mandatory ethics training was practical; (b) 65% expressed that termination was a common response to ethical violations, and that rewards were a

common response to ethical behavior; (c) 83% agreed that their organization provided documents of ethical policies; (d) 100% of senior leaders, but only 47% of direct reports understood that the parent company was the source for ethical policies; and (e) 61% felt that top executives provided role modeling and communication for effective ethical behavior. Implications to the current study include CEMS components of executive role modeling, clear communication, discipline and rewards, and documentation for ethical policies and behaviors.

Leung (2008), in a quantitative approach, examined antecedents and outcomes of organizational ethical climates on employee performance. The author believed if there were significant relationships between ethical work climate and work performance that managers would want to develop those climates in their organizations. Leung demonstrated through the literature review that employee loyalty, especially in collectivist culture, might be a mediating effect on the variables. Therefore, a collectivist culture was the targeted population with the study sample located in a Hong Kong company. Though not explicated, it appeared the sample was non-probability and purposive in nature through which the “researcher selects sample members to conform to some criterion” (Cooper & Schindler, 2011, p. 385). The company had 250 employees, of which 150 received questionnaires, after the human resources director granted permission. Though the sample matched the intended collectivist population, the author gave no justification as to the strategy for selecting 150 participants. Leung was quick to point out that the small sample size was problematic; however, the organization’s management believed the sample was representative of the workforce. Transferability to other collectivist cultures could be rationalized with the recognition of the small sample

size. The results suggested that “higher levels of ethical climate (caring and law-and-code)...are associated with positive extra-role behavior” (Leung, 2008, p. 43), or organizational behavior that moves beyond explicit and expected standards. A CEMS, then, could contribute to organizational citizenship behaviors to improve firm performance.

Sekerka (2009), in a qualitative approach, sought to deal with the management problem that the preservation of ethical behavior for a positive organizational climate is a challenge to those who train and develop employees. To understand the best training practices used in organizations today, the author employed the qualitative technique of action research, which “is designed to address complex, practical problems about which little is known” (Cooper & Schindler, 2011, p. 182) and “where participants take an active role in the development of the inquiry and its findings” (Sekerka, 2009, p. 80). The target population was industries that employed the best ethical training practices, so the author utilized a purposive sample of 10 corporations based on their participation in a regional ethics organization. Sekerka invited the companies to participate, alleviating the need for permission. Eight of the 10 organizations participated in the interview process; the sample was diverse in the type of employees interviewed and the size of the companies, but lacked diversity in industry type. Thus, the sample was representative of ethical companies, but only in one industry. Sekerka (2009) transparently stated that the sample was limited in size, it was self-selected, it represented only one region of the U.S., it represented only the technology sector, and all the organizations were interested in ethics. These sample limitations could offer “constraints on the generalizability of the findings” (Sekerka, 2009, p. 94). Findings demonstrated that ethical training for

employees lessens following hire, and that compliance-based systems reign over moral development processes. Sekerka's research implied that the model CEMS suggested in this study should be utilized at the time of hiring, but also utilized as a tool for monitoring and developing moral reasoning.

In sum, ethical leadership has produced positive organizational behaviors from employees and better organizational performance. The literature expressed a need for both formal and informal systems to guide the ethical behavior of organizations. Top leaders are the impetus of such leadership and systems as the "tone at the top." The literature offered several components of an ethical system such as codes, values, role modeling, training, audits, rewards, and disciplines. However, an empirically and theoretically derived model of a CEMS, with consistent components, is lacking to guide top leaders in the construction of an appropriate CEMS. There is also little literature evidence of the research design herein that has addressed this topic in the past or the input of such a system from employees.

Conflicts between ELT and effective organizational management. Ethical leadership theory includes a few limitations to effective organizational management. Rewards and discipline are part of ELT in an effort to keep employees accountable for ethical behavior (Trevino et al., 2003; Trevino et al., 2000). Baucus and Beck-Dudley (2005) proposed a design for ethical organizations based on a review of levels of moral reasoning (Kohlberg & Hersh, 1977). Baucus and Beck-Dudley believed that rewards and punishments for ethical and unethical behavior only supported employee motivation from Kohlberg's first two levels of moral reasoning, which are avoidance of punishment and selfish gain. Baucus and Beck-Dudley postulated that employees could learn to

operate at higher levels of reasoning to keep company ethical standards. Relying on reinforcement theory, Baucus and Beck-Dudley disparaged the research that demonstrates better ethical decision making when rewards and disciplines are enforced. With limited information, they made the leap that reward systems could lead to unethical behavior, thus supporting their position. However, it is intuitive that if employees can move to higher levels of moral reasoning, even above group norms and legal requirements, to levels of principled action that benefits others, then ethical behavior is more than a selfish response to rewards and/or punishment. Baucus and Beck-Dudley suggested that the organization be viewed as a community with meaning, purpose, and relationships that are nurtured in ethical virtues. Virtues from Aristotle's virtue ethics theory included character traits of integrity, honesty, respect, and trust, which are repeated themes in the literature. Companies should encourage higher levels of moral reasoning, respect for individual members, and decisions based on company values. This research countered other research regarding the need for rewards and punishment in ethical leadership. The authors suggested training in Kohlberg's model of cognitive moral development as a means to provide motivation for ethical behavior. Rewards and punishments to enforce ethical behavior should be re-evaluated in light of this research. This research was highly intuitive and reasonable. It also brought ethical leadership to a higher level of associated attributes (from rewards/punishments to principled and other-oriented reasoning). It was limited in that it draws on the empirical research of others, and it may have made conclusions not supported by the evidence in toto.

As leaders manage the ethical context of their organizations through reward and punishment systems, employees strive to be ethical in order to avoid punishment and to

serve personal interests. The downside or conflict between this portion of ELT and effective organizational management is that employees behave ethically for selfish rather than altruistic reasons. Trevino and Ball (1992) suggested that punishment of unethical conduct is necessary, but could create a social learning dichotomy as offenders and observers have different experiential reactions to the punishment.

There are several practical and implementation issues that have the potential to cause conflict between ELT and effective organizational management. Minkes, Small, and Chatterjee (1999) suggested that managers are ill-equipped to handle ethical interactions and that ethics programs are problematic in their creation and implementation due to definitions and explanations of expected standards of conduct, including the origination of company values. Argandona (2003) suggested that the speed of organizational change due to the information society might cause managers to focus on new opportunities to the exclusion of stakeholder ethics. The speed of change creates a globally competitive environment that requires managers to make faster decisions (Barkema, Baum, & Mannix, 2002). Faster decisions are not always conducive to ethical decisions that consider all stakeholder, deontological, and teleological perspectives. Ethical leadership is costly as the organization pursues both CSR activity (Hannah & Zatzick, 2008) and various corporate ethical management systems (CEMS) that involve training, communication, promotion, and accountability.

Deontological and teleological ethics in a CEMS. Deontological ethics theories form a category of moral reasoning based on duty, principled and reasoned decisions, and adherence to prescribed rules. Divine command theory, classified as a deontological ethics theory, holds that ethical guidance comes from a superior being in the form of

commands and standards. From a Judeo-Christian theology, those commands and standards originate in the character of God (Rae, 2000). God's dual character of love and righteousness form His basic commands for ethical decision making and the proper treatment of others. Love that imitates the Divine represents a reasoned decision to act in the best interests of another; righteousness that imitates the Divine acts in a principled manner to "do the right thing" or to act in a just and fair way.

Ethical research has either a direct or tangential relationship with divine command theory. Siker (1989) utilized Niebuhr's typology of Christ's relationship to culture to assess how Christ might relate to business. If Christ is seen as authoritatively above business, then business principles are governed by the external standards and normative values of human dignity and justice. However, Siker demonstrated the Christ and business paradox that understands both the corruption of culture and the need for Christians to be involved in that culture. The ability to see Christ as the transformer of business can assist the organization with involvement in social change as an imitation of God's love and care for others. Arvidsson (2010) conjectured that executives' focus on increased profits for shareholder value contributed to corporate scandals and the mistrust of top management teams (TMT). As a counter to that mis-focus and as a way to correct TMT mistrust, executives now focus their organizations on corporate social responsibility (CSR). CSR focus supports tenants of divine command theory in concern for others beyond self-interest. McMahon (1985) offered additional areas in the application of divine command theory: living wage or comparable worth, stewardship that calls for CSR, and subsidiarity or participatory decision making. God's call to equity, justice, and concern for the interests of others results in these practical applications in the

organization. Siker, Donahue, and Green (1991) utilized an organizational case study to analyze ethical responses based on the Protestant, Catholic, and Jewish belief systems. From these varying faith traditions came varying ethical actions that resulted in concern and justice for all stakeholders based on covenant, stewardship, natural law, communitarianism, sacramentality, legitimate profit, honesty in advertising, and the moral protection of consumers.

Dalrymple (2003) argued that people are more holistically compassionate for the human race if they believe in God as opposed to a secular view that limits compassion for the victimized. Divine command theory offers a solid basis to a theoretical approach to guide corporate ethical behavior.

The biblical text of the Judeo-Christian perspective, from which divine command theory originates, offers specific behaviors into how a person decides what is best and just for others. Six of the Ten Commandments deal with specific behaviors that affect others such as honor of parents, murder, lying, sexual boundaries, stealing, and jealousy (Exodus 20). Throughout the biblical text, God's directives command people to provide care and fairness for others, especially the marginalized of society. Wealth and prosperity is shared with those less fortunate, including persons who are sick, imprisoned, and who lack the basic necessities of life (Matthew 25). People are to care not only for the basic needs of others, but also for their education, training, and growth (Ephesians 4). The biblical record gives parameters to hold people accountable for actions that are destructive. Doing what is best for another can often be painful for both the actor and the recipient. These specific guidelines for the ethical treatment of others, in care and justice, provide a more objective basis for decisions, even in the organization.

Divine command theory offers some difficulties. Some could be quick to discredit the theory as a non-academic, faith-based theory. Though it is faith based in its belief in a Divine Creator, the biblical literature offers centuries of credible research, preservation, and multiple texts. The various tenets of divine command theory also correspond to the tenets of other ethical theories, including the two considered here (Kant & utilitarianism). As another difficulty, it is possible that God's commands can come into conflict with each other (Rae, 2000). Concern for the well being of one person could lead to the injustice of another or lying could be considered ethical in certain situations that resulted in the preservation of life.

Kant's categorical imperative, another deontological ethics theory, operates from maxims that gave guidance to ethical behavior. Kant believed that ethical decisions were based on principled reason, not religion, by doing the right thing regardless of consequences (Ciulla, 2003). If a person's ethical actions could become codified or universal law for all, then the actions were moral. If a person would want their actions to be done reciprocally to them, then the actions could be considered moral. Above all, a person was treated with respect and dignity, not as a means to a selfish end (Jennings, 2009). Kant's maxims can be stated in the simplified terms of universalizability, reversibility, and respect-ability (Velasquez, 2006).

Contemporary research has utilized Kant's theory as a basis for organizational decisions. Reynolds and Bowie (2004) believed that modern ethics programs were results-based to keep organizations from legal penalties and negative social perceptions, which led to the appearance of ethical behavior and to a legalistic approach. In order to move beyond a symbolic ethics program, Reynolds and Bowie insisted that ethics

programs be grounded in the “theory of the right” (p. 276). Kant became the resource for their proposal. Colle and Werhane (2008) offered Kant’s theory as a basis for the need of executives to operate from a principled duty to their corporations’ mission and value directives. Trevino et al. (1998) added support to Kant’s maxims in their insistence that an organizational climate needed to focus on care for customers and society in general. Kant’s theory has universal and intuitive appeal, as it is sensible to base decisions on what is right for and respectful of other humans. If executives analyze each potential decision from universalizability, reversibility, and respect-ability, the organization then provides a decision-making rationality that goes beyond ethical egoism or self-interest and profit for shareholders.

Kant’s categorical imperative builds on the divine command theory of concern and justice for others by adding a second layer of ethical analysis: universalizability, reversibility, and respect-ability. The Kantian approach seeks the “right thing,” that is not based on emotion, but principles believed to be in the best interest of others. This parallels divine command theory, but offers specific analysis based on universal law and reciprocity.

There are, however, some limitations to Kant’s theory. Altman (2007) critiqued Kant’s categorical imperative as a theory adapted to individual moral agents. Since corporations cannot be moral agents and are collective in nature, then Kant’s principles may not be useful at the organizational level. However, Altman conceded that an organization could choose to adopt Kant’s maxims at the collective level and that Kant could guide top management teams in decision making. Altman’s criticism was weak in that an organization is a collection of people, led by executive moral agents that could

gain guidance from Kant's universalizability, reversibility, and respect-ability maxims. As another limitation, Kant's theory places judgment for each of its tenets on the subjective interpretation of the actor. Though Kant believed the judgments of the actor were principle-based and rational, the actor still determines what is right, if the action could be universal, reversible, and respectful of human value. However, if tied to divine command theory, which offers specific guidance into behaviors of love and righteousness, concern and justice, then Kant's maxims would have some guidance as to tested behaviors.

Organizational researchers, either explicitly or implicitly, used Kant's categorical imperative as a basis for executives' actions. Trevino et al.'s (2000) research into the pillars of ethical leadership revealed that an executive must be a moral person and a moral manager. This research found that to be a moral person, an executive must behave in specific ways. Two of those executive behaviors fit with Kant's categorical imperative of principled decision making ("do the right thing") and the treatment of people as ends, not means ("concern for people") (Trevino et al., 2000, p. 131). Again, the overlap with divine command theory's concern and justice is unmistakable.

Teleological ethics focuses on outcomes or end goals in its moral system of decision making. Utilitarian theory, a teleological ethics theory, understands decisions from a cost or harm/benefit analysis. The benefits of any proposed action are weighed against its costs or harms. If the benefits outweigh the costs, then the decision is applied to the greatest benefit for the greatest number of people. Ethical decisions cannot address everyone's happiness, so the principle is to do what can benefit the most people (Jennings, 2009). Organizations cannot always act from principle without concern for

consequences; therefore, it is more practical to increase happiness for as many stakeholders as possible (Ciulla, 2003). Organizations are a collective entity; therefore, utility offers a way to make decisions to achieve maximum benefit for as many of the collective as is possible. Utilitarianism provides an objective analysis into costs or harms and benefits, and how either of those affects the majority of people within the organization. Executives, through utility theory, hold a powerful tool to justify decisions.

Utilitarianism brings a collective aspect to the individual perspectives of divine command theory and Kant's categorical imperative. In its emphasis on cost and benefit analysis for the greatest good for the greatest number, utilitarianism is intuitive and appealing; but it has limitations. It cannot do "good" for everyone, it potentially could harm some, it does not standardize measures for benefits and harms, and it can "justify obvious injustices when the greater good is served" (Rae, 2000, p. 86). Renouard (2011) understood that utilitarianism, in its effort to maximize value for as many as possible, could neglect to see inequities at the individual employee level. In this way, utilitarianism can be quite subjective in its attempt to interpret the greatest good and for who make up the greatest number. Also, utilitarianism is more concerned with consequences than motives in decision making. Executives need a concern for both motives and consequences in corporate ethical behavior; thus, a need for both Kant and utility. L'Etang (1992) examined ethical theory as to its application to a practical code of ethics. L'Etang believed that ethical codes based on utility alone could be abandoned when the rules no longer produce a utility. Therefore, a Kantian approach to ethical codes could bring a more objective and more permanent position. On the other side of the argument, it is possible for those involved in the organization to measure the utility of

a situation, as they are accountable to God's principles (Colle & Werhane, 2008).

Therefore, utilitarian limitations can be offset by the integration of Kant and divine command theory.

Divine command theory, Kant's categorical imperative, and utilitarian theory are examples of deontological and teleological ethics theories. As examples, these theories work together to maximize and minimize the strengths and limitations of each. Divine command theory provides a solid and objective basis in its dual tenets of concern and justice for others. Though Kant would not consider religion as part of ethics, his maxims closely parallel the duality of divine command theory in concern and justice for others. Kant's law of reciprocal action, or reversibility, is the Golden Rule of divine command theory and a principle of most religions and ethical systems. Utilitarian theory gives an outcomes-based approach to decision making that supports the greatest good.

Leaders can choose to be ethical or unethical in the management of their organizations. Unethical leaders with charismatic and narcissistic traits, coupled with conforming and colluding followers and unstable organizational environments form a toxic triangle of destructive leadership (Padilla, Hogan, & Kaiser, 2007); destructive leadership results in negative organizational outcomes. On the other hand, leaders can be intentionally moral persons and managers with an ethical leadership that results in positive employee attitudes and behaviors, job satisfaction and commitment, and organizational productivity, profitability, and quality performance. Though ethical leadership is costly on the front end of preparation, training, and accountability, it pays large dividends in employee behaviors, company profitability, and community reputation.

It is impossible to separate the corporate world from ethics (Elms, Brammer, Harris, & Phillips, 2010; Stieb, 2009). According to Heugens and Scherer (2010), organizational theory and ethics could create a symbiosis around the common themes of values, society, power, and organization. The research herein has sought to keep the words “corporate” and “ethics” together through an analysis of corporate ethics theories and the evaluation of ethical leadership theory (ELT), specifically its relationship to and conflicts with effective management in the current economic climate. Corporate, ethical scandals have served to diminish the trust between stakeholders and executives who lead those unethical corporations. Unethical leadership at the top results in the trickle-down effect to other employees who see no need to behave ethically. However, that distrust and ethical standing can be regained through the intentional efforts of executives to be moral persons and moral managers of their organizations. As executives develop a system to create and sustain an ethical climate, research demonstrated the efficacy of those efforts on employee behavior and organizational performance.

CHAPTER 3. METHODOLOGY

The purpose of this qualitative, multiple case study is to discover what executive leaders, employees, organizational documents, and existing organizational systems of purposive selected ethical companies identify as components of an effective corporate ethical management system (CEMS). A CEMS is defined as a system of consistent components to manage corporate ethics. The research problem is that theoretical ethical leadership literature and organizational practice lack a consensus on what consistent components constitute an effective corporate ethical management system (CEMS).

Research Questions

Overarching Research Question

What are the consistent components of an effective corporate ethical management system?

Research Question 1

What consistent components do executives, employees, organizational documents, and existing organizational systems identify as part of an effective CEMS in each case?

The research problem speaks to the lack of a consistent component model for a CEMS. Research Question 1 sought to identify consistent components in the management of company ethics in each of the selected cases.

Research Question 2

What theoretical constructs (e.g., ethical leadership theory, social learning theory, social exchange theory, deontological and teleological ethics theories) are integral to each case's CEMS?

The research problem speaks of the literature's use of several integral ethical theories as a basis for the management of corporate ethics. Research Question 2 sought to discover what the selected cases understand as the basis for their specific CEMS.

Research Question 3

How do executive leaders and employees measure the effectiveness of their CEMS?

The research problem addresses the need for an effective and consistent component model of a CEMS from which executives can build an organization-specific system. Therefore, Research Question 3 sought to discover how effectiveness, from an applied CEMS, is defined and which components are valued as most effective toward organizational behavior and performance.

Research Question 4

What differences in CEMS components are demonstrated within the context of each case and across cases, specifically between executive leaders and employees, between U.S. and international companies, and between for-profit and non-profit organizations?

This question guided the analysis in order to triangulate data for improved transferability and the creation of a consistent component CEMS to address the research problem.

The unit of analysis for this study is the organization. Yin (2009) believed the unit of analysis occurred as the research questions clearly emerged. The research questions of this study clearly identify the organization as the unit of analysis with their foci on corporations, executives, employees, and organizational documents.

The expected outcome of this study was a consistent, component CEMS that can be used by other organizations as a model to build an organization-specific CEMS. From an analysis of three cases or organizations bounded by operations at the national and international level and for- and not-for-profit companies in various industries, multiple sources of data are acquired from executive leaders, employees, documents, and existing ethical systems in the purposively selected organizations. This study utilized iterative data collection and analysis within and across cases.

The research purpose, problem, and questions sought data primarily from the perspectives and lived experiences of organizational personnel. The qualitative multiple case study design best fits the collection of such data.

Research Design

Qualitative Approach

Qualitative research resides in a specific paradigm of ontology, epistemology, and axiology. This methodology of inquiry relies on an interpretative ontology and a subjective epistemology from which reality and knowledge exist and are constructed from the lived experiences of human participants. Qualitative methods hold fast to an axiology that is value-laden with the thick descriptions of their participants and the analytic involvement of their researchers. Researchers secure hermeneutic and socially-constructed data through symbolic discourse with human actors using language and text

(Gephart, 1999; Morgan & Smircich, 1980). The focus of qualitative research is to discover what human participants believe, perceive, and understand about the phenomenon under study. The subjective nature of qualitative research adds in-depth meaning to the statistical responses secured in quantitative approaches.

Methods of qualitative inquiry include narrative, phenomenological, grounded theory, ethnographic, and case study research (Creswell, 2007), and dozens of additional methods categorized by data collection and analysis techniques and the content and context of the study (Miles & Huberman, 1994). These various methods include specific, rigorous techniques so that researchers can achieve data and results that are credible, possibly transferable, and provide the opportunity to understand phenomena with and apart from the objective statistics of any given study.

Through the work and analysis of others, Brand (2009) concluded that business ethics research primarily resides within the quantitative and positivist paradigm. Brand suggested that qualitative and non-positivist research needs to become more utilized due to the sensitive and contextual nature of business ethics. Ethical considerations are subjective, perceptually based, and open to multiple interpretations (Trevino et al., 2003). Therefore, the subjective, interpretative ontology and epistemology of qualitative inquiry is a good fit to study a CEMS, specifically in the discovery of consistent components of an effective CEMS, as perceived by participants. Once a consistent model CEMS is identified, that model may be tested for its effectiveness on ethical leadership, job satisfaction, employee commitment, organizational performance, or a host of other organizational behavior outcomes that use valid and reliable scales. The testing of such a model would take a deductive and quantitative approach. Since the study of a CEMS

seeks the discovery of a consistent component model, qualitative inductive inquiry best uncovers the perceptions of participants who have socially constructed an effective system.

Case Study Methodology

Case study attempts to discover the thick description, meaning, and understanding known to qualitative research through one or multiple cases that represent a bounded system, either organizations, individuals, or activities (Creswell, 2007). Cases are bounded by time and context in order to focus on the specific phenomena under study during that time and in that context, especially when it is difficult to discern the boundaries between the phenomenon and its context (Yin, 1981). Case study gives the opportunity to understand how the context affects the phenomenon under study and how persons within that context interpret or give meaning to the phenomena. This approach limits transferability to other contexts due to the limited sample size, but case study allows a deeper understanding into meaning that does not occur in larger and more random samples utilizing statistical data.

Case study is unique in its collection and analysis of multiple data sources. Yin (1981) believed that case study is similar to experiment and history in their lack of commitment to a particular type of data. Case study may utilize both qualitative and quantitative data collected from observation, field notes, records, documents, artifacts, and interviews or a combination of these resources (Creswell, 2007; Eisenhardt, 1989; Yin, 1981). Collected data are protectively stored in field notes, memos, recordings, transcriptions, locked filing systems, computer files, and specific collection forms to maintain researcher consistency (Creswell, 2007; Miles & Huberman, 1994). Multiple

case study design allows for within-case and cross-case data collection in the search for patterns from multiple perspectives (Creswell, 2007; Eisenhardt, 1989). Data analysis includes the discovery of emergent themes and patterns reported in visual displays and matrices (Miles & Huberman, 1994). The use of multiple data sources in research adds to the thick explanation or description of the topic of inquiry. The iterative reflection of information as it develops during data collection allows for a layered understanding of the phenomena. As the researcher interprets and reinterprets the collected data, a spiraled hermeneutic creates higher levels of knowledge about the study. The triangulation of multiple sources of data also adds to research credibility or validity and the transferability of the findings to other contexts, especially if multiple case study design is utilized (Creswell, 2007; Miles & Huberman, 1994). Multiple data sources often lead to voluminous amounts of information that can overwhelm the researcher and bias the study as the researcher decides what to include and what to discard. With these strengths and limitations in mind, the researcher must use caution to achieve saturation within the appropriate number of data sources.

Case study, unlike phenomenology or grounded theory, offers flexibility as to sample selection. Samples for case study can be random (Eisenhardt, 1989), though a small, random sample can elevate bias in that the population selected does not represent the understanding sought (Miles & Huberman, 1994). Theoretical sampling allows for cases that will represent the theory under development through case study design (Eisenhardt, 1989). If the intent is to develop theory, grounded theory design might prove a better option, though Eisenhardt believed that case study was a good option for the replication or extension of theoretical constructs. Purposive and criterion sampling

gives the researcher the opportunity to select a case or cases that fit the purpose or specific criteria of the research questions and the nature of the study (Creswell, 2007; Miles & Huberman, 1994). A sample of multiple cases offers the ability to select diverse and contrasting cases to add to the transferability of findings (Miles & Huberman, 1994), though multiple cases can dilute some of the rich meaning that emerges from a single case (Creswell, 2007). Multiple case samples, however, allow for the examination of information from within-case and cross-case analysis much like a detective seeking the truth from multiple crime cases (Yin, 1981). Though case study sampling has several options, the purposive or criterion sampling gives the researcher the best option to discover meaning from a case or cases that fit the nature of the study. Multiple cases that secure a diverse and contrasting sample increase the ability for checks and balances in data collection and analysis even though some depth of contextual meaning may be compromised.

Case study design in qualitative methodology provides a good fit for management and organizational research. As a researcher desires to study an organizational phenomenon, one or more cases that fit the criteria of the study may be purposively selected. The case or cases that fit the needed sample give insight or description into how that phenomenon is perceived by the real world experiences of the participants in the case or cases. Multiple cases, though limited by information dilution or overload, are effective to obtain a diverse and contrasting sample that increases the internal validity, credibility, or believability of the findings (Trochim, 2006). Through the use of diverse cases, including multiple data sources within and across those cases, the research findings may

be more transferable or generalizable to contexts outside of the parameters of the sample, including other organizations in different industries and cultures.

Case study design is limited by its cross-sectional nature as research snapshots are bounded by time and context. Multiple case studies may mitigate some of that weakness as more cases are involved over longer periods of study. However, the time spent in each case of a multiple case study design usually does not elevate the study to a longitudinal nature. Information or data may prove overwhelming to the researcher due to the number of cases and number of participants in each case. If the researcher utilizes rigorous data collection forms and protocols, specific analytic techniques to discover emergent patterns and themes, and appropriate displays or matrices to report the findings, then a well-explicated study can aptly handle the voluminous information of multiple case study research.

Case study design offers the opportunity to examine existing organizations that utilize a CEMS. Multiple cases that are purposively selected for the criterion of ethical notoriety provide the researcher with in-depth understanding of diverse organizations in different industries and sizes, in the for- and not-for-profit sectors, and in national or international locations. The diverse sample and the theoretical constructs of ethical leadership theory (ELT), social learning theory (SLT), social exchange theory (SXT), and deontological and teleological ethics theories give the CEMS study a conceptual framework on which to build, not available in grounded theory. Though the iterative process of data collection and analysis was rigorous and voluminous, the within- and cross-case evaluation yielded rich contextual data. The triangulation of multiple data

sources added to the study's validity and transferability more so than phenomenological research.

In sum, due to the stated purpose of this CEMS study (to discover what executive leaders, employees, organizational documents, and existing organizational systems of purposive selected ethical companies identify as components of an effective corporate ethical management system [CEMS]), multiple case study design provides the criterion sample of individuals and organizations, the within- and cross-case data to discover a model of consistent components for an effective CEMS, and the bounded organizational contexts that enlighten application beyond those contexts. A clear, conceptual framework of sample and theory also guides case study research. Organizations without a CEMS could comfortably use the created model knowing that like organizations in the case study utilized those components effectively. Case study provides these elements.

Research Design of This Study

The research problem is that theoretical ethical leadership literature and organizational practice lack a consensus on what consistent components constitute an effective corporate ethical management system (CEMS).

This study proposed a qualitative, multiple case study approach that triangulated data through within- and cross-case analysis of semi-structured interviews and organizational documents from a criterion sample of three organizations representing companies that operate at the national and international level and for- and not-for-profit companies in various industries. Within the qualitative methodology, this research proposed a multiple case study approach in order to discover a deeper understanding of

consistent components of a CEMS in bounded contexts through the voices of participants (Miles & Huberman, 1994; Stake, 2006; Yin, 1981; Yin, 2009).

This research triangulated data collected from three sources in three cases or bounded organizations. First, semi-structured interviews of two executives and five employees in each organization provided descriptions of effective components and theoretical constructs of an existing CEMS, perceived measures of an effective CEMS, and what differences existed among the multiple cases. Second, organizational documents, specifically policy manuals and employee handbooks, provided further data on what tools each organization used in the management of corporate ethics. Third, data is collected through observational tours of each workplace to discern what existing ethics was communicated to employees based on visual communiqués, art, posters, gathering places, and displays. The sample provided data from executives who have responsibility to manage corporate ethics (Trevino et al., 2000), from employees who could have multidirectional influence (Rost, 1993) into those systems, and documents and existing systems that offer information as to how the organizations perceive the management of corporate ethics.

Qualitative data provide rich, thick meaning from the lived experiences of participants in their respective organizational contexts, especially in case study design (Miles & Huberman, 1994; Yin, 1981). Multiple case study design allows for within-case and cross-case data collection in the search for patterns from multiple perspectives (Eisenhardt, 1989). Though multiple cases can dilute some of the rich meaning that emerges from a single case, multiple cases allow for triangulation of multiple data sources, within cases and through cross-case analysis. These sources of data answered

the global, investigative, and measurement questions of this research, specifically (a) what consistent components are identified and described as part of an effective CEMS, (b) what theoretical constructs are integral to each case's CEMS, (c) how is CEMS effectiveness measured, and (d) what differences exist in CEMS components as described within-case and in cross-case analysis?

Sample

This research was a multiple case study design in order to discover a deeper understanding of consistent components of a CEMS in bounded contexts through the voices of participants (Creswell, 2007; Miles & Huberman, 1994). The unit of analysis for this study was the organization. Yin (2009) believed the unit of analysis occurred as the research questions clearly emerged. The research questions of this study clearly identify the organization as the unit of analysis with their foci on corporations, executives, employees, and organizational documents. Though multiple cases can dilute some of the rich meaning that emerges from a single case, multiple cases allow for triangulation of multiple data sources, within cases and through cross-case analysis. Three cases or organizations, bounded by location and type of organization, were purposively and representatively selected (Stake, 2006) through the sample frame of organizations with known ethical management systems. In addition, criterion sampling can gain the meaning sought by this study (Miles & Huberman, 1994), specifically the contextualized components of an effective CEMS. Random sampling of a small sample frame may not yield recruitment results (Jackson, 2011) and may bias the study with a lack of meaning needed for this topic of inquiry (Miles & Huberman, 1994). Criteria for the sample frame included companies recognized for ethical achievements, national and

international organizations, and for- and not-for-profit companies in various industries. Stake (2006) recommended that multicase selection include (a) relevance to the quintain or CEMS phenomenon studied, (b) cross-contextual diversity, and (c) opportunity to improve understanding of the complexity and context of the subject studied. Two or three cases provide criteria for literal replication that aids in external validity or analytic generalization to a broader theory and mitigates any criticism that empiricism is lacking, as is often the criticism of single-case studies (Yin, 2009).

Criteria for the sample included companies recognized for ethical achievements, national and international organizations, and for- and not-for-profit companies in various industries. Klein, Laczniak, and Murphy (2006) believed that research should move beyond the current corporate scandals to include “companies who do the right thing and meet ethical obligations to stakeholders, even sometimes at a significant economic cost” (p. 229). The sample of organizations provided diversity of organization type and place so that generalizability could be enhanced. Three cases provided data for analytic generalization in order to compare a priori theory with empirical findings in each case study (Yin, 2009). If two or more cases provide support for a priori theory, and non-support for a rival theory, the empirical results are similar to replication in multiple experiments and may be considered robust (Yin, 2009). Creswell (2007) believed that no more than four or five cases should be chosen in a multiple case study design since this number provides the ability to adequately identify themes and to achieve cross-case analysis, especially when diverse cases allow for maximum variation in the sample. Mason (2010) understood that a large enough sample was needed to discover all critical perceptions until saturation occurred.

The sample organizations, two from the for-profit sector in the retail and food and beverage industries and one from the not-for-profit sector in the service industry, provided diversity of organization type and place so that generalizability was enhanced. Participants in each organization included two executives and five employees for a nearly one to three ratio of leaders to employees (Mugalu, 2010). These sources of data included two levels of human participants, documents, existing CEMS, and organizations at the national and international level and in the for- and not-for-profit sectors. Therefore, a purposive, yet diverse and representative sample is attained through maximum variance and criterion sampling (Creswell, 2007). Though demographics of participants are noted, this study is not focused on gender, age, or tenure issues. A purposive sample of participants attempted to carefully select a representative or stratified sample per each organization's demographic makeup (gender, ethnicity, age) to eliminate elite bias.

The sample provided data from executives who have responsibility to manage corporate ethics (Trevino et al., 2000) and from employees who could have multidirectional influence (Rost, 1993) into those systems as to how the organizations perceive the management of corporate ethics.

The data from the organizational unit of analysis and the human participants informed the research questions that seek to discover the consistent components of an effective CEMS, including the identification of the theoretical constructs of ethical leadership theory, social learning theory, social exchange theory, and deontological and teleological ethics theories.

Since the study expected to create a corporate ethical management system (CEMS) model applicable to organizations that need such a system, the larger population is organizations in the for- and not-for-profit sectors and national and international companies who do not utilize and need to create a CEMS.

This research triangulated data collected from three sources within and across the three cases or bounded organizations (Stake, 2006). First, semi-structured interviews of two executives and five employees in each organization provided descriptions of the effective components (codes, audits, communication and training efforts, rewards and discipline, etc.) and theoretical constructs of an existing CEMS, perceived measures of an effective CEMS, and what differences existed among the multiple cases. Second, organizational documents, specifically policy manuals and handbooks, provided further data on what tools each organization used in the management of corporate ethics. Third, observational tours or facility walk-throughs provided visual documentation as to what each organization valued and what existing CEMS was promoted to its employees. The sample provided data from executives who have responsibility to manage corporate ethics (Trevino et al., 2000), from employees who could have multidirectional influence (Rost, 1993) into those systems, and documents and existing systems that offered information as to how the organizations perceived the management of corporate ethics.

These sources of data will answer the global, investigative, and measurement questions of this research, specifically (a) what consistent components are identified and described as part of an effective CEMS, (b) what theoretical constructs are integral to each case's CEMS, (c) how is CEMS effectiveness measured, and (d) what differences exist in CEMS components as described within-case and in cross-case analysis? These

sources potentially offer the best opportunity for the literal replication needed in multiple case study design (Yin, 2009).

In order to recruit and select the three organizations or cases, participants, documents, and observational tours for this study, the following procedures were followed:

Organizational Recruitment and Selection

Organizations that fit the sample frame of known ethical achievements, national and international organizations, and for- and not-for-profit companies in various industries, are purposively recruited and selected by

1. Networking contacts: the researcher developed several contacts through work, personal, and educational relationships who have suggested companies with strong ethical climates and who offered contacts within those companies. Often, selected cases or organizations in a multiple case study are known in advance of the research and selected by the researcher (Stake, 2006).
2. Initial organizational contact: an initial proposal and request-for-research letter was sent to the organizational contacts in the three cases or organizations.
3. Final selection: two of the three recruited organizations accepted the research invitation immediately; the third organization declined to participate in this research due to legalities of proprietary information; an alternate third organization eagerly agreed to participate after a verbal and e-mailed invitation.

Human Participant Recruitment and Selection

Participants in each organization included two executives and five employees, purposively selected for a nearly one to three ratio of leaders to employees (Mugalu, 2010). Participant criteria included knowledge of the organization's CEMS and attempted representation of the organization's demographics. Executives and employees were recruited by

1. An e-mailed invitation letter sent to organizational executives, written by the researcher and sent by the research consent contact in the organization or the researcher, describing the research with an invitation to participate.
2. An e-mailed invitation letter sent to all organizational employees in both for-profit organizations and to three times the participants needed in the not-for-profit organization and selected by the organizational contact based on CEMS knowledge, written by the researcher and sent by the research consent contact in the organization, describing the research with an invitation to participate.
3. Subsequent e-mail invitations or requests for volunteers from the organizational contact until the full sample was achieved in each organization.

Executives and employees were selected:

1. By default in one of the for-profit organizations as there were only two executives.
2. Through self-selection in the second for-profit organization as the two executives with the most knowledge of the company's CEMS volunteered to participate.
3. Through self-selection in the not-for-profit organization as the executive with the most knowledge of the organization's CEMS volunteered to participate, and by the first executive to respond to the e-mailed invitation.
4. By the first five employees, from each organization, to agree to participate. After the recruitment and selection process, each participant was e-mailed an appreciation note describing the interview process with an attached informed consent form.

Organizational Document Recruitment and Selection

Organizational documents provided an additional source of data as to each organization's method of managing corporate ethics. Organizational documents were recruited and selected by

1. Researcher request: executives were asked to provide any documentation that was appropriate to the needed data of this research, that was non-proprietary, and any specific documents known by the researcher to be applicable to this study.

2. Executive permission: executives of each organization suggested, agreed to, and delivered applicable documents to the researcher by hard or electronic copy.

Organizational Observational Tours

Tours of each organization's facility provided yet another data source as to what visual communiqués, room arrangements, or displays promoted as company ethics.

Guided tours of the three facilities were requested and granted by the executives interviewed for this research.

Setting

The unit of analysis for this study was the organization. Yin (2009) believed the unit of analysis occurred as the research questions clearly emerged. The research questions of this study clearly identify the organization as the unit of analysis with their foci on corporations, executives, employees, and organizational documents.

Criteria for the sample included companies recognized for ethical achievements, national and international organizations, and for- and not-for-profit companies in various industries. The sample organizations, two from the for-profit sector in the retail and food and beverage industries and one from the not-for-profit sector in the service industry, provided diversity of organization type and place so that generalizability is enhanced. Each organization has been in operation for over 100 years.

Each organization provided access to a local site as follows:

For-Profit Global Company (FPGC)

The for-profit global company (FPGC) in this study does business in the food and beverage industry with \$65 billion in annual sales. The specific site studied in this research represents one of the global company's brands in the convenient food business

located in a midwest region of operation, which employs 3,000 persons with \$1.1 billion in annual sales. The specific site employs 1,000 persons. The seven participants interviewed at FPGC represented six males and one female, 32-57 years of age, with a tenure ranging from seven years to 26 years. The median age was 48 and the median tenure of employment with the company was 20 years. The average age was 47 and the average tenure of employment was 18 years. The executives interviewed had the most tenure with the company. FPGC offered several documents for review including the code of conduct with specific principles of guidance, and various plant policies.

For-Profit Local Company (FPLC)

The for-profit local company (FPLC) in this study has been in operation for 156 years. This retail organization employs 55 persons and has loyal customers from several states across the U.S. The study site is this organization's suburban, downtown building located in a midwest region of operation. The seven participants from FPLC included three males and four females. Ages of the participants ranged from 26-69 years of age, with a median age of 57 years and an average age of 52 years. Tenure with the FPLC ranged from four months to 41 years, with a median tenure of 10 years and an average tenure of 14 years with the company. The employee handbook (EH) was the primary document of the FPLC.

Not-For-Profit Global Company (NFPGC)

The not-for-profit global company (NFPGC) in this research serves the needs of people in 156 world areas. This organization has operated for 105 years as a denominational ministry entity. There are 2.15 million members in 28,130 churches worldwide. The specific study site is this company's world headquarters located in a

midwest region of operation. The seven participants of the NFPGC included six males and one female, whose median age was 60 and an average age of 59 years. Ages of participants ranged from 49-63 years. The median and average tenure of employment with the company was 20 years; tenure ranged from six years to 36 years. The executives interviewed had the least years of tenure with the company. The documents requested and provided included the employee handbook, company manual, and employee policies.

Instrumentation/Measures

This research triangulated data collected from three sources within and across the three cases or bounded organizations (Stake, 2006). First, semi-structured interviews of two executives and five employees in each organization provided descriptions of the effective components (codes, audits, communication and training efforts, rewards and discipline, etc.) and theoretical constructs of an existing CEMS, perceived measures of an effective CEMS, and what differences existed among the multiple cases. Second, organizational documents, specifically policy manuals and handbooks, provided further data on what tools each organization used in the management of corporate ethics. Third, observational tours or facility walk-throughs provided visual documentation as to what each organization valued and promoted to its employees. The sample provided data from executives who have responsibility to manage corporate ethics (Trevino et al., 2000), from employees who could have multidirectional influence (Rost, 1993) into those systems, and documents and existing systems that offered information as to how the organizations perceive the management of corporate ethics.

In multiple case study design, it is critical to design instrumentation that can be standardized across all cases (Miles & Huberman, 1994). The interview protocol assured

standardization and consistency throughout the semi-structured interview process of this multiple case study, especially for “cross-case comparison” (Miles & Huberman, 1994, p. 35). The interview protocol (IP) instrument (See Appendix A) assured that similar questions were asked of executive leaders and employees, and that data is securely attached to the appropriate case and individual (Miles & Huberman, 1994). Yin (2009) believed that the interview protocol, while structured to follow the case study line of inquiry could follow an unbiased conversational tone of questioning. As key respondents were queried about their opinions and insights into the topic of inquiry, as well as the facts of the topic, respondents became informants that guided the interviewer into further propositional inquiry (Yin, 2009). Interviews should be regarded as “*verbal reports only*” since responses are from humans who are subject to bias and fallibility; as such, interview data needs corroboration from other sources of data (Yin, 2009, p. 108). Several documents from each sample organization were requested to mitigate common source bias: employee handbooks, policy manuals, and ethical codes. In case study design, documents provide support and confirmation of data from other sources in the study (Yin, 2009). The documents referenced above were content analyzed for ethical attributes. A document summary form (DSF) organized the data collected from each document of the multiple cases (Miles & Huberman, 1994). The form included contextual information, document description, significance of the document, and a summary of each document’s contents, specifically noting the relationship of the document to the CEMS outcome of this study. In order to maintain consistency in collecting data from the existing CEMS systems in the multiple cases, a CEMS identification form (IF) provided contextual and visual information, including the

components of the CEMS observed, the specific elements of each component (e.g., the elements in a code of ethics or values statement), and the particulars of how the system is presented and displayed from the observational tours of each site. A differentiated variables matrix (DVM) (See Appendix B) provided a consistent and organized record of data that included the a priori variables of CEMS components, the foundational theoretical constructs, and CEMS effectiveness labels of this research. Also included in the DVM were emerging variables in the same categories. The DVM became an important tool as data was transferred from the IP, DSF, and IF to the DVM for each member-checked interview, document, and observational tour.

Data Collection

Qualitative data provide rich, thick meaning from the lived experiences of participants in their respective organizational contexts, especially in case study design (Miles & Huberman, 1994; Yin, 1981). Multiple case study design allows for within-case and cross-case data collection in the search for patterns from multiple perspectives (Creswell, 2007; Eisenhardt, 1989). The purposive sample of organizations represents national and international companies in the for- and not-for-profit sectors. This sample allowed for maximum variation and representativeness to enhance the study's internal validity or credibility and possible generalizability or transferability. Though document analysis and observational tours served as two sources of data, the main source of data was secured from semi-structured interviews with executive leaders and employees in three cases or organizations. The research questions sought to understand what executives and employees identified as consistent components of an effective CEMS, and how they perceived effectiveness as the result of a CEMS. Therefore, in order to gain the

experiences, perceptions, and component identification from participants, the interview process was used. A data collection matrix assured an organized and systematic collection of data from the purposive, criterion-based sample (Creswell, 2007).

The specific, step-by-step data collection methods and procedures followed were:

Observational Evidence

Yin (2009) suggested that direct observation provides another source of evidence since the case study occurs in a natural setting. The two sources of observational evidence were

1. **Observational tours:** Permission was granted from the organizations' authorized agents to walk through each organization to view any appropriate visuals on the current CEMS. Identified components of each organization's CEMS were noted on the IF and later transferred to the DVM.
2. **Documents:** The organizations' authorized agents provided various organizational documents that were applicable to the management of company ethics. Documents were carefully reviewed for applicable ethical components, including principles based on a priori theories of this study. Data were placed into the appropriate section of the DSF and transferred later to the DVM.

Semi-Structured Interviews: Steps Followed for Each Participant (P)

1. **Pre-interview preparation:** the researcher (R) and the organizational contact selected a safe, private room on-site at each of the three organizational locations. The room was comfortable with two facing chairs, separated by a table that provided space for note taking and refreshments. Tape recorders were not used due to the R's personal preference, his ability to listen closely, the "enormous time and energy" of transcription, and the possibility of participant (P) discomfort (Yin, 2009, p. 109). A "do not disturb" (DND) sign was attached to the outside of the meeting room door.
2. **Initial interview phase:** R met P outside the meeting room at the determined time, welcoming P to the interview and appropriate chair; the door was closed with the DND sign appropriately placed. R engaged P in general conversation to gain rapport and to place P at ease. R explained the purpose of the interview, asked if P had any questions, and gave P permission to stop the interview at any time, to ask any questions, or to give a "no response" to any question. P and R signed a hard copy of informed consent form previously e-

mailed to P as an electronic copy. R asked P if he/she was ready to begin the interview.

3. Interview phase: R worked through the interview protocol (See Appendix A), asking P the questions in order, yet allowing for probative questions to explore P's responses in depth. R remained sensitive to P's comfort level and/or need for a break. At the end of the interview protocol, R asked if P had any other thoughts to add to the discussion.
4. Post-interview phase: to close the interview phase, R explained that the interview notes would be processed and returned to P for a check for accuracy. R explained that P could correct the processed field notes and add any additional thoughts to the interview protocol. R thanked P for his/her valuable input into this research on a CEMS and ended the interview.
5. Member-checking phase: R processed the hand written field notes in a Word document for each participant. R sent P either a hard or electronic copy of the processed field notes from the interview. P reviewed the processed field notes for member checking and accuracy purposes, and returned the member-checked notes to R. Member-checked field notes were corrected and saved electronically and printed for the transfer of data to the DVM. All 21 participants member-checked the interview notes.

Data Analysis

Qualitative data analysis includes a description of the “what” and “how” of a particular phenomenon as it seeks to make complex concepts clear (Miles & Huberman, 1994; Yin, 2009). The analysis process is an iterative spiral that moves up a ladder of abstraction from description to explanation. Text is coded as themes or patterns are identified to enable deep detail and eventual synthesis into an explanatory framework.

Types of Data

This research triangulated data collected from three sources within and across the three cases or bounded organizations (Stake, 2006). First, semi-structured interviews of two executives and five employees in each organization provided descriptions of the effective components (codes, audits, communication and training efforts, rewards and discipline, etc.) and theoretical constructs of an existing CEMS, perceived measures of an

effective CEMS, and what differences existed among the multiple cases. Second, organizational documents, specifically policy manuals and handbooks, provided further data on what tools each organization used in the management of corporate ethics. Third, observational tours or facility walk-throughs provided visual documentation as to what each organization valued and promoted to its employees.

The sample provided data from executives who have responsibility to manage corporate ethics (Trevino et al., 2000), from employees who could have multidirectional influence (Rost, 1993) into those systems, and documents and existing systems that offered information as to how the organizations perceive the management of corporate ethics.

These sources of data included two levels of human participants, documents, existing CEMS, and organizations at the national and international level, and in the for- and not-for-profit sectors. Therefore, a purposive, yet diverse and representative sample was attained through maximum variance and criterion sampling (Creswell, 2007).

Though demographics of participants are noted, this study was not focused on gender, age, or tenure issues. A purposive sample of participants attempted to carefully select a representative or stratified sample per each organization's demographic makeup (gender, ethnicity, age) to eliminate elite bias.

These sources of data answered the overarching research question (ORQ) and the four research questions (Research Questions 1-4) of this proposed study, specifically

1. (ORQ) What are the consistent components of an effective corporate ethical management system (CEMS)?
2. (Research Question 1) What consistent components do executives, employees, organizational documents, and existing organization systems identify as part of an effective CEMS?

3. (Research Question 2) What theoretical constructs are integral to each case's CEMS?
4. (Research Question 3) How do executive leaders and employees measure the effectiveness of their CEMS?
5. (Research Question 4) What differences exist in CEMS components as described within case and in cross-case analysis?

The data from the organizational unit of analysis and the human participants informed the research questions that sought to discover the consistent components of an effective CEMS, including the identification of the theoretical constructs of ethical leadership theory, social learning theory, social exchange theory, and deontological and teleological ethics theories.

Triangulation of data through multiple case study design, rigorous data collection with chain of evidence, and member-checking techniques added to the study's validity, credibility, confidence, and quality assurance (Creswell, 2007; Miles & Huberman, 1994, Yin, 1981). A field test of the interview protocol assured the collection of appropriate data, and the interview protocol assured consistent data (Creswell, 2007).

Permission for this study was first granted from the Institutional Review Board (IRB) of Capella University with a Memorandum of Understanding (MOU) written by the researcher and signed by each organization's authorized agent. Executive leaders and employees were selected based on availability. Gender, age, and tenure were not study factors; therefore, employees were selected on a volunteer basis. Participants were assured of anonymity, confidentiality, the right of refusal without reciprocity, and the benefits of the study, personally and organizationally (Academy of Management [AOM], 2011; Bryant, 2005; Cooper & Schindler, 2011; Creswell, 2009; Miles & Huberman,

1994). These agreements with participants added to the quality of data collected and the quality of conclusions reached (Miles & Huberman, 1994).

Existing CEMS information through observational tours and organizational documents was requested from each organization's authorized agents.

Data Preparation

Data management strategy. This study collected the following data from three organizations in a multiple, case study design: (a) ethics observations from facility tours, (b) semi-structured interviews in which executives and employees were asked the research questions from the interview protocol, and (c) CEMS variables from organizational documents. Collected data, voluminous by qualitative nature, must be managed and prepared in order to systematically reduce the data, increase understanding of the research questions, analyze the full range of data, and to add coherent focus to the findings; matrices provide for such management and preparation (Miles & Huberman, 1994). Matrices are valuable for multiple case studies; matrices help the reader visually re-create the study. Matrices also aid in member checking data, triangulation, the revelation of rival hypotheses, and the ability to perform if-then tests, all of which enhance the validity of the study. Matrix building is a satisfying and creative process with no fixed rules, only that the researcher develops a display format to include the necessary data from the research questions and the study variables.

The descriptive data display (DDD) is one tool to aid in data analysis as information is systematically collected, reduced, focused, and organized into a one-page visual display (Miles & Huberman, 1994). The DDD was formed early in the data collection process and served to guide the researcher as to what data were needed and in

the comparison of data within and across multiple cases. Though a priori codes formed the DDD, the tool is flexible enough to allow for emergent information to change the format of the display. The DDDs began with the organizations, informants, and informant roles as individual rows, and the research question information as columns. Decision rules for data included: (a) consistency in what is considered a component of a CEMS from case to case, and (b) consistent identification of aspects of each theoretical construct (e.g., social learning theory = role modeling; ELT = leadership and management of ethics from the top leaders). Yin (2009) suggested that the matrices and data displays offered by Miles and Huberman (1994) offered the researcher the opportunity to “play” with the data in order to manipulate the data into preliminary form (p. 129).

For this study, the differentiated variable matrix (DVM) (See Appendix B) became the primary descriptive data display (DDD). The DVM emerged from the integration of matrices suggested by Miles and Huberman (1994). The matrices informed the research questions of the study, and since this study also sought to understand how participants and documents perceived the effectiveness of a CEMS, the integration of a third matrix added to the DVM as to how the specific cases, the participants, and specific-case documents informed the effectiveness of a CEMS. Effectiveness labels or codes also emerged from this study.

Data entry into a matrix needs to be detailed for clarity with the understanding that full field notes add a thicker description (Miles & Huberman, 1994). Therefore, it was critical to code the entered data with a link to the field notes for ease of review and

for a chain of evidence. In the DVM, added observational definitions explained what decision rules guided consistency in data entry.

The matrices described here were helpful for drawing conclusions from the data through a quick scan of rows and columns, noting patterns and themes and contrasts and comparisons as data are clustered and counted. Through the matrix system, one case is analyzed easily before cross-case analysis adds to the triangulation of the analysis. As conclusions formulate, the researcher can explain those finding in text form, but uses the matrix system as a visual display for the reader.

The matrix system, utilizing the research questions and the variables of participants, existing CEMSs, documents, and perceived effectiveness of a CEMS, provided a systematic and visual method to manage the quantity of qualitative data expected in this multiple case study design.

Computer strategy. Qualitative data analysis involves the interpretation of data through patterning, coding, thematic identification, contextual information, comparisons and contrasts, and cross-case analysis (Lewins & Silver, 2004). Through the voluminous nature of qualitative data, computer assisted qualitative data analysis software (CAQDAS) can effectively help in that interpretation. CAQDAS is advantageous in the coding and retrieval of data, cross-referencing data from case to case, retrieval of key words in context (KWIC), tracking memos and notes, and in the overall management of research data, which leads to “explicit, systematic, and transparent” analysis (Lee & Esterhuizen, 2000, p. 234; Lewins & Silver, 2004). Through such software, it is possible to stay in close contact with the data, provide continuity through the study, and add methodological rigor (Lewins & Silver, 2004).

CAQDAS also has potential disadvantages. The researcher could use the software to provide a cursory view of the data instead of a rich description (Lee & Esterhuizen, 2000). Due to the efficiency of the software, the researcher may spend less time immersed in the data. The same efficiency may allow a researcher to broaden the reach of a study to the exclusion of focused details on one particular case. As with any new software, CAQDAS incurs a learning curve in its operation, cutting into the researcher's time (Lewins & Silver, 2004).

This dissertation sought to discover what executives, employees, and organizational documents identify as consistent and effective components of a corporate ethical management system (CEMS). This qualitative inquiry proposes a multiple case study design with three organizations. The data was expected to be voluminous; therefore, a CAQDAS could aid in coding, retrieval, and single- and cross-case analysis. The software could enable a broader view of the variables of the study across several cases. The major consideration for the use of CAQDAS is the time element needed to learn its use, which could add unnecessary time to the length of this study. Other major considerations were the cost of CAQDAS and which software to purchase.

This study had proposed to utilize NVivo9 as the chosen CAQDAS. A downloaded, free demo of NVivo9 offered only a coded textbox when opened; it is not compatible with a MAC, unless a Mac-compatible version of Windows is downloaded (Lee & Esterhuizen, 2000; Lewins & Silver, 2004; QSR International, 2011). Therefore, this study then proposed to use HyperBUNDLE, which is Mac-compatible, and is a combination package of HyperRESEARCH and HyperTRANSCRIBE that offers the ability to transcribe data from interviews into the code and retrieve portion of the

software (Researchware, 2012a). HyperRESEARCH is unique in the CAQDAS offerings due to its case-based format, which fits with this study (Lewins & Silver, 2004). It is also an external database that can handle larger data sets. It is possible to stay close to the data as the source files are coded to “Case cards” (Lewins & Silver, 2004, p. 13).

HyperRESEARCH allows for annotations or memos, code mapping, and code frequencies that can be exported to an Excel matrix. HyperBUNDLE is available at a student price of \$239, but the license does not expire as in other CAQDAS, and it offers unlimited installation on all personal computers (Researchware, 2012b,c).

CAQDAS offers the ability to be organized, systematic, and coherent in the management of large amounts of qualitative data. However, after a trial copy of HyperRESEARCH was downloaded and tested, it seemed that the software learning curve only unnecessarily added to the length of this study. The creation of the DVM and the subsequent creation of various codebooks described in the next section preempted the need for CAQDAS. The creation of those various codebooks in a Word document allowed for the necessary comparison and contrast of all sources of data from each single case to the cross-case analysis in an organized, systematic, and coherent manner.

Data Analysis Process

Yin (2009) understood case study data analysis to be difficult with little guidance from fixed formulas to aid the researcher in the process. However, Yin believed that rigorous analysis depended on the researcher’s cognitive bent toward empirical evidence and its subsequent presentation that considers alternative interpretations. Data collection and analysis is a simultaneous and iterative process in which the researcher utilizes a hermeneutic spiral or layered approach to move among data collection points and data

analysis in order to discover emergent patterns, categories, and themes (Miles & Huberman, 1994). Data analysis, in qualitative study, involves the coding or labeling of data into categories and the subsequent sifting of categories into major themes. The data analysis plan consisted of specific techniques.

A priori theories. For this research study into effective CEMSs, a priori codes were established from the theoretical framework based on extant literature research (Miles & Huberman, 1994; Yin, 2009). Theoretical codes included the theories of ethical leadership (ELT), social learning (SLT), and social exchange (SXT), and deontological and teleological ethics theories. Also included in a priori codes were components of a CEMS noted in the literature, such as codes, ethical audits, decision-making processes, training, value statements, rewards and disciplines, and communication processes. A priori codes for CEMS effectiveness labels, noted in the literature, included productivity, good for business and competitive advantage, employee satisfaction, commitment, comfort, fun, emulation of ethics by employees, and the avoidance of legal issues.

Observational evidence and semi-structured interviews. Data coding also included

1. Memoing: as the text from interviews and documents was reviewed, marginal notes or memos were created to form emergent codes, often in vivo codes based on participants' words. Yin (1981) believed that notes were more important than full narratives during the initial stages of data analysis. Memoing allows for "conceptual epiphanies" that form emergent codes or categories (Miles & Huberman, 1994, p. 74).
2. Describing: each of the three cases was described and analyzed in contextual detail for an effective CEMS (Yin, 2009), allowing for additional concepts to emerge into tentative codes. Within-case analysis allowed for the "tabulation of meaningful events" or the development of further codes in each case (Yin, 1981). Data was coded for each case before collecting additional data from subsequent cases (Miles & Huberman, 1994), unless interview schedules from sites overlapped.

3. Descriptive statistics: Yin (2009) considered the addition of quantitative data to help strengthen the analytic process. This study utilized descriptive statistics to count the number of occurrences of a priori and emergent themes.
4. Categorization: categorical aggregation and pattern coding techniques were employed to aggregate the data into patterns or major categories (Miles & Huberman, 1994). Cross-case comparison was utilized to determine common characteristics among the three cases (Yin, 1981). The major categories were then sifted and collapsed into the major components of an effective CEMS with effectiveness labels.
5. Pattern matching: internal validity of a case study is increased if predicted patterns, defined by a priori theories and suspected CEMS components, match empirical patterns (Yin, 2009), which was the case in this study.
6. Interpreting: the major themes needed re-comparison to the extant literature and member checking to increase validity of the findings, which both techniques were utilized. Naturalistic generalization is an interpretative technique employed at this stage in order to make application to other populations.
7. Rival explanations: as a part of the analytic process, it is important to consider rival explanations for expected and real outcomes (Yin, 2009); prior to data collection, possible real-life rivals such as direct, commingled, implementation, and theoretical rivals were considered (Yin, 2009, p. 135), and during analysis, craft rivals such as threats to validity and investigator bias were a part of the analysis (Yin, 2009, p. 135). There was no basis for real-life rivals to account for the results of this study or to account for the effectiveness labels of a CEMS other than the CEMS itself. However, the effectiveness labels of “employee satisfaction, commitment, comfort, and fun,” might be explained by interventions other than a CEMS, such as pay and benefits, other policies in the workplace, or positive employee relationships with each other and with supervisors. But each of these possible alternative interventions can have an ethical tone, thus supporting the original principle that the CEMS is the intervention for specific and emerging effectiveness labels; no threats to validity, such as maturation or instrumentation (Yin, 2009) played a part during the analysis, and investigator bias was continually mitigated through bracketing personal feelings toward either participants and sites.
8. Cross-case synthesis: Yin (2009) recommended that multiple case study treat each case individually through the use of data collection instruments, which this study did. As data from each case was reviewed, similar or shared data among cases was observed, adding to the iterative nature of qualitative analysis. Yin insisted that the interpretation in cross-case synthesis is more argumentative than numeric in nature.

9. Visual reporting: the final write-up included narrative, tables, and figures to present the findings from the case studies as to what components comprise an effective CEMS.

Study-specific coding. The coding process for this study revolved around the differentiated variable matrix (DVM) (See Appendix B). Collected data from the semi-structured interviews, document analysis, and observational tours were entered in handwritten form into the a priori or emergent code sections of the separate and identified DVMs. Separate DVMs had alphanumeric codes as to the source of data. Then, each of the DVMs was processed into a Word document, with identification alphanumeric codes, for clarity and another iteration of the data. If any single DVM had multiple data sources, those data sources were transferred to a single DVM so that employee and executive interviews were separated. The following codebooks became the focal point of the data analysis:

1. Multiple codebooks (MCB): as each handwritten DVM was processed into a Word document, it became labeled as a MCB, identified as to its data source. Twenty-seven MCBs arose from this process, some with multiple, but like data sources.
2. Single-case codebooks (SCCB): the data from the 27 MCBs were then placed into three SCCBs, and data were highlighted to show transference to the SCCB. The three SCCBs represented each case or organizational site with data categorized by specific and alphanumeric source and a priori and emergent codes. The SCCBs included information from memos and emergent theories. The SCCB allowed for yet another iteration of the data and for the condensing and rearranging of data into specific codes.
3. Cross-case codebooks (CCCB): The three SCCBs data were then copied into the CCCB form so that all data could be visualized for comparison and contrast, allowing yet another iteration of the data. The CCCB included colored sections to differentiate the three sites, with sections to differentiate sources of data, and to categorize the data per the research questions. The interview rows contained alphanumeric codes to identify the roles of the interviewees. The “CEMS Components,” “Theoretical Constructs,” and “Effectiveness Labels” columns separated the data by the a priori codes previously identified and by data source. The final CCCB represented 40

pages of information, including notes on specific memos and emergent data. The CCCB was then utilized as a complete study data source in which single- and cross-case information from the three data streams (interviews, documents, observational tours) was compared and contrasted to see patterns and reduce multiple codes into manageable themes.

The creation of this series of codebooks and processing data allowed for approximately 175 touches or iterations of the data. As qualitative data collection and analysis proceeds through several iterations with deepening structure, the analysis moves from description to explanation (Miles & Huberman, 1994). Description makes complex concepts clear; explanation makes complex concepts clear through component fit as patterns emerge for a cohesive and generalizable belief or theory.

Final codebooks included:

4. Quantitative/Qualitative Thick Descriptive Code Book (Q/QTDCB): a further iteration of data analysis included the creation of the Q/QTDCB. The Q/QTDCB utilized the CCCB form in order to preserve the separation of cases, sources of data, and the study's research questions. At this stage of data analysis, data from the CCCB was inserted into the Q/QTDCB case-by-case, row-by-row, and column-by-column in order to preserve single-case analysis (Yin, 2009) and to preserve data source and previous variables in the columns. Quantitative analysis of the research question variables aided in the analytic findings (Yin, 2009) and counted the number of occurrences of specific components, theoretical constructs, and CEMS effectiveness labels. Critical, thick descriptions of the data formed a note section categorized by case and data source. The note section included categorization of data by a priori and emergent variables and a filtering of data into like patterns or themes. The note section of the Q/QTDCB did not list the specific source of interview data, except to separate executives and employees for comparison and contrast. It was unnecessary at this stage of data analysis to preserve an exact chain of evidence since previous codebooks provided those links to specific participants.
5. Quantitative/Qualitative Explanation Code Book (Q/QECB): a final iteration of data analysis included the creation of the Q/QECB. The Q/QECB utilized the CCCB form but did not separate the data sources of each case. Data from each case formed the rows of the matrix, while the research questions, theoretical constructs, and the effectiveness labels remained as the columns. The Q/QTDCB data from interviews, documents, and observational tours were analyzed both quantitatively and qualitatively to summarize the data into

case-by-case results, which formed the rows of the matrix. Coherence with the conceptual framework, consideration of rival explanations, pattern noting, and the solidification of emergent theories and themes were part of this stage of the analysis (Miles & Huberman, 1994). This analysis of the Q/QTDCB sections into the Q/QECB allowed for a deepening structure and a component fit as patterns emerged for a cohesive and possible transferable CEMS (Miles & Huberman, 1994). Single case analysis then moved to cross-case analysis for comparisons and contrasts among cases and data sources.

Prediction of Causality

Causality is one form of explanation in scientific research (Miles & Huberman, 1994). Though some insist that causality is in the purview of quantitative experiments, qualitative inquiry offers several critical pieces to causality: (a) ability to add clarity to complex relationships that obscure causality; (b) effectively notes the time element necessary to demonstrate causality; (c) ability to reflect and re-evaluate concepts, constructs, and variable relationships; and (d) multiple case study design can add to verifiable causality through replication of an effect. An explanatory data display (EDD) is one tool by which to visibly track and demonstrate the strength and direction of variable relationships in a study.

The measurement question of this research asked how executives and employees measure the effectiveness of their CEMS. In other words, this project had an element of causality in that it is assumed that an implemented CEMS has some effect on organizational behavior and performance. This causality was tracked through interviews with the sample participants. The EDD chosen to represent this research was an explanatory effects matrix that is a first-cut at the explanation of causality (Miles & Huberman, 1994), and which was integrated into the DVM and subsequent codebooks. In the CCCB form, this matrix allowed for single- and cross-case analysis, including comparison and contrast of cases and data sources. Memos of differences of perspective

from executives to employees and from participants to inanimate data sources were recorded on the SCCB and CCCB. The Q/QECB became the final explanatory data display (EDD). The ability to see confirmation of a priori codes was also a critical use of these various descriptive data displays (DDD) and EDDs, including the added ability to track emergent codes.

The major obstacle of qualitative data collection and analysis is the overwhelming volume of data (Miles & Huberman, 1994). Several organizational and conceptual techniques mitigated data overload: (a) used only data that fit with the study's conceptual and theoretical framework and research questions (Miles & Huberman, 1994); (b) kept a "chain of evidence" as to where and when data was collected (Yin, 1981); (c) utilized study-specific matrices to aid in the storage, coding, and retrieval of data; and (d) employed member checking and mentor expertise to review data for accuracy and appropriateness (Creswell, 2007).

Qualitative research is as scientific as quantitative research and possibly more rigorous based on the techniques described in this section. The coding process herein allowed for this study to determine what components comprise an effective CEMS that will serve as a model for organizations that desire their own specific system.

Drawing Conclusions, Validity, and Transferability

Drawing Conclusions With Verification

Consistent and rigorous methods are necessary for qualitative inquiry to maintain a level of reliability, validity, and possible transferability that equals that of quantitative design. This research delineated several chosen methods to maintain that consistency and rigor, and to draw and to verify the conclusions in this qualitative inquiry: "what do

executives, employees, and organizational documents identify as consistent components of an effective corporate ethical management system (CEMS)?” Miles and Huberman (1994) suggested many methods in this endeavor; it is their identification and explanations that form the basis of this explication.

Draw conclusions and generate meaning. Based on Miles and Huberman (1994), there are several techniques to draw conclusions and to generate meaning for the study. To draw conclusions and generate meaning, the process of identifying and coding emerging data is most useful. Though a priori codes, based on the extant literature and ethical leadership theory, began the collection of data, the interviews and document analyses provided confirming and emerging variables. These variables were first partitioned into a matrix to demonstrate differentiation. Patterns and themes were noted through iterative data collection and analysis. Next, particulars were subsumed into clusters of similar categories to ascertain consistent ethical components. These processes are similar to quantitative factor analysis in which variables fit into a general category that describes their similarities. Since this study was a multiple case study, cross-case analysis and the different perceptions between executives and employees allowed for contrasts and comparisons to sharpen understanding of the CEMS components. In order to determine consistent components, it was necessary to count the frequency of variable occurrence. To push to firm conclusions, it was important to note “if/then” chains of evidence and relationships among variables, specifically the effect of a component CEMS on organizational and employee performance. As emergent data either confirmed or disconfirmed the beginning conceptual framework of the study, there was conceptual coherence or alternative hypotheses (Miles & Huberman, 1994). Rival hypotheses can be

eliminated if not plausible or accepted as a conclusion to lead to future research. These methods found usefulness in the various codebooks utilized for data analysis.

Verification of research conclusions. To verify research conclusions, it was critical that the sample was representative and not biased in nature. In order to achieve a representative sample, this study purposively selected three organizations in both the for- and not-for-profit sectors, and local, national, and international companies. Ideally, to ensure representativeness in the executives and employees selected for interviews, a purposive sample of participants should carefully select a representative or stratified sample per each organization's demographic makeup (gender, ethnicity, age). This tactic would eliminate elite bias as well. However, in order to be efficient and not cumbersome to the time restraints of the organizational contacts, a stratified sample was not sought. Selection of employee participants was based on those volunteering for the study, and the selection of executives primarily was based on those who best had knowledge of the existing CEMS. This type of purposive sampling did not bias the study.

Triangulation of data and rival views. Since this study used multiple cases, multiple sources of data, and multiple data types, triangulation is a natural fit to add validity to the study (Creswell, 2007; Miles & Huberman, 1994). Though the expected outcome of the study was that a consistent component system would emerge that positively effects organizational and employee performance, it was important to be open to rival hypotheses, negative evidence, and outliers that could contradict the expected outcome. If these can be explained as implausible through solid "if/then" chains of evidence that point to a relationship between a component CEMS and positive organizational performance, then the reader knows that the researcher has not jumped to

conclusions, but has verified conclusions by considering rival views. As noted earlier, there are few rival views without an ethical base that could explain the relationship between a CEMS and the effectiveness labels confirmed from a priori labels or labels of effectiveness that emerged in this study.

Replication of findings. This multiple case study enhanced replication of findings through cross-case analysis (Miles & Huberman, 1994). Member checking or feedback from participants, as to the validity of the findings, added to the study's internal validity or credibility and potential transferability. Replication of the findings of this study was also enhanced through the rigorous preservation of data on the various written and e-processed forms highlighted herein. The precise explication of the research design and methods also added to replication.

Validity

Validity in qualitative inquiry is as important and possible as it is in quantitative design (Maxwell, 1992; Miles & Huberman, 1994). Member checking provided an opportunity in this study to increase internal validity or credibility so that the results are believable by the participants (Miles & Huberman, 1994; Trochim, 2006). In tandem with mitigating bias, internal descriptive validity also brings believability to the findings as results were placed in the words and language of participants. The novice researcher must be willing to listen to and heed the advice of experts, specifically the dissertation committee (Miles & Huberman, 1994). Therefore, as these experts corroborate the study's methodology and findings, confirmability is increased (Trochim, 2006). This study also utilized case-oriented and variable-oriented strategies in order to stack comparable cases and describe the data by case and by variable patterns across cases

(Miles & Huberman, 1994). These strategies added reliability or dependability to this study as contextual changes were accounted for and visually demonstrated in matrix form (Miles & Huberman, 1994; Trochim, 2006).

Generalizability or Transferability

This study employed a multiple-case study design, which increased generalizability or transferability of the findings to other populations through cross-case analysis (Miles & Huberman, 1994). The sample included three ethical organizations from the for- and not-for-profit sectors and local, national and international companies. This diversity added deeper meaning and explanation to the phenomenon under study. An organization without a CEMS, or a contrasting case, could further enhance the transferability. However, this would have lengthened the duration of the projected timeline and added to the cost of this study. However, it is important to understand that three cases, though diverse, still limit the ability to transfer this study's findings to larger populations. A greater number of cases would have provided increased transferability, specifically utilizing various types of not-for-profit organizations and a wide variety of industry types in the for-profit sector.

Each of these strategies for drawing conclusions and verification, increasing validity, and assuring transferability took more time. But, the increased rigor of the study was worth the extra time and effort.

Ethical Considerations

In addition to advancing knowledge and contributing to theory, research must be ethically sound to achieve scientific merit. If the research cannot demonstrate the ability to contribute significantly to its field, or if it is not scientifically valid through its design,

it is unethical to expose human participants to needless, inconvenient, and potential risks. The Institutional Review Board (IRB) considers these factors in the approval of any research project involving the risks and benefits to human participants. Organizations are human entities. As such, they deserve careful consideration of the potential benefits and harms to human participants caused by organizational research.

The IRB review of a research project assures that the study aligns with the *Nuremberg Code*, the *Belmont Report*, and all federal regulations to protect human participants. The use of these various ethical regulations and mandates falls under three major categories (U.S. Department of Health & Human Services [USDHHS], 1979):

1. Respect for persons: persons are to be respected as autonomous agents who receive accurate study information and assurances of privacy without pressure or coercion, so that research participation is voluntary with informed consent; participants can terminate the research relationship at any stage (USDHHS, 1979; Office of Human Subjects Research [OHSR], 1949). This study recruited participants through e-mail, with approved text from the Institutional Review Board (IRB) of Capella University. Participant and organizational anonymity and confidentiality is also protected through use of alphanumeric codes on collected data and by de-identifying the results.
2. Beneficence: research participants can expect beneficial actions that do no harm and that maximize anticipated benefits, while mitigating potential harms (USDHHS, 1979). This study did not anticipate any beneficial value to participants, other than in the form of increased knowledge of their specific organization's corporate ethical management system (CEMS) through a report of the findings, and in the form of satisfaction that participant input added to the creation of a model CEMS to guide other organizations. The potential harm of employer retribution on participants is mitigated through the privacy, anonymity, and confidentiality parameters of this study.
3. Justice: the burdens and benefits of research must be distributed equally among equals (USDHHS, 1979). Research participants were not selected for their ease of availability or manipulation, but fairly to ensure non-discrimination of marginalized and vulnerable people groups. Justice requires the researcher to be sensitive to cultural concerns, sexual harassment, and discrimination (Academy of Management [AOM], 2011). To be fair, the researcher must disclose any conflicts of interest and present research findings with accuracy and honesty, with a willingness to admit mistakes (AOM, 2011;

Creswell, 2009; The National Academies Press [NAP], 1995; National Institutes of Health [NIH], 2011; NIH Policy Manual, 2008). This study used a purposive and possible stratified selection of participants in each of the three cases or organizations. Justice also requires the researcher to avoid plagiarism, disclose conflicts of interest, and acknowledge study limitations and personal biases. Any possible conflicts of interest were explicated and noted to the IRB.

The implications of these ethical principles are that researchers must consider these issues in the design of the study, the composition of surveys and interview questions, the recruitment of participants, the collection, analysis, and security of the data, and in the reporting and publishing of the findings. This study strictly followed these ethical principles.

Data Presentation

Report Design. In order to either write or evaluate a qualitative research study, criteria must be developed by which to judge the study's effectiveness. The following outline and criteria provided such a framework:

1. Pervasive priorities: there are eight priorities that pervade an effective qualitative research report: (a) relevance: any study must demonstrate its significance, value, and/or relevance to the extant literature and field of discipline (Malterud, 2001; Yin, 2009); (b) reflexivity: the researcher must always reflect on and state his/her biases based on cultural, gender, generational, educational, ontological, epistemological, and vocational factors (Creswell, 2007; Malterud, 2001); (c) explication of methodology and research design: the researcher must always be clear on research design, methods, sampling, and data collection to assess if a qualitative approach is best to answer the research questions (Malterud, 2001); (d) theoretical framework: research has its foundation in previous theoretical understanding; therefore, the research must carefully demonstrate the theoretical connections throughout the study (Malterud, 2001); (e) description and analysis: Creswell (2007) suggested that a case study should contain 70% description and 30% analysis, using both a holistic (single unit of analysis) and an embedded (multiple units of analysis) analysis design. Embedded analysis, which offers much for this particular multiple case study approach, employs a "funneling" effect from the broad to the narrow description and back to the broad application of the results of the study (Creswell, 2007, p. 197). Malterud (2001) stated of analysis: "the researcher's task is to organize, compare, and

validate alternative interpretations. Only when the researcher can identify the systematic procedure that has been followed in this process, can it be shared with others” (p. 486); (f) validity, credibility, dependability, and confirmability: Creswell (2007) suggested eight processes for validity in a qualitative study, and that the researcher must employ at least two, such as prolonged time in the field, clarified researcher biases, triangulation of data, peer debrief, contrasting case analysis, thick description, process audit, and member checking. This study utilized clarified researcher biases, triangulation of data, thick description, and member checking. Yin (2009) considered corroboration by participants of the facts of the case study, through a review of the draft report, to be an important step for construct validity. Participants in this study will receive a copy of the dissertation, though after publication. Miles and Huberman (1994) recommended that good process descriptions, data displays, and consideration of rival hypotheses aid in confirmability, which this study utilized; whereas credibility or internal validity is enhanced through member checking to see if the results are credible to participants (Trochim, 2006), which this study utilized, and dependability is created through the alignment of the research questions with the research design and through colleague review, which this study confirmed; (g) ethical approach: an effective study considers the issues of respect, justice, and beneficence toward human subjects (USDHHS, 1979). However, Yin (2009) considered that the disclosure of case and participant identities, “within the constraints for protecting human subjects” (p. 181), to be beneficial to readers who could compare the new results with previous studies utilizing the same cases; (h) completeness: the report will be exemplary and complete if sufficient evidence is collected, that further collection of information is of decreasing relevance, and that the researcher did not end the study due to the exhaustion of human, time, and financial resources, but instead collected sufficient evidence (Yin, 2009); and (i) references: a study must utilize a diverse set of sources appropriate to the study’s discipline or field (Malterud, 2001). This study utilized each of these eight priorities.

2. Communicative content: the content of a research report must be communicated in the following three ways: (a) audience appropriateness: the researcher must write clearly, but in the tone and encoding labels that are understandable for the audience (Creswell, 2007; Miles & Huberman, 1994; Yin, 2009). The audience can vary from the scientific community to the casual reader, which calls for technical and practical verbiage, respectively. In qualitative study, appropriate words such as “discovery,” “perceptions,” and “interpretations” are the language of choice. Quotes that utilize the voice of the participants find prominence in qualitative inquiry; and (b) salient structure: Miles and Huberman (1994) suggested that a qualitative report structure contains the study description, context, collection methods, emergent codes, basic data in vignette form or data displays, and conclusions described in broad application. Yin (2009) believed that multiple case study reporting included separate chapters for each of the cases, plus a chapter in the report

for cross-case analysis and outcomes, either in narrative and question and answer formats. Yin admitted that multiple case study reports could also avoid separate chapters for each case and only include cross-case descriptions and analysis. Though these suggestions offer guidance to the structure of a qualitative report, Capella University provided a dissertation template that is used by doctoral candidates. The template's structure contains discreet chapters including the introduction, literature review, methodology, results, and discussion, implications, and recommendations. This study utilized the template provided by Capella University for the dissertation, but these other recommendations allow some format to evaluate other qualitative reports; and (c) engaging style: Yin (2009) advised that a clear and enticing writing style is necessary to engage a reader until "exhaustion sets in" (p. 189). It is hoped that the reader finds all these particulars of communicative content present in this research report.

3. Important implications: an effective research study makes application to various stakeholders in the form of implications to its field, to its own limitations that provide impetus for future research, and to the potential transferability to other contexts. Transferability, though not always the goal of qualitative inquiry, is enhanced through a diverse sample, thick description, fit with reader's experiences, consistency with a priori theory, and multiple case study design (Creswell, 2007; Miles & Huberman, 1994). These implications allow the reader to creatively imagine how the report can be utilized in the real world, what future researchers could further study, and if the results can be applied beyond the sample context. This study reflected on important limitations that provided content for future research, critical implications to the fields of leadership and management, and limited transferability to other populations of organizations.

CHAPTER 4. RESULTS

Introduction: The Study and the Researcher

The Study

The research problem was that theoretical ethical leadership literature and organizational practice lack a consensus on what consistent components constitute an effective corporate ethical management system (CEMS). The purpose of this qualitative, multiple case study was to discover what executive leaders, employees, organizational documents, and existing organizational systems of purposive selected ethical companies identify as components of an effective corporate ethical management system (CEMS). A CEMS was defined as a system of consistent components to manage corporate ethics.

The purpose of Chapter 4 is to provide the results of the data collection and data analysis of this study in response to the research problem, the research questions, and in the discovery of consistent components of a CEMS. Chapter 4 moves beyond the background and purpose of the study, the extant literature, and the methodological approach of this research. Chapter 4 details the specific results of what the data demonstrates toward the discovery of a consistent component CEMS. The results of this study demonstrated that there are consistent components utilized by three cases or organizations in this study, including a moldable model that can be tailored to the specific needs of any organization. The results also demonstrated the confirmation of several of

the a priori components and the theoretical constructs of the conceptual framework. The results further confirmed the effectiveness of a CEMS in several of the a priori effectiveness labels. Exciting emergent themes and theories offered in-depth results that are certain considerations for further research.

The remainder of Chapter 4 is organized by (a) the role of the researcher, (b) the description of the sample participants, (c) the research methodology applied to the data analysis, and (d) the presentation of data and the results of the analysis.

The Researcher

As the researcher, I first became interested in ethical leadership when asked to teach this topic for a state university. Though I was several months from graduation with a Master of Liberal Studies degree in Organizational Leadership from this university, the Leadership Studies Department Chair asked if I would be willing to teach after graduation. At first, ethical leadership seemed a stereotypical course for one who had been a pastor for three decades. At the request of the Chair, I did research in ethical leadership during my final semester of the MLS program. From that research, I developed a passion for the topic, specifically in how ethics is managed in corporations. For several courses that I now teach, students develop a component CEMS for the main course project. Since the literature had gaps in what constitutes an effective component CEMS, the natural progression of my academia led to the research detailed here.

This study collected and analyzed data from (a) executive and employee semi-structured interviews, utilizing an interview protocol based on the research questions of this study; and (b) document and observational tour analysis from three organizations to allow for themes and patterns to emerge from iterative and cross-case collection and

analysis (Ellinger, Watkins, & Marsick, 2005; Ruona, 2005). Yin (2009) explained that case study methodology demands more from the researcher's intellect, ego, and emotions than other methods due to the fact that data collection lacks routine processes. Quality case studies only happen if the researcher understands the iterative interaction between a priori theory and the collected data. According to Yin (2009), the researcher must also be able to

1. Listen well: the good researcher listens well through both the ears and the eyes, hearing exact words and observing respondents' moods, emotions, and context during interviews, reading between the lines in documents, and consuming large amounts of data without bias.
2. Ask appropriate questions: though an interview protocol assures consistency in the collection of response data from the selected executives and employees in each of the three organizations, the researcher must "create a rich dialogue with the evidence" (Yin, 2009, p. 69) that leads to a search for further evidence since robust research is more about probative questions than simply answers.
3. Understand the issues studied: the researcher must remember the original intention of the study in order to stay focused on the topic of inquiry and to make inferences that are consistent with the topic of inquiry when deviations occur.
4. Be flexible in order to see unexpected data as opportunities, not threats: case studies are notorious for changes in direction and procedures as unanticipated roadblocks or new data emerge. The researcher must adapt to these changes, but yet maintain research rigor that explicates, documents, and that possibly repeats completed steps in the study.
5. Avoid bias: the researcher must bracket preconceived bias about theory or expected data in order to see contradictory evidence. The researcher cannot view the case study as an opportunity to prove a preconceived perspective, but must be open to evidence that does not support presuppositions.

The following list, coordinated with the numbered items above, reflects my background, training, and needed improvement as the researcher in this study:

1. Listen well: as a pastor for 35 years and as a higher educational instructor for four years, I have developed acute and intuitive listening skills during

interaction with human subjects. During counseling sessions, I understood what was said, but also what could be interpreted between the lines. I use backtracking or member checking as a means to ascertain if I heard the participant correctly. For a master level organizational assessment project, I interviewed the CEO of a local organization and conducted three focus group sessions with the managers of that organization. I also examined organizational documents for a triangulation of all data sources in order to guide the organization in setting core directives, specifically the organization's core concept or marketing mantra. This organizational experience allowed me to practice qualitative and quantitative research skills as I processed large amounts of data through coding themes and descriptive and inferential statistics. I teach master level classes with sections on communication skills, including listening and observational techniques. I practiced data collection of organizational documents in an advanced qualitative research course.

2. Ask appropriate questions: in my professional experience, both as a pastor and as an educator, I have learned the skill of asking appropriate questions to probe deeper into the experiences of human subjects. In the same local organizational assessment, I created a census survey based on the CEO and focus group interview responses. The census survey asked targeted questions of the company's leaders, staff, and membership to determine the company's core concept and core directives. As I meet with students, I often need to probe below the superficial and initial responses to determine what students' critical needs may be. I have training through Fort Hays State University and Capella University in the creation of an appropriate interview protocol, developed under the tutelage of seasoned researchers.
3. Understand the issues studied: through two years of leadership and management training at the master level and through two years of doctoral level training in the same fields, I have a good grasp of the ethical leadership theories, ethics theories, and corporate ethical management systems (CEMS) that form the issues of this study. I have training in research methodology both at the master and doctoral levels. This training included the readings of hundreds of journal articles and multiple textbooks on leadership, management, and research methodology. I have taught bachelor and master level courses in ethics, leadership, management, and organizational behavior for the past four years which has allowed for deeper learning of the subject matter.
4. Be flexible in order to see unexpected data as opportunities, not threats: As a pastor and educator, I work in environments that quickly change direction; therefore, I have learned the skills of flexibility and adaptability to change. I see unexpected events as opportunities, not obstacles. However, it is my sense that I need more practice with these skills during an interview process.

5. Avoid bias: during the aforementioned organizational assessment, I found that I constantly needed to bracket my bias to an emerging core concept that I personally liked. Though I was biased toward a particular phrase, I reminded myself of my role as the researcher to present the findings of the study in an unbiased framework, which I did. Now, through courses in research at the doctoral level, I have received solid training and a good understanding of the need to explicate bias and limitations in research, including the technique of memoing to bracket bias. Memoing and bracketing were techniques employed during this research.

Though I have experience and training in all the numbered skills above, the further development of the following numbered skills above was prudent: (1) listen well, (2) ask appropriate questions, and (4) be flexible in order to see unexpected data as opportunities, not threats. These skills were employed in data collection through semi-structured interviews, organizational documents, and observational tours. The following steps improved these skills:

1. During the dissertation phase, I continued to read on qualitative, case study methodology from Yin (2009) and Stake (2006). I also continued to research journal articles in this study's topic of inquiry.
2. As a novice researcher, I was willing to listen to and heed the advice of experts, specifically my dissertation committee (Miles & Huberman, 1994). Therefore, as these experts corroborate the study's methodology and findings, confirmability was increased (Trochim, 2006).
3. Yin (2009) recommended field practice in order to improve data collection skills related both to data content and procedures. A field test of the interview protocol assured the collection of appropriate data.
4. Memoing or bracketing allowed me to be open to any unexpected or emergent data beyond the expected confirmation of a priori variables.

As the researcher, my tested personality demonstrates that I am logical, practical, and persistent, but warm, inclusive, and supportive. These traits allowed me to approach human participants and to create an immediate rapport with them. But these traits also allowed me to remain objective in the pursuit of what the data demonstrated. My tested

strengths demonstrate that (a) I can declutter in order to see patterns, (b) I strive to achieve daily goals with energy and passion, (c) I have a quest for life-long learning, (d) I am self-assured and believe in my abilities and judgments, and (e) I have clear direction and goals with the ability to filter and stay on point. However, these same tests demonstrate my limitations in that I can be too detail-oriented with communication overload, critical, demanding, and rigid. I have mitigated these limitations by understanding my limitations and by relying on the supportive part of my personality.

Description of the Sample (Participants)

This study collected and analyzed data from executive and employee semi-structured interviews utilizing an interview protocol based on the research questions of this study. The sample participants included two executives and five employees from each of the three cases or organizations represented in this study. A total of six executives and 15 employees constituted the participant sample.

For-Profit Global Company (FPGC)

The seven participants interviewed at FPGC represented six males and one female, 32-57 years of age, with a tenure ranging from seven years to 26 years. The median age was 48 and the median tenure of employment with the company was 20 years. The average age was 47, and the average tenure of employment was 18 years. The executives interviewed had the most tenure with the company and represented vice-president positions in North America and the midwest region. Of the employees interviewed, two served in director positions, two in specialist positions, and one employee served in a safety and training position. Participants were selected based on first responders to a census e-mail requesting participation in the interview process or by

further requests of the organizational contact for additional volunteers. No participant who volunteered was excluded from participation in this study.

For-Profit Local Company (FPLC)

The seven participants from FPLC included three males and four females. Ages of the participants ranged from 26-69 years of age with a median age of 57 years and an average age of 52 years. Tenure with FPLC ranged from four months to 41 years with a median tenure of 10 years and an average tenure of 14 years with the company. The two executives were the president and vice-president of the company. The executives had the longest tenure at FPLC. Of the employees interviewed, two held management positions, two worked in different departments of the store, and one employee held a clerical position. Participants were selected based on first responders to either a census e-mail requesting participation in the interview process or by further requests of the organizational contact for additional volunteers. No participant who volunteered was excluded from participation in this study.

Not-For-Profit Global Company (NFPGC)

The seven participants of the NFPGC included six males and one female whose median age was 60 and an average age of 59 years. Ages of participants ranged from 49-63 years. The median and average tenure of employment with the company was 20 years; tenure ranged from six to 36 years. The executives interviewed had the least years of tenure with the company. The two executives represented positions of oversight for either the entire company or a large ministry area of the company. Of the employees interviewed, three held director positions and two held coordinator or management positions. The employees in director and manager positions had the most tenure at

NFPGC, ranging from 26-36 years. Participants were chosen by a selective e-mail to three to five times the number of participants needed. The organizational contact selected the sample list of persons who had knowledge of NFPGC's ethical policies and also requested additional volunteers until the sample of seven persons was attained. No participant was excluded if they volunteered to participate.

Research Methodology Applied to Data Analysis

Qualitative data analysis included a description of the “what” and “how” of a particular phenomenon as it sought to make complex concepts clear (Miles & Huberman, 1994; Yin, 2009). The analysis process was an iterative spiral that moves up a ladder of abstraction from description to explanation. Text was coded as themes or patterns were identified to enable deep detail and eventual synthesis into an explanatory framework. This research triangulated data collected from three sources within and across the three cases or bounded organizations (Stake, 2006). Triangulation of data through multiple case study design, rigorous data collection with chain of evidence, and member checking techniques added to the study's validity, credibility, confidence, and quality assurance (Creswell, 2007; Miles & Huberman, 1994; Yin, 1981).

Yin (2009) understood case study data analysis to be difficult with little guidance from fixed formulas to aid the researcher in the process. However, Yin believed that rigorous analysis depended on the researcher's cognitive bent toward empirical evidence and its subsequent presentation that considered alternative interpretations. Data collection and analysis in this study was a simultaneous and iterative process in which the researcher utilized a hermeneutic spiral or layered approach to move among data collection points and data analysis in order to discover emergent patterns, categories, and

themes (Miles & Huberman, 1994). Data analysis in this qualitative study involved the coding or labeling of data into categories and the subsequent sifting of categories into major themes.

Data collection and analysis matrices, as described in Chapter 3, were utilized in this study. As the data collection and analysis progressed, many of the matrices utilized were created during the study to better represent the needs of this study, specifically the differentiated variable matrix (DVM) (See Appendix B), the creation of multiple codebooks, single codebooks, cross-case codebooks, and the final two codebooks of description (Quantitative/Qualitative Thick Descriptive Code Book) and explanation (Quantitative/Qualitative Explanation Code Book).

The interview protocol (See Appendix A) maintained consistency in data collection and the ability to keep a chain of evidence for each participant. In the early stages of interviews, the researcher inadvertently left out the question regarding a formalized decision-making process or ladder (DML) for the employees of one organization. That question was added to the interview protocol for the remainder of employees in the study. That error could have skewed the quantitative analysis for the DML component, but not to the point of changing the study's results.

As recommended by Yin (2009), this study followed the protocol of analyzing each case separately for results related to the research questions. Then, cross-case analysis brought further in-depth results shared in Chapter 4.

Presentation of Data and Results of the Analysis

The research problem was that theoretical ethical leadership literature and organizational practice lack a consensus on what consistent components constitute an

effective corporate ethical management system (CEMS). The purpose of this qualitative, multiple case study was to discover what executive leaders, employees, organizational documents, and existing organizational systems of purposive selected ethical companies identify as components of an effective corporate ethical management system (CEMS). A CEMS was defined as a system of consistent components to manage corporate ethics. Extant literature offers various components for formal and informal ethical management systems, such as codes, value statements, role modeling, training, audits, rewards, and disciplines, including deontological and teleological ethics theories as foundations (Cohen, 1993; Collins, 2010; Colle & Werhane, 2008; Howell & Avolio, 1992; Klein et al., 2006; Trevino et al., 1998).

This study also sought the confirmation of existing and emerging theoretical constructs. Ethical leadership theory (ELT), based on social learning (SLT) and social exchange (SXT) theories, posits that top leaders or executives have the responsibility to set and manage the ethical context of their organizations as “moral persons” and “moral managers” (Brown & Mitchell, 2010; Brown et al., 2005; Trevino et al., 2000). The SLT model looks for ethical role modeling from top leaders, while the SXT model seeks beneficial dyadic relationships between top leaders and employees that would cause employees to reciprocate ethical behavior.

Finally, this study attempted to understand the effectiveness of a CEMS on organizational behavior issues. Research continued to demonstrate that ethical leadership from top executives resulted in improved organizational behaviors and performance (Brown & Mitchell, 2010; Brown & Trevino, 2006; De Hoogh & Den Hartog, 2008; Trevino et al., 2000), including employee satisfaction and commitment, employee

comfort and fun, financial and competitive advantage, employee emulation, and the avoidance of legal issues (Collins, 2010; Brown & Trevino, 2006; Mulki et al., 2009; Neubert et al, 2009; Schwepker, 2001; Toor & Ofori, 2009; Trevino et al., 2000).

Therefore, based on the literature, this study's research questions began with the following a priori codes or variables:

1. CEMS components: (a) code of ethics (COE), (b) audits, (c) decision-making ladder (DML), (d) communication, (e) value statements (VS), (f) rewards, (g) discipline, and (h) training programs (TP).
2. Theoretical constructs: (a) ELT, (b) SLT, (c) SXT, (d) deontological ethics, and (e) teleological ethics.
3. CEMS effectiveness labels: (a) productivity; (b) good for business, financial performance, competitive advantage (GB, FP, CA); (c) employee satisfaction and commitment (ESC); (d) employee comfort and fun (ECF); (e) emulation of ethical behavior by employees (EE); and (f) avoidance of legal issues (ALI).

There was consideration given to emergent components, theories, and effectiveness labels as the research progressed.

For-Profit Global Company (FPGC) Results

The for-profit, global company (FPGC) in this study does business in the food and beverage industry with \$65 billion in annual sales. The specific site studied in this research represents one of the global company's brands in the convenient food business located in a midwest region of operation, which employs 3,000 persons with \$1.1 billion in annual sales. The specific site employs 1,000 persons. Two executives, five employees, organizational documents, and an observational tour of the facility provided the data for the following findings.

Corporate Ethical Management System (CEMS) Components

Code of ethics (COE). The code of conduct (COC), in diverse global languages and with its value statements (VS), was a consistent component among all data sources at FPGC. All employees and executives spoke of the organization's COC, as does the main document. A code of conduct is similar to a code of ethics in its explanation of expected values and behaviors from employees. The observational tour demonstrated visuals and signage that reiterated the company's expected values and employee behaviors. The COC at the FPGC included company values and behaviors explained in workplace application. An employee described the purpose of the COC in that it "assures a minimum threshold of behavior across all cultures." Since the FPGC operates in several countries, the COC is published in various global languages. The COC included such values and behaviors as sustainable growth, diversity and inclusion, truthful and candid interactions, responsibility and trust, and other protective policies for people, quality, and safety. There was some confusion in the interviews as to exact values and behaviors discussed in the company's COC, though many employees stated a few of the COC's main points. The signage around the facility represented such an eclectic and varied view of company values that some confusion among employees is understandable. The COC is a large document that may represent information overload for many employees.

Audits. Audits are a familiar enterprise at FPGC. All but one of the employees and both executives spoke of audits in various forms, including the traditional audits of finances and inventory. The organizational documents spoke of audits as protection for stakeholders. Nothing seen in the observational tour would specifically support a formalized audit system. The organizational survey conducted regularly seemed the

major system of ethical auditing, but there was nothing consistent in participant answers. The executives pointed to the organizational survey by which top leaders were evaluated and compliance with the COC is tracked. The company continually rates business results, “what you get done,” and people results, “how you get it done.” The ethical hot line is a type of audit by which employees can report unethical behavior within the organization.

Decision-making ladder (DML). There is no formal DML other than the values that are engrained in company personnel. The majority of the employees and both executives believed the company had no formal DML. Two employees believed that ethics and values were inseparable in all company processes including decision making. Neither the documents nor the observational tour revealed any information on a decision-making process at the FPGC. One executive insisted that decisions are “part of our DNA based on company ethics” and that “ethics are engrained and decisions flow from our principles.” The consistent response is that FPGC does not use a formal DML, though certainly the company’s engrained values form a foundation for decisions. The NY Times test and “what would my mom think” were also factors for decision making at FPGC. In terms of collaborative decision making between executives and employees, there is some discrepancy between direct reports and supervisors as to the amount of collaboration in decision making. Decisions seem to be collaborative in the minds of executives and employees who are managers, but not for one direct report employee.

Communication. Communication is a key element at FPGC. All participants spoke of the company’s communication system. The organizational documents are forms of ethical communication, as is the signage throughout the facility. The company

employed several critical tools to communicate company ethics such as “state of the company” meetings, screensaver messages that supersede personal screensavers, closed-captioned TV, newsletters, website messages, note cards with company core values and behaviors, and flip charts and multiple signage around the facility. Participants pointed to everyday conversations and memorable anecdotes that reinforce the CEMS, set the ethical tone in the organization, and enable a “shared language” based on company values.

Two memorable company anecdotes are critical to the perpetuation of FPGC’s ethical culture. At the turn of the new millennium, FPGC entered negotiations with Enron as a potential and exclusive energy supplier. Though the numbers negotiated seemed profitable and equitable to both parties, executives at FPGC who have “ethics in their blood” and who evaluate other businesses based on how they do business, sensed something was amiss with Enron. As a result, the company backed away from an Enron partnership prior to Enron’s collapse. A second story involved the call to FPGC from a competitor’s disgruntled employee who was willing to give FPGC the competitor’s trade secret. The FPGC official who fielded the call told the disgruntled employee that FPGC was not interested and then promptly called to inform the competitor of the situation. Both stories of the ethical conduct allow employees to hear of how executives role model company values.

Value statements (VS). All interview participants except one executive referred to the value statements of FPGC. The organizational documents are filled with company values from the COC to specific safety and protective policies in various important, but more minor documents. The signage witnessed during the observational tour also

included many values of FPGC. There is consistency in what participants state as company values, though most did not accurately get all the values stated in the COC. One executive stated the company's value statements and behaviors verbatim. Such good recollection of a few value statements is the result of the promotion of those values throughout the organization.

Company documents demonstrated specific value statements and behaviors toward customers and other employees. The COC is the self-stated road map and compass for doing business ethically according to company values and codes. For FPGC, the COC is the center of all activity, as it reinforces core values and is the foundation for strategies related to purposeful performance.

An employee believed that "a CEMS is not about having value statements; it is about living the value statements, making decisions based on the value statements, and holding others accountable for our values." This employee view was supported by one executive who offered a general model for a company CEMS: (a) role modeling or living out company expectations; (b) context, including why policy is important, and why we conduct business or behave this way; and (c) accountability, including expectations.

Rewards. Rewards for ethical behavior are given at FPGC, but there is not much participant specificity in this area. About half of the participants at FPGC spoke of rewards for ethical behavior. One executive felt that proper behavior is expected and not rewarded, but admitted that the company does reinforce the demonstration of proper behavior from employees. One executive gave gift cards to employees who demonstrated ethical behavior. Integrity rewards are mentioned in the organizational documents. Due to various participant responses to the concept of rewarding ethical

behavior, it seems that FPGC does not have a stated or consistent policy on rewards for ethical behavior.

Discipline. Discipline is a stepped process that is on the minds of participants, as the company does hold people accountable for ethical behavior. All participants and the COC document addressed company policy for the discipline of improper employee behavior. The discipline process at FPGC is an attempt at behavioral accountability in a stepped process, ultimately leading to termination. However, disciplinary steps may be bypassed depending on the severity of the violation, especially if one is on the “wrong side of the COC” according to an employee.

Training programs (TP). Training of company ethics is critical and important at FPGC. All participants and the COC document specified training techniques related to ethics. There is a strong consistency that training is done with FPGC’s specific behaviors and/or the COC. However, there is some discrepancy as to the mode of the training. FPGC trains its VS during employee on boarding, which “sets the tone for all interactions within and without the company.” Company ethics are reinforced by periodic training times through on-ground groups, individual online competencies, and the daily e-newsletter. The training is also tailored to the company’s diverse global cultural areas. Of FPGC’s 130,000 employees, 50,000 require annual certification in the COC. According to an employee, termination talk spreads rapidly at FPGC, which improves employee conduct. Employees knew that the CEMS, combined with fear of repercussion, is highly motivational and the most organizational impact comes from the harsh discipline of noncompliance with the COC.

Theoretical Constructs

Ethical leadership theory (ELT), based on social learning (SLT) and social exchange (SXT) theories, posits that top leaders or executives have the responsibility to set and manage the ethical context of their organizations as “moral persons” and “moral managers” (Brown & Mitchell, 2010; Brown et al., 2005; Trevino et al., 2000). The SLT model looks for ethical role modeling from top leaders, while the SXT model seeks beneficial dyadic relationships between top leaders and employees that would cause employees to reciprocate ethical behavior.

Ethical leadership theory (ELT). Four employees, one executive, organizational documents, and signage in the facility regarding expected employee character traits strongly confirm ELT with foundational social learning theory (SLT). Participants and organizational documents spoke of ELT characteristics such as transparency, approachableness, integrity, honesty, reliability, respect, people focus, loyalty, personal responsibility, and trust (Trevino et al., 2000; Trevino et al., 2003). One employee had difficulty seeing the leadership qualities of top managers. In fact, he felt that some managers do the opposite of the company CEMS and that transparency from top leaders is a bit blurred at FPGC. According to this employee, leaders must live the CEMS, which is the role modeling aspect of ELT and SLT. Another employee added, “A CEMS is not about having values statements (VS), but living the VS, making decisions based on VS, and holding others accountable for the VS.” One other employee in a supervisory position said, “I could not ask someone to do what I won’t do myself.”

Social learning theory (SLT). The trickle-down effect of a proper example from top leaders to employees is an important part of SLT (Trevino et al., 2000). Role

modeling was demonstrated at FPGC through participant phrases such as “tone at the top,” “positive role models,” and “leading by example,” and confirmed through two employees, two executives, and organizational documents. To one employee, role modeling was more impactful than signs and behavioral training. An employee talked of the trickle-down effect from leaders to employees and that leader modeling is as impactful as 100 signs and training programs; if one is an example of the ethics one preaches, employees understand this expectation. One executive believed in role modeling from the tone at the top, especially in “what would mom think” about company decisions. Organizational documents spoke of leading by example, positive role models, and personal responsibility. The observational tour showed ELT/SLT behaviors listed on facility signage: talk straight, demonstrate respect, create transparency, right wrongs, share loyalty, listen first, keep commitments, extend trust, process integrity, and practice the Golden Rule.

Social exchange theory (SXT). SXT was only confirmed through one employee, one executive, and the observational tour. One executive said “we will treat one another fairly,” which creates a positive dyad for SXT and the desire of employees to reciprocate ethical behavior. The executive, who gave the observational tour, called all employees by name as he passed them in the facility. In a plant of 1,000 employees, that type of executive behavior leads to positive dyads that could support SXT and an employee’s desire to reciprocate executive ethical behavior.

Deontological ethics. All sources of data support the idea of deontological ethics, or ethics based on duty, policy, and reasoned principles. Employees talk of doing the right thing, upholding company values and behaviors, and adhering to laws and

regulations. One executive believed in “doing the right thing in the right way.” Both organizational documents and the observational tour revealed the many policies, plant work rules, and government regulations followed by FPGC. The COC is a tool that guides the company in keeping its obligations. According to one executive, the CEMS components work together in concert, but the principled treatment of people and principled decisions are key to FPGC’s ethical climate.

Teleological ethics. Only employees specifically demonstrated outcome or teleological ethics in reference to business and people results. Employees have learned from FPGC that the “how” of business or people results is as important as “what” business gets done in the company.

Emergent Theories

Some theories discussed or mentioned in this dissertation found confirmation through the data sources of the for-profit global company (FPGC). Shareholder theory (ShaT) emerged through phrases such as “protect shareholder value,” “fair return to shareholders,” and “business is about consumers and sharing profits, not company employees.” Stakeholder theory and corporate social responsibility (StaT/CSR) emerged through the company’s desire to treat all stakeholders right and to be interested in employees’ lives. As the company is a “zero landfill” facility, it places recycling bins throughout the facility. FPGC is actively involved in ways to support various community needs. Organizational citizenship behavior (OCB) found both positive and negative emergence at FPGC as work teams are recognized for service above and beyond expectations, but also in the perception that managers offer no additional work effort other than punching the time clock.

This study also noted several existent and emergent theories important to the management of corporate ethics.

Collaborative/participative leadership theory (Collab/PartT). The reciprocal, participative, or shared nature of leadership (Rost, 1993) happens through collaboration between employees and executives. Employees and executives desire collaborative leadership; executives feel it is operational at FPGC, but one employee, who is a direct report, does not believe it is present. The employees interviewed, who believed collaboration was present, were actual company managers that might have a more positive view on collaboration than direct reports. Organizational documents (value statements/behaviors) spoke of a collaborative effort across the company and participants noted that collaboration creates more buy-in from front line employees, as it creates engaged employees and earns employee respect and trust. It was felt at FPGC that collaboration aids in comprehensive policies.

Ethic of care (EOC). Velasquez (2006) believed that care for those near to us represented a basic ethical principle, or an ethic of care. Transferred to the organization, an ethic of care (EOC) represents the opportunity to secure the best interests of employees. FPGC demonstrated the ethic of care for employees through all data sources. An executive believed for FPGC to be a top company managers needed to be in tune with employees, how to care for them, and how to make them better.

Engrained ethical theory (EET). Employees and executives described the CEMS and ethics at FPGC as “engrained,” “part of the expected culture,” “in our blood,” and “the basis of a decision-making DNA.” These descriptions allow for the consideration of an emerging theoretical construct in the management of corporate ethics,

engrained ethical theory (EET). It seems reasonable that ethics should be such a part of expected organizational culture that as one employee said “we do not think twice about it.”

Moldable model CEMS. One executive at FPGC offered a framework for a company CEMS: (a) role modeling or living out company expectations; (b) context, including why policy is important and why we conduct business or behave this way; and (c) accountability, including expectations. This study sought the discovery of a consistent component model for an effective corporate ethical management system (CEMS). The idea of a moldable model CEMS, with the set framework above, could allow organizations to specifically tailor a CEMS to their needs.

CEMS Effectiveness

Productivity. Productivity was tied to ethics by two employees and one executive as they spoke of the “what and how you get things done” referred to in teleological ethics. An employee noted that even if one is the highest producer in the company, ethical failure results in termination. The COC is the purpose behind FPGC’s performance, so without ethics there is not proper productivity. To FPGC, business is done the right way when employees act “ethically and consistently with our values, codes, our policies, and the law.” The observational tour revealed the popular signage that ties productivity to ethics: employees are competent if they deliver results, get better, confront reality, clarify expectations, and practice accountability. One executive was clear that a CEMS ultimately delivers strong business results in efficiency, innovation, and creativity. Productivity is obviously valued in a for-profit company, but FPGC sees

its CEMS as integral to consistent productivity and the ability to ultimately deliver strong business results.

Good for business (GB), financial performance (FP), competitive advantage (CA). Employees at FPGC believed that if top leaders were not true ethical leaders the company bottom line suffers. Employees also understood that company growth was directly related to ethics and with strong company ethics FPGC gains credit on Wall Street and better business opportunities are available with vendors and other companies. An executive believed the CEMS keeps FPGC from risk because of poor decisions and that it creates an industry reputation that FPGC is a “low risk for an embarrassing situation.” Without its ethics, FPGC could not produce good business results; in fact, according to FPGC, the only way to do business right is to be ethical.

Employee satisfaction and commitment (ESC). Organizational documents expressed sincere care for and protection of employees, which adds to ESC. Employees believed that empowerment and transparency in the company created engaged employees who felt like owners, that the organizational survey measured employee satisfaction and engagement, that employees felt better about the workplace, and that employees are secure that FPGC will not be the next headline of a failed corporation. In short, “people want to work here,” which is a strong indication of ESC. An executive found that the ethics of the company created a more engaged workforce with positive and negative feedback. The observational tour revealed a “Be My Brother’s Keeper” banner, which employees signed as a commitment to help each other be safe on the job.

Employee comfort and fun (ECF). Organizational documents expressed FPGC’s desire to protect employees in an open and comfortable environment in which

employees could speak up. Employees concurred with FPGC's policies in that they feel safety in speaking up about unethical behavior in the organization. According to employees, the CEMS has a leveling effect on hierarchy and it is an insulation to protect employees. Employees can approach top management who allow that transparency. Through FPGC's CEMS, employees are generally happier. One executive worked to provide employee comfort in safe reporting. Employee welfare areas, safety signs, and "car pool" parking spots also demonstrated FPGC's intentions to aid ECF.

Emulation by employees (EE). Several sources of data confirm that a CEMS results in the emulation of ethics (EE) by employees. The organizational documents stated that the ultimate responsibility for a culture of excellence rests with individual employees. Employees believed that the trickle-down effect or role modeling could be both positive and negative, for if leaders are an ethical example, then employees understand ethical expectations. An employee insisted that ethical performance comes from sound policy and visual reinforcement. In other words, employees emulate what they see. A specific company behavior was quoted many times in the interviews; therefore it is emulated at FPGC. One employee said that to live the CEMS, the company must catch people caring and reward them, which would aid in employee emulation. One executive believed in high accountability for the CEMS. As a company holds employees accountable for its CEMS, ethical emulation of employees is bound to increase.

Avoids legal issues (ALI). Though participants do not speak to the fact that a CEMS helps a company avoid legal issues, the organizational documents and the observational tour (required posted laws) revealed that the FPGC is intent on following

government laws and regulations to avoid unethical behavior toward customers and consumers and to avoid discrimination within the workplace.

Emergent Effectiveness Labels

Company reputation. Employees and executives at FPGC spoke intently about the preservation of the company's good name by embracing COC principles. It was also noted that potential employees know FPGC's values and want to work for FPGC. The reverse was true in that FPGC employees are valued in other companies when they leave FPGC.

Promotion. Promotions at FPGC could be based on ethical behavior and the way an employee conducts business.

Guidelines and guardrails. A top executive understood that FPGC's CEMS provided "guardrails and guidelines to support decision making at all levels." The executive stated that the CEMS "acts as a filter when evaluating a potential course of action and it guides the leader down the right path."

Attraction, retention, and development. Buckingham and Coffman (1999) found that there were specific managerial techniques needed to attract and retain good employees such as giving clear expectations, recognition, proper resources, care, and development opportunities. At FPGC, participants believed that the CEMS attracted, retained, and developed great leaders.

For-Profit Global Company (FPGC) Summary

An employee summarized FPGC, "In a nutshell, we are an ethical company." All CEMS components worked together for an effective ethical climate. However, the critical CEMS components at FPGC are the COC with value statements (VS), audits,

communication, discipline, and training, each of which had strong support from employees and executives. The idea of engrained ethics (EET) is prominent at FPGC. An employee understood that a proper executive example leads to employee understanding of company expectations which supports ELT and SLT and may increase the value of SXT positive relationships. ELT and SLT, as similar constructs, had strong support from both employees and executives. Participative leadership (Collab/PartT) and the ethic of care (EOC) emerged from the study of FPGC. FPGC's CEMS leads to better productivity and business results, employee satisfaction and commitment including employee comfort and fun. The executives gave full support to productivity as a result of the CEMS, but the employees did not. Since good for business (GB), financial performance (FP), and competitive advantage (CA) are close companions to productivity, it is interesting that the employees supported GB, FP, and CA more than did the executives. It could be that productive employees are the goal of executives and that GB, FP, and CA are the focuses of employees who already believe that they are productive. The CEMS certainly leads to the emulation of ethical behaviors by employees (EE) if demonstrated by top leaders. The employees strongly supported EE as a benefit of the CEMS. It is worthy to note that the CEMS at FPCG also results in a strong industry reputation that attracts, retains, and develops employees to such an extent that FPGC employees are valued human capital in other companies. There is good consistency among employees and executives in response to the research questions, except some concerns about top leader transparency from the observations of one direct report.

The following table, Table 1, gives a quantitative breakdown of employee and executive responses per the research variables.

Table 1. FPGC Employee/Executive Comparison

	Employees (5 total)	Executives (2 total)
COE	5	2
VS	5	1
Audits	4	2
DML	3	2
Communication	5	2
Rewards	2	2
Discipline	5	2
TP	5	2
ELT	4	1
SLT	2	2
SXT	1	1
Deontological	Yes	Yes
Teleological	Yes	No
Productivity	1	2
GB, FP, CA	3	1
ESC	4	1
ECF	2	1
EE	4	1

Note. Code of ethics (COE); value statements (VS); decision-making ladder (DML); training programs (TP); ethical leadership theory (ELT); social learning theory (SLT); social exchange theory (SXT); good for business (GB); financial performance (FP); competitive advantage (CA); employee satisfaction and commitment (ESC); employee comfort and fun (ECF); emulation by employees (EE).

For-Profit Local Company (FPLC) Results

The for-profit, local company (FPLC) in this study has been in operation for 156 years. This retail organization employs 55 persons and has loyal customers from several states across the United States. The study site is this organization’s suburban, downtown building, located in the midwest region. Two executives, five employees, organizational

documents, and an observational tour of the facility provided the data for the following findings.

Corporate Ethical Management System (CEMS) Components

Code of ethics (COE). All participants and the employee handbook (EH) referenced a COE at FPLC. The EH document has a specific section on the COE including values and behaviors associated with honesty, integrity, and proper customer treatment. Employees believed that it was hard to identify specific CEMS tools, but that the COE needs to be in daily actions. One executive noted that FPLC has high standards and expectations of its employees.

Audits. All participants noted an audit system, though informal, through employee meetings, memos, conversations with top leaders, and customer ratings of satisfaction. Employees did not believe that FPLC conducted in-depth audits, as the audits were more self-reflective for quick adjustments. Departments must sign off on all memos for accountability. Executives believed that an audit would be helpful since FPLC is more reactive to problems and that an audit would be a way to check on new hires' performances.

Decision-making ladder (DML). The question concerning a formalized decision process was not asked of the employees at FPLC; however, both executives understood that decisions were based on the ability to weigh the greatest good for all concerned and that ethical decisions were intrinsic to the character of FPLC and in its DNA.

Communication. All participants noted various techniques utilized at FPLC to communicate ethics. The EH document is a form of communication and the observational tour demonstrated communication of values in posters and pictures and one

posted note to employees on proper appearance for customer service. Employees stressed that FPLC communicated through monthly meetings, memos, and written communiqués to encourage or correct behavior. An employee suggested that management could do better communicating changes with each other, that some communications are not clear, and that FPLC may forget about new hires' questions since there are many long-tenured employees present. The executives believed their communication with employees was effective through verbal exchanges, through written memos, through management by walking around, in monthly meetings, and through positive interactions with both coworkers and employees. Communication is important to this organization and employees and executives agreed on many of the communication techniques.

Value statements (VS). All sources of data indicated various company value statements. The EH document listed several company values such as honesty, integrity, customer service, proper and fair treatment of customers and coworkers, dependability, credibility, empathy, respect, and confidentiality. The facility tour revealed wall hangings that expressed company values such as teamwork and care for the community. Employees believed the company valued its customers, as employees treated customers with respect, responsiveness, and individuality. FPLC also stood for honesty, good moral values, trust, integrity, and the good treatment of employees. Executives echoed employee-stated values of high integrity, fair treatment to employees and customers, and honesty, but added truthfulness and even temperament. The for-profit local company (FPLC) is committed to the people business which is “why we are here and who we serve.” One executive touted the four “Ps” of FPLC’s business model: principles,

products, price, and people. Abiding by those principles, FPLC plans to “never be undersold.” A COE and VS were important to this company and included in the EH. Participants agreed on a variety of values for the company, primarily customer service and customer treatment.

Rewards. All employees and one executive discussed rewards for ethical behavior within the company. Employees noted tools such as bonuses, merchandise discounts, and promotions with perks. An employee stated that positive affirmation could be better, but that management is quick with verbal affirmation. One executive reported that if an employee reports dishonesty, he is rewarded monetarily or with paid time off. FPLC’s ongoing philosophy is to both reward and discipline employee behavior.

Discipline. Four of the five employees, both executives, and the EH document discussed discipline procedures. The EH stated that an employee could be dismissed with cause for ethical infractions, incompetence, inability to get along, profanity, and non-response to training. Employees had a variety of thoughts on FPLC’s use of discipline for improper behavior: (a) discipline was not witnessed, (b) some discipline was too gentle and minimal which brought staff “chatter,” (c) corrective action was handled through memos, (d) management needed to enforce EH rules such as the dress code and the CEMS, and (e) most discipline is the responsibility of department managers. FPLC’s executives noted that EH violations are corrected immediately, including disruptions to the ethical culture of the company. Termination of employment is the usual discipline.

Training programs. Four of five employees, both executives, and the EH document discussed specifics of ethics training. The EH, the only document given to

employees, directed employees in customer care, but it is unique with “body language” training as part of FPLC’s customer care program (see “Emergent Theories” below). Employees offered many observations on FPLC’s training efforts: (a) employees felt empowered, with a sense of ownership, due to training; (b) employees understood that the vice-president and department managers handle the bulk of training; (c) employees learned proper behavior from coworkers, including training from long-tenured employees and observation of other employees (see “Emergent Theories” below); (d) training is a natural event at FPLC; (e) training happens from the example from the top executives (ELT/SLT); (f) FPLC is not training employees to replace retiring department managers in order to perpetuate company culture; (g) managers observe employees with customers to offer needed improvement; and (h) FPLC needs to hire people with the same values. The executives noted that FPLC hires employees who enjoy people and have a good character, and they agreed with employee thoughts in items (b) and (e).

Theoretical Constructs

Ethical leadership theory (ELT). Four of the five employees, one executive, the EH document, and the observational tour demonstrated the principles of ELT. The EH expressed top leader availability, while the observational tour demonstrated a people-focus characteristic in the pictures placed on FPLC’s walls and the observation of employee interaction with customers. Employees noted ELT characteristics such as honesty, good moral values, trust, and integrity. Employees also noted ELT behaviors such as the “tone at the top” or the example by management in training company ethics. Executives understood that they must be accessible to employees by walking around the company and that it is more important to live and breathe company values than to have

them written down. The concept of role modeling by top leaders was the for-profit local company's (FPLC's) most important tool and CEMS component. According to an executive, a personal example is necessary to help employees live the company CEMS.

Social learning theory (SLT). The majority of participants and the observational tour demonstrated SLT, or the role modeling of ethics by those in authority. However, peer-to-peer role modeling (see "Emergent Theories" below) emerged from the data sources at FPLC. The picture of a long-tenured employee, who is a role model of company values, hangs in a prominent place at FPLC as reminder of good customer care. Employees stated that example is the number one tool for communication and that they learn from top leaders and coworkers who set ethical peer examples. An employee suggested that FPLC could do better at "feeling" the presence of past legendary employees as a means of role modeling. Executives stated that they must lead FPLC through "osmosis" learning and training by executive example.

Social exchange theory (SXT). SXT, or the positive dyadic relationship between leaders and employees that allows a reciprocation of top leader ethics, was strongly present at FPLC through the words of several employees and one executive. Employees noted several important executive moves that deepen the SXT bond and relationship between leaders and followers: (a) new hires get an encouragement visit from executives on the first day of employment, (b) executives know employee names, (c) employees want to do well for the president because he is caring and "does not talk down to employees," and (d) employees have a good relationship with their supervisors and feel comfortable addressing concerns or suggestions. As one employee stated, "you want to

do well for people here.” An executive stated that if department managers care, then employees care. Those statements are at the heart of SXT.

Deontological ethics. An employee observed that decisions are made based on an employee’s best judgment, which is deontological in the sense of principled and reasoned decisions. An executive stated that decisions were in FPLC’s DNA or intrinsic to the character of the company, which again represents the duty or principled decisions of deontological ethics. The EH demonstrated justice theory, a deontological ethics theory, in its policies for treating all people fairly and equally, plus policies that bring FPLC in compliance with the law.

Teleological ethics. Teleological ethics is supported at the for-profit local company (FPLC) with the use of an outcome-based system of reasoning, as an executive stated that in decision making, FPLC “weighs the greatest good.” Utilitarianism, a teleological ethics theory and represented by the executive’s statement, chooses the greatest good for the greatest number of people after a harm/benefit analysis.

Emergent Theories

Some theories discussed or mentioned in this dissertation found confirmation through the data sources of the for-profit local company (FPLC). Stakeholder theory (StaT) emerged through the observational tour with pictures of the value of community history and information on 10 different community events sponsored by the company. An employee noted that FPLC is “a community organization that happens to be a department store.” Executives noted that FPLC is part of and responsible to the community, but a quiet part of the community, as “we do not thump our chest” about

community involvement, which also gives support for servant leadership theory (Greenleaf, 1995).

Collaborative/participative leadership theory (Collab/PartT). Employees believed FPLC had brainstorming sessions between top leaders and department managers, new ideas are taken to the floor for employee ownership, and that collaboration happens regularly. Collaboration, in turn, diminishes organizational hierarchy and helps FPLC understand priorities from various departments to even out the playing field and to allow more voice to less experienced employees. Executives believed it was good to involve employees in the CEMS, thus contributing to a collaborative effort of ethics management.

Ethic of care (EOC). Employees believed that employees stay at FPLC, though pay is lower, because of the way the company operates in ethics and in employee care and flexibility. Customers and employees are treated well at FPLC, as this is not a corporate “nobody cares” place.

Engrained ethical theory (EET). An employee believed that the COE is demonstrated in daily actions or behaviors. The executives pointed out that managers need to “live and breathe corporate values,” and that ethical decisions should be intrinsic or part of the DNA of FPLC. As in FPGC, FPLC pointed to ethics as an engrained element.

Peer-to-peer (P2P) versus top-tier (TT) role modeling. ELT and SLT support top leader (top-tier) role modeling in the management of company ethics (Brown & Mitchell, 2010; Brown et al., 2005; Trevino et al., 2000). Emerging from this study is some support for ethical peer role modeling as well. Employees talked about

communication among peers and employees, how they learned from coworkers, the example of peers, and how long-tenure employees train new hires. Employees also observe other employees for training in CEMS. It would seem that P2P role modeling is just as critical as TT role modeling in the management of company ethics.

Body language. The EH document and one executive talked about body language as part of FPLC's training program for good customer care. The training of employees in the use of body language emerged as a possible and intriguing theory for future research. The EH described proper body language as follows:

Our body language sends an immediate message to our customers. If we stand straight, look alert, make eye contact, engage the customer with a welcoming expression and a warm tone-of-voice, and have a professional and friendly demeanor, then customers will respond positively. On the other hand, if we look bored or tired, or if we have a posture that is slouchy and not engaging, if we don't smile or make eye contact, or if we're leaning on a counter, or have our head propped on our hand, or have our arms crossed across our chest in a closed-off stance, then a wall will go up between us and our customers. Learn to see yourself through the customers' eyes at all times. Having a professional demeanor goes a long way toward establishing a positive rapport with our customers. (FPLC Employee Handbook, Body Language, p. 8)

Moldable model CEMS. One executive at for-profit global company (FPGC) offered a framework for a company CEMS: (a) role modeling or living out company expectations; (b) context, including why policy is important, and why we conduct

business or behave this way; and (c) accountability, including expectations. This study sought the discovery of a consistent component model for an effective corporate ethical management system (CEMS). The idea of a moldable model CEMS, with the set framework above, could allow organizations to specifically tailor a CEMS to their needs. A for-profit local company (FPLC) employee stated that the company needed people or employees to understand the purpose they serve, which fits the “context” framework of the moldable model CEMS.

CEMS Effectiveness

Productivity. Two employees, the EH document, and the observational tour demonstrated productivity as a CEMS result. The EH instructed employees in customer service techniques to aid in productivity including the improper use of technology that affects customer service. The facility tour allowed for an observed interaction between an employee and a customer. While the employee talked to the researcher, a customer arrived. The employee politely asked the researcher to wait a moment and promptly attended to the customer following the EH directive that “the customer you are working with in the store is your most immediate priority” (p. 29). Employees noted that everything falls apart without rules, allowing people to “do their own thing,” thus affecting productivity. Productivity is moderately emphasized as a result of the CEMS at FPLC; however, it was stated that everything falls apart without rules, which would impact productivity. All emphases at FPLC is on customer service, including proper body language and the proper use of technology, which both are productivity issues.

Good for business (GB), financial performance (FP), competitive advantage (CA). All employees and one executive described some element of GB, FP, or CA.

Employees noted that without rules there is a loss of customers and financial revenue, but business done ethically results in customer loyalty, and repeat, engaged, and eager customers, and a company with such a good reputation that it endures for 156 years. An executive stated that employees must be tuned-in to customer needs, which is a major tenant of the for-profit local company's (FPLC) ethics; that attention results in GB, FP, and CA. GB, FP, and CA are strongly supported here in statements that a lack of ethics is detrimental to business, but because of good ethics the company is long lasting.

Employee satisfaction and commitment (ESC). All participants, the EH document, and the observational tour demonstrated a form of ESC. The EH offered specific policies toward employee satisfaction including policies on harassment and confidentiality. The observational tour demonstrated that FPLC offered free product samples to employees. More importantly, employees felt that FPLC was a great place to work because of how the company operates, even though the pay was lower. Employees are happy, engaged, and loyal because of the fun and caring environment. The executives said that people enjoyed working at FPLC, demonstrated by long-tenured employees (15-40 years). ESC is firmly exhibited through employee loyalty, enjoyment, happiness, and engagement despite lower pay.

Employee comfort and fun (ECF). Three employees, two executives, the employee handbook (EH) document, and the observational tour represented the CEMS outcome of ECF. The EH touted a pleasant and fun working environment with normal protective policies on disability, harassment, non-retaliation, and immigration. The observational tour demonstrated that the for-profit local company (FPLC) wanted employees to be comfortable and have fun in the provision of an employee lounge.

Employees believed that FPLC was a family fit, a family environment, and that there was cohesiveness in diversity at FPLC. Employees had good relationships with supervisors and felt comfortable addressing concerns or suggestions. There was a strong attitude of caring for coworkers, which is a major variable in employee attraction and retention (Buckingham & Coffman, 1999). Employees made such statements as “this is a great place to work from management down,” “it is fun to work here,” FPLC is “not a corporate ‘nobody cares’ feeling,” and this is “not just a job.” An executive believed that FPLC had a positive, pleasant, comfortable, and family environment, which offsets a lower pay scale. FPLC also provided flexible work schedules for employees.

Emulation by employees (EE). EE was not mentioned to a great extent other than that people learn and lead by example, especially in the care and concern for people.

Avoids legal issues (ALI). Though participants do not speak to the fact that a CEMS helps a company avoid legal issues, the organizational document and the observational tour (required posted laws) revealed that the FPLC is intent on following government laws and regulations to avoid unethical behavior toward customers and to avoid discrimination within the workplace.

Emergent Effectiveness Labels

Company reputation. As with the for-profit global company (FPGC), a FPLC employee understood that the company’s good reputation was a benefit of a corporate ethical management system (CEMS).

For-Profit Local Company (FPLC) Summary

The critical components of FPLC’s CEMS are the COE with value statements (VS), communication, rewards and discipline, and training programs. Employees and

executives strongly supported these components. There is no formal audit system in place, but there are informal audits in the form of memos and meetings to correct behavior. Employees and executives gave good support to audits at FPLC. Executives thought it would be good to do a more formalized audit. There is no formal DML, but according to executives, ethical decisions are a part of company DNA and intrinsic to FPLC character.

As theoretical constructs, ELT and SLT are confirmed in FPLC with employee and executive talk of top leader and peer examples. The literature characteristics of ELT are also confirmed. SXT is strongly confirmed here in that employees want to do well for their leaders. StaT is also a vital element due to the strong concern of customers, employees, and the community. Executives and employees support the idea of deontological ethics as a part of FPLC, but only one executive supported the principles of teleological ethics as a basis for decision making at FPLC.

Emerging theories included confirmation with FPGC in the areas of participative leadership (Collab/PartT), engrained ethical theory (EET), and the ethic of care (EOC). Additional emergent theories are promising for future research, such as peer-to-peer (P2P) role modeling and the use of body language for customer service training.

The CEMS effectiveness labels demonstrated by FPLC included a strong emphasis on GB, FP, CA, ESC, and ECF by both employees and executives. FPLC employees gave more support to GB, FP, and CA than did the executives. Productivity was moderately emphasized only by employees. Company reputation emerged as a result of a CEMS, which found confirmation at FPGC. It is important to consider a rival hypothesis for the fact that employees stayed at FPLC even though the pay was lower

than in other workplaces. Though it seems likely that the ethical climate of FPLC played a large role in that decision, it could be that those committed and satisfied employees had other sources of household income. That was not the purview of this study, but does lend to the consideration of future research.

Table 2 gives a quantitative breakdown of employee and executive responses per the research variables.

Table 2. FPLC Employee/Executive Comparison

	Employees (5 total)	Executives (2 total)
COE	5	2
VS	5	2
Audits	5	2
DML	0	2
Communication	5	2
Rewards	5	1
Discipline	4	2
TP	4	2
ELT	4	1
SLT	5	1
SXT	4	1
Deontological	Yes	Yes
Teleological	No	Yes
Productivity	2	0
GB, FP, CA	5	1
ESC	5	2
ECF	3	2
EE	1	1

Note. Code of ethics (COE); value statements (VS); decision-making ladder (DML); training programs (TP); ethical leadership theory (ELT); social learning theory (SLT); social exchange theory (SXT); good for business (GB); financial performance (FP); competitive advantage (CA); employee satisfaction and commitment (ESC); employee comfort and fun (ECF); emulation by employees (EE).

Not-For-Profit Global Company (NFPGC) Results

The not-for-profit global company (NFPGC) in this research serves the needs of people in 156 world areas. This organization has operated for 105 years as a denominational ministry entity. There are 2.15 million members in 28,130 churches worldwide. The specific study site is this company's world headquarters located in a midwest region of operation. Two executives, five employees, organizational documents, and an observational tour of the facility provided the data for the following findings.

CEMS Components

Code of ethics (COE). Four of the five employees, two executives, and the employee handbook (EH) noted NFPGC's code of ethics. The company manual (CM) specified NFPGC's COE or code of conduct (COC), which lists expectations for positive and negative conduct. The COE/COC includes value statements (VS), which revolve around biblical principles related to contemporary society and the description of specific behaviors for a holiness ethic. Employees talk of the EH, dress codes, other policies, executive guidelines (some employees were directors), and Christian conduct, but in the EH there is "nothing that systematically presents clear ethical guidelines." One employee stated that there was a COE for his area, but not company-wide; he would like a published COE. Executives noted the following: (a) the COE aligns with the heart of Jesus to reproduce His nature and ministry; (b) a section of CM describes appropriate conduct, values, and mission; (c) the EH describes daily behavior and expectations; (d) NFPGC abides by a holiness ethic (personal piety and meeting the needs of the marginalized of society); (e) NFPGC's goal is to model the character of Jesus or concern for the needs of others; and (f) NFPGC has a signed agreement of a standard of conduct.

The organizational documents noted the following code of conduct/VS: (a) privacy of data, (b) keep trade secrets, (c) emphasis on scriptural and biblical principles, (d) select best qualified person (differed from an employee who said employees moved around in the company and still not a good fit), (e) courtesy, (f) confidentiality, (g) respect, (h) the COC in the CM, (i) dress code, and (j) parameters for gifts.

The assumption at NFPGC is that employees are people of faith and that each person nurtures spirituality and engages in spiritual formation, which impacts organizational ethics.

Audits. One employee, one executive, and the organizational documents noted employee evaluations as a form of an ethical audit. Employees believed that audits were not done at NFPGC, informally done, done in annual reviews, or that they had no real awareness of any formalized behavioral audit system. There was concern in regard to who to trust to do an ethical audit, though NFPGC attempted to follow holiness values. One employee said, “individual ethical audits annually would reinforce organizational values and be an encouragement to all stakeholders.” One employee, who was a company director, talked of monitoring when employees were not aware. The executives believed this is an area of weakness that should be addressed, as there is no memory of a company-wide survey on ethics other than informal sessions with the board chair, global team meetings, and other leadership meetings to assess ethical climate. A suggestion box at NFPGC could be a source of an ethical audit.

Decision-making ladder (DML). Only two employees spoke to a company DML. Employees responses were (a) I think there is or maybe nothing formal; (b) there is some reference to company vision, values, and policies; (c) decisions are hierarchical

from the senior leadership team; (d) decisions are based on company values; (e) employee input is not requested on decisions; (f) my department is more collaborative with decisions; and (g) there is a need for more openness and individuality in decision making. The executives understood that there is no formalized DML process at NFPGC, but that there are informal expectations of Christian values and expectations. Again, the assumption is that employees at NFPGC know decision rules based on biblical principles.

Communication. Four of the five employees, both executives, organizational documents, and the observational tour indicated the importance of ethical communication at the not-for-profit global company (NFPGC). The organizational documents noted that the company would communicate unsatisfactory employee performance, while the facility tour revealed many company values through displays and visuals. Employees offered differing opinions on NFPGC's ethics communication system: (a) there is nothing formal, but a more reactive communication; (b) NFPGC needs a clear articulation of expected behaviors, mission, and values presented to all employees and reviewed annually; (c) if ethics is not communicated well, there is a breakdown of the whole system; (d) change communication is lacking; (e) there are monthly officer meetings and town halls. Employees saw communication techniques of role modeling, e-mails, policies, and the EH, but not face-to-face, which helps the company be more "proactive versus reactive in relationships." Executives noted that communication happens twice a year during the informal sessions with the chair of the board and through global team meetings, an internal monthly newsletter, through general statements on the intranet, and through departmental managers. One executive insisted that communication is the most effective CEMS component because "people are down on what they are not up on."

Value statements (VS). All participants, the organizational documents, and the observational tour demonstrated various and diverse VS of NFPGC. Through displays and visuals, the facility offered such values as internationalization, localization, biblical principles, diversity, education, prayer, preaching, the sacraments, diversity of gender and ethnicity, and holy hearts and hands through imitating Christ. The employees spoke of values such as (a) a positive response to people, (b) confidentiality, (c) respect for all persons, (d) every member a stakeholder, (e) equal access with equal service, (f) timeliness, (g) honesty, (h) professionalism, (i) high integrity and character measured by trust, (j) conforming to biblical standards, and (k) the desire to follow holiness values and principles. One employee philosophized that when leaders shift roles, they can often shift value systems (religious vs. free market), which may not be a matter of morality, but a matter of ethical conduct. Another employee stated that:

Beliefs from family, church, and Scripture were the lens from which I evaluated behavior and filled the administration handbook; but I assumed everyone shared the same culture and understanding. Given our diversity, we need a clear COE with rationale, which is essential for the health of the organization.

Executives noted the following values: (a) embrace and engage the marginalized; (b) a commitment to the holiness ethic; (c) confidentiality; (d) keep your word; and (e) do not obstruct the work of others, as it is “easy when in a position of power to make employees dance to your tune.”

NFPGC indicated critical values for employees to follow. However, there is no consistent display or written form of a COE/VS that contains all these important values.

Rewards. All participants responded with ideas of company rewards for ethics. Employees noted tenure, increased interpersonal engagement and appreciation, some promotions, and the recommendation of peers who demonstrated organizational citizenship behavior. Executives noted recognition of tenure, affirmation of employee alignment with company values, and the informal gratitude and appreciation given to employees by top leaders.

Discipline. All participants and organizational documents reference the ethical discipline policies of NFPGC. Organizational documents indicated several possibilities for disciplinary action: counseling, verbal and written warnings, probation, and possible termination. Employees had diverse reactions to NFPGC's discipline policies:

1. Some employees are secretly encouraged to leave, while some are confronted, and others are shamed, isolated, or frozen out with the hope that the problem resolves itself.
2. Discipline policies are not enforced unless there is a severe infraction of policy or the COC in the company manual (CM), which leads to reprimand or termination.
3. A leader was observed being compassionate to an employee who needed termination.
4. A leader was observed lacking compassion in an abrupt termination of an employee.

Executives believed that discipline at NFPGC is not punitive, but situational and peer-enforced, corrective, redemptive, transformative, and restorative at least in principle, if not in practice. Discipline can take the form of verbal and written reprimands leading to potential termination.

Training programs (TP). Two employees and one executive explained the training system at NFPGC. The employees believed that personnel are not trained

enough on policies, but NFPGC does provide the EH, orientation, and informal processes per department. It is “assumed that individuals have a moral compass.” Training is observational as demonstrated by top leaders and other employees. An executive noted that HR is the first contact to establish a pattern and boundaries for ethical training. But NFPGC also provided departmental training and ongoing weekly or daily training. Though the company has a leadership development initiative on how to make this a great workplace, an executive noted that NFPGC is weak in the area of training.

Theoretical Constructs

Ethical leadership theory (ELT). All participants and the observational tour pointed to some element of ELT. Displays around the facility presented the artifacts of early leaders, representing the critical teachings from those who demonstrated company values. Employees were diverse in their perceptions of ELT. Employees made the following statements that find correlation with ELT: (a) there is limited transparency, but I do trust executive policies; (b) there is some obstructionism from top leaders (this employee is in a director position; this view is opposite of the practice of the one executive noted earlier); (c) we are studying how to make this a great workplace and how to break bad news to leadership (might indicate issues with top leader openness); (d) there are closed doors and neglected issues; (e) we see a lack of trust of top leaders to make sound decisions and some leaders are not trusted at all; (f) there is a lack of transparency from leaders during recent decisions; (g) most leaders have been influencing, though some controlling; (h) high professional standards are modeled by top leaders; (i) there is better transparency now; (j) executives are reluctant to answer hard questions; (k) 20th century leaders were shaping influences; (l) there is an overall high

level of trust that individuals are guided by God; and (m) there is confidence in the character of top leaders. Employees were mixed about the character of top leaders, ranging from a solid belief and trust in top leaders to a lack of trust with little transparency from top leaders.

Executives noted that: (a) early leaders gave ethical constraints and a paradigm for relationships; (b) the board of directors and executive officers articulate policy; (c) the global team meets for prayer and worship, which shapes company ethos/ethics; and (d) our leaders do not deliberately go an unethical direction, but get busy or lose touch; therefore, ethical behavior must be an intentional effort. The ethical directives and behavior from top leadership represented at the not-for-profit global company (NFPGC) is indicative of ethical leadership theory (ELT) in “moral person and moral manager” (Trevino, et al., 2003; Trevino et al., 2000).

Social learning theory (SLT). Employees at NFPGC noted that top leaders model high professional standards and ethics. Employees listen to top leaders, but also observe peers for proper role modeling during training times. The majority of employees noted strong professional and ethical role modeling from top leaders and from their peers.

Social exchange theory (SXT). Four employees had mixed opinions that could lead to both positive and negative leader/follower relationships, thus affecting SXT. Positive SXT relationships happen at the not-for-profit global company (NFPGC) due to employee observations of compassionate discipline handled by executives and the confidence in and respect for the executives’ model of spiritual formation. Negative SXT relationships may happen at NFPGC due to employee observations of closed doors, neglected issues, issues of trust due to organizational silos, and executive favoritism as

employees are moved from job to job to avoid termination. As noted earlier, one executive stated that leaders should not obstruct the work of others, which would lead to a positive leader/follower dyad. There seems to be executive desire to have strong SXT relationships with employees. However, employees were mixed in their positive and negative dyadic relationships with top leaders, ranging from respect to distrust.

Deontological ethics. Employees at NFPGC talked of how recent decisions violated holiness values, that employees have a sense of right and wrong, and that Christian conduct formed a basis for company values, which are all statements of principled reasoning and duty indicative of deontological ethics. The company manual (CM) expressed biblical principles related to contemporary societal living and issues, plus a description of a holiness ethic in specific behaviors. This supports divine command theory, a form of deontological ethics, as interpreted by NFPGC. As an incorporated entity, this company abides by standard governmental regulations and policies indicative of the duty and principled reasoning of deontological ethics.

Teleological ethics. Executive participants demonstrated the use of utilitarianism, which is a form of teleological ethics. Executives believed that a CEMS should serve the greatest number and that top leaders needed to listen to the greatest number of people possible.

Emergent Theories

Some theories discussed or mentioned in this dissertation found confirmation through the data sources of NFPGC. Shareholder theory (ShaT) emerged as an employee stated that employee ownership comes from collaboration, which helps with transparency and accountability to shareholders. Stakeholder theory and corporate social

responsibility (StaT/CSR) emerged both positively and negatively as employees noted that every member of NFPGC was a stakeholder and that NFPGC did not communicate community involvement as well as the new owner of the NFPGC's previous property. An employee represented organizational citizenship behavior (OCB) by describing a reward system through which employees can recommend others for "above and beyond" work at NFPGC.

Collaborative/participative leadership theory (Collab/PartT). Collaboration between top leaders and employees was an emphasis in the organizational documents. Employees had several comments that relate to participative leadership theory: (a) employees are frustrated if not involved in the big picture; (b) collaboration gains insights from people who may not speak up; (c) top leaders demonstrate that they trust employees enough to hear employees' perspectives; (d) if "Superman Syndrome" sets in, then employees cannot shine and the office is no better than the supervisor alone; (e) distrust between employees and leadership has come from a lack of collaboration on determining components of CEMS; (f) employee ownership comes from collaboration, which helps with transparency and accountability to shareholders; (g) employee input is never requested at NFPGC; (h) collaboration gives different "angles of vision" from people with tenure, roles, gender, and position; (i) decisions are mostly top-down; (j) collaboration creates ownership, higher morale and buy-in, enhanced community and trust, opportunity to dialogue, and a demonstration of mutual respect. Executives believed that collaboration is a grass roots process that influences the highest level of decision making, creates honesty and open disclosure, and is a definite value to the

participative style of leadership. Leaders do not have all the wisdom, so it is worth listening to, empowering, and trusting employees.

Ethic of care (EOC). Velasquez (2006) believed that care for those near to us represented a basic ethical principle, or an ethic of care. Transferred to the organization, an ethic of care represents the opportunity to secure the best interests of employees. As noted earlier, employees had mixed reviews on the compassion of NFPGC. As one employee observed, “I have seen good and bad treatment of employees, but NFPGC has been very supportive of me through divorce.” The organizational documents and the observational tour demonstrated many signs of employee care, as noted in the ESC and ECF sections below.

Assumption theory (AssumpT). Throughout the interviews, it was clear that the not-for-profit global company (NFPGC) operated its ethics from a company manual (CM) and an employee handbook (EH) of diverse principles and guidelines. However, there was a great deal of assumption “that employees are people of faith,” “everyone shared the same culture and understanding,” “that individuals have a moral compass,” or that there are informal expectations that employees adhere to Christian values or “general Christian clichés.” The EH was instructive, but “not used in a systematic way,” to present “clear ethical guidelines” with “ethical headings or subheadings.” An executive noted that with organizational growth, it was assumed that “Christian ethics would be applied to Christian people.”

It is not uncommon for Christian organizations to assume that every member will be moral and make ethical decisions. Unfortunately, that is not always the case. As one employee at NFPGC stated, “given our diversity, we need a clear COE with rationale,

which is essential for the health of the organization.” However, according to respondents at NFPGC there have been few ethical infractions, with the exception of a recent decision, even with the lack of a consistent system to demonstrate company ethics.

Assumption theory (AssumpT) posits that not-for-profit companies with a Christian foundation assume that employees will behave morally and ethically. NFPGC demonstrated a mixed result on assumption theory; it is therefore important to research the prevalence and impact of this theory in other organizations.

Peer-to-peer (P2P) versus top-tier (TT) role modeling. Ethical leadership theory (ELT) and social learning theory (SLT) supported top leader role modeling in the management of company ethics (Brown & Mitchell, 2010; Brown et al., 2005; Trevino et al., 2000). Also emerging from NFPGC is support for ethical peer role modeling. As in the for-profit local company (FPLC), employees discussed that ethics training came from the demonstration of top leaders and the observation of coworkers. P2P role modeling is not a part of ELT, but further research could demonstrate its necessity.

Moldable model CEMS. One executive at the for-profit global company (FPGC) offered a framework for a company corporate ethical management system (CEMS): (a) role modeling or living out company expectations; (b) context, including why policy is important, and why we conduct business or behave this way; and (c) accountability, including expectations. This study sought the discovery of a consistent component model for an effective corporate ethical management system (CEMS). The idea of a moldable model CEMS, with the set framework above, could allow organizations to specifically tailor a CEMS to their needs. An NFPGC employee noted that the younger generation wants to know the “why” of policies, which correlates with

the “context” of the moldable model framework. A NFPGC executive noted that the company employee handbook revealed what management desires from employees, and also what employees can expect from management. This correlates with the “accountability” section of the moldable model framework.

CEMS Effectiveness

Productivity. Two employees and one executive believed that a CEMS results in productivity. Employees stated that a lack of followed ethical policies will kill productivity, and that the not-for-profit global company (NFPGC) “champions results and efficiency over ethical boundaries.” An executive assured that the CEMS brought more “harmony and galvanization” in the workplace, which might affect productivity.

Good for business (GB), financial performance (FP), competitive advantage (CA). One executive believed that business was not just about getting things done, but how organizations did business in the proper treatment of people. This executive viewpoint coincides with the value system of the for-profit global company (FPGC). The implied meaning is that if companies treat people or customers well, companies will prosper, as in the for-profit local company (FPLC).

Employee satisfaction and commitment (ESC). Two employees, one executive, and the organizational documents supported ESC. The organizational documents demonstrated several avenues to care for employees: (a) meaningful employment; (b) appropriate compensation; (c) you are important – what concerns you, concerns us; (d) flex hours, benefits, educational assistance, tenure recognition, adoption assistance, long-term care insurance, and a prayer chapel provided for employees. Employees noted several organizational practices that could aid or detract from employee

satisfaction and commitment: (a) the organization kept secrets well in the protection of people, (b) employees do not know the intent of policy changes, (c) one abrupt termination demonstrated a lack of compassion, (d) the CEMS could be more open and individual in decision making, and (e) the organization is studying how to make the not-for-profit global company (NFPGC) a great workplace. One employee perceived that there was no significant difference in the satisfaction level due to the CEMS. The executive noted that when employees sense that top leaders violate the COE, then there is low morale, disappointment, lower trust, and employee resignations.

Employee comfort and fun (ECF). Four employees, the observational tour, and the organizational documents supported the concept of ECF. The observational tour touted workstations with toys, games, candy, stress relievers, and motivational puzzles; a wellness room and a community room with free items were made available for the comfort and fun of employees. The organizational documents included elements to ensure the well-being of employees such as the provision of a prayer chapel, a safe and wholesome work environment, and such employee services as a notary, free parking, and product discounts. Employees mentioned confusion and frustration over the individual interpretation of ethical standards and that morals are down because of recent unethical decisions. Employees' comments toward ECF included (a) "I feel dirty" because of recent unethical decisions, (b) there are some grumblings in the company, (c) leaders do model spiritual formation, and (d) there has been "no significant ethical breach in my long tenure here." Again, there is some discrepancy among employees as to the ethical environment at NFPGC, which affects ECF.

Emulation by employees (EE). One employee lamented that he had “joined the fellowship of the compromised” due to a recent unethical decision at NFPGC; however, one executive noted that a CEMS brings a “more honest environment and a fully aware ethical climate.” These statements displayed conflicting sentiments between the employee and the executive as to what is emulated at NFPGC.

Avoids legal issues (ALI). Obedience to law is also present at NFPGC, as the usual governmental polices were posted at the facility and included in some organizational documents.

Not-For-Profit Global Company (NFPGC) Summary

There was strong support at NFPCG for the code of ethics and value statements (COE/VS), communication, rewards, and discipline components of a CEMS. The sources of data at NFPCG pointed to the need and use of a COE/code of conduct (COC) with specific Christian values and behaviors and workplace conduct. The COE for Christian conduct was available in the company manual (CM) separate from the employee handbook (EH), which the stated purpose is to inform and guide as to policies and to answer questions regarding employment. A third means of appropriate behavior comes from the assumed expectation that all people will act within the framework of a holiness or Christ-like ethic since employees are “people of faith.” It is important to see that employees want and need a published document that succinctly and saliently describes appropriate values and behaviors. There are so many avenues within this organization to see its values, but a concise statement is missing. Employees often perceived that communication of ethics could be better, while executives believed that ethical communication was strong at NFPGC. There was a consistent message on ethical

reward between executives and employees, but leaders and followers disagreed on the consistency and appropriateness of discipline. An executive asked if NFPGC improved or developed people before it terminated an employee? Since NFPGC is in the restorative business, “do we help employees even after termination?” An employee understood that a piecemeal process, instead of a comprehensive effort, formed the CEMS components at NFPGC; but an executive noted that the human resources department studied other organizations’ HR policies to help compose a CEMS with “climate-shaping guidelines of behavior.” One employee believed that a CEMS is essential for the health of the organization.

There is confirmation of ethical leadership theory (ELT), social learning theory (SLT), and social exchange theory (SXT) at NFPGC, though employees were mixed about the character of top leaders, ranging from a solid belief and trust in top leaders to a lack of trust with little transparency from top leaders. The majority of employees noted strong professional and ethical role modeling from top leaders and from their peers. There seems to be executive desire to have strong SXT relationships with employees; however, employees were mixed in their positive and negative dyadic relationships with top leaders, ranging from respect to distrust.

The emergence of a new ethical theory, assumption theory (AssumpT), finds support here at the not-for-profit global company (NFPGC). Assumption theory (AssumpT) should be studied further due to the assumption that Christian organizations inherently have ethical employees. It is also often assumed, as at NFPGC, that employees understand the ethical and biblical principles upon which the organization is built without any specific written or verbal explications of those principles. The idea that

peer-to-peer (P2P) role modeling should be studied, as part of ELT, found confirmation at NFPGC. Participative leadership theory (Collab/PartT) and the ethic of care (EOC) also emerged as important constructs at NFPGC.

Since NFPGC is a not-for-profit, productivity may not be the highest priority. However, one employee stated that a lack of a CEMS would kill productivity. Another employee felt that the company championed results over ethical boundaries. An executive believed that a CEMS could bring more harmony and galvanization to the workforce, which certainly impacts productivity. Not surprisingly, there was not much data on how a CEMS could be good for business, financial performance, or competitive advantage. One executive agreed with the for-profit global company (FPGC) that business is not just about what the company does, but also about how it does it, especially in the treatment of people.

Organizational documents touted a strong company effort to elevate employee satisfaction and commitment (ESC) through various avenues that lead to meaningful employment. An employee admitted that a CEMS has no significant difference in ESC. However, employees can develop low morale, have trust issues, and even resign because of the observed unethical actions of top leaders.

Though the organization utilized its facility well to enhance employee comfort and fun (ECF), the perceived unethical actions of top leaders, specifically in a recent decision, led to employee frustration and the statement, "I feel dirty." However, another employee praised the spiritual formation of top leaders and the lack of any significant ethical breach in his long tenure at the company. Emulation by employees (EE) was barely noted among participants other than an employee who felt he belonged to the

“fellowship of the compromised” because of a perceived unethical action of the company, and an executive who believed that a CEMS brings a more honest and aware ethical climate.

Table 3 gives a quantitative breakdown of employee and executive responses per the research variables.

Table 3. NFPGC Employee/Executive Comparison

	Employees (5 total)	Executives (2 total)
COE	4	2
VS	5	2
Audits	1	1
DML	2	0
Communication	4	2
Rewards	4	2
Discipline	5	2
TP	2	1
ELT	5	2
SLT	3	0
SXT	4	1
Deontological	Yes	No
Teleological	No	Yes
Productivity	2	1
GB, FP, CA	0	1
ESC	2	1
ECF	4	0
EE	1	1

Note. Code of ethics (COE); value statements (VS); decision-making ladder (DML); training programs (TP); ethical leadership theory (ELT); social learning theory (SLT); social exchange theory (SXT); good for business (GB); financial performance (FP); competitive advantage (CA); employee satisfaction and commitment (ESC); employee comfort and fun (ECF); emulation by employees (EE).

Cross-Case Results

This study employed a multiple-case study design, which increases generalizability or transferability of the findings to other populations through cross-case analysis (Miles & Huberman, 1994). The sample included three ethical organizations from the for- and not-for-profit sectors and local, national and international companies. This diversity added deeper meaning and explanation to the phenomenon under study.

Research Question 4 asked, “what differences in CEMS components are demonstrated within the context of each case and across cases, specifically between executive leaders and employees, between U.S. and international companies, and between for-profit and non-profit organizations?” This question guides the analysis in order to triangulate data for improved transferability and the creation of a consistent component CEMS to address the research problem.

Yin (2009) recommended that multiple case study treat each case individually through the use of data collection instruments, which this study did. As data from each case is reviewed, similar or shared data among cases was observed, adding to the iterative nature of qualitative analysis. Yin insisted that the interpretation in cross-case synthesis is more argumentative than numeric in nature. However, the cross-case results in this section demonstrate the importance of both argument and numbers, qualitative and quantitative analysis.

This study utilized case-oriented and variable-oriented strategies in order to stack comparable cases and describe the data by case and by variable patterns across cases (Miles & Huberman, 1994). These strategies added reliability or dependability to this

study as contextual changes are accounted for and visually demonstrated in matrix form (Miles & Huberman, 1994; Trochim, 2006).

The design of this study allowed for the following cross-case results pertinent to this study’s research problem, research questions, and research purpose.

CEMS Components

Based on a quantitative analysis of the three organizations (See Table 4), the most important components of a corporate ethical management system (CEMS) are the code of ethics (COE) and value statements (VS), communication, and discipline. The least used components in a CEMS were decision-making ladders (DML) and audits; rewards and training programs (TP) were used moderately.

Table 4. Quantitative CEMS Components Results

Components	COE/VS	Audits	DML	Comm	Rewards	Discipline	TP
FPGC	9/7	7	2	9	4	8	8
FPLC	8/9	7	NA/2	9	6	7	7
NFPGC	7/9	<2	2	8	7	8	3
TOTALS	24/25	15-16	6	26	17	23	18

Note. For-profit global company (FPGC); for-profit local company (FPLC); not-for-profit global company (NFPGC); code of ethics (COE); value statements (VS); decision-making ladder (DML); communication (Comm); training programs (TP).

Code of ethics (COE)/value statements (VS). The for-profit global company (FPGC) and the not-for-profit global company (NFPGC) have multiple means and documents to reveal company values and expected behaviors. There needs to be a consistent, succinct, and salient source for the COE/COC with values and behaviors (VS).

Audits. Audits of some type were strong in FPGC and the for-profit local company (FPLC), but not NFPGC. The for-profit companies are accustomed to accounting and inventory audits, which could explain the acceptance of an ethical audit. All organizations expressed a desire to see or use a formalized ethical audit system.

Decision-making ladder (DML). A formalized DML could be important, but does not seem necessary if company values are used. Employees of FPLC were not asked about a formal DML, which could have raised the count, but would still leave this area lacking overall.

Communication. All three organizations utilized various and creative communication techniques, but employees usually felt there was room for management communication improvement.

Rewards. Rewards were not used heavily since ethical conduct is expected, but more used in the not-for-profit (NFPGC) and in the for-profit local company (FPLC) than in the for-profit global company (FPGC). Though NFPGC is a global company, it has more of the family feel of FPLC, which could explain the art of affirmation and appreciation of employees through rewards.

Discipline. Discipline was a stepped process in the three organizations, depending on the severity of the ethical violations per company policies. Employees seem aware of discipline procedures, but vary on rewards offered, which might indicate what is promoted in the organizations. Employees differ somewhat on the nature of discipline in NFPGC.

TP. The training programs across cases were varied, but include common denominators of orientation and some consistent modes of reminding employees of

company values. Training programs were strong in the for-profit global company (FPGC) and the for-profit local company (FPLC), but not in the not-for-profit global company (NFPGC). The emerging assumption theory (AssumpT) could account for the lack of training in NFPGC. NFPGC needs to devise a systematic training procedure. Training in FPGC can seem chaotic or overwhelming due to the multiple sources of training. FPLC relies on the employee handbook (EH) and observational training, which seemed impactful to employees.

Theoretical Constructs

Ethical leadership theory (ELT)/social learning theory (SLT). ELT with its accompanying SLT and literature characteristics was strongly confirmed throughout the cases. The not-for-profit global company (NFPGC) was somewhat weak in SLT due to employee comments on distrust of top leaders and to the fact that no executives talked of SLT.

Social exchange theory (SXT). SXT was moderately represented in the three organizations, with the highest in NFPGC, and nearly the same in the for-profit local company (FPLC). FPLC had the strongest SXT statements from employees because of employee relationships with top leadership. NFPGC and FPLC were specifically strong in SXT, which could be because of the family and relational atmosphere at both organizations. It is somewhat a “disconnect” for NFPGC to be low in social learning theory (SLT), yet higher in SXT since employees would tend to disengage from relationships with leaders they distrust as role models. However, NFPGC executives desired a strong SXT with employees, which would raise the count. But these two executives did not represent the entirety of top leadership at the company with which

NFPGC employees might be judging SXT relationships. In fact, NFPGC employees were mixed about dyadic relationships both positive and negative, but the positive seemed to prevail. Most NFPGC employees seemed content with top leadership role modeling. As stated in the for-profit global company (FPGC), a proper executive example leads to an employee understanding of expectations, which may increase the value of SXT positive relationships. The probable cause is that no NFPGC executives talked of SLT issues, but noted SXT issues.

Table 5 demonstrates the quantitative analysis of the appearance of theoretical constructs across cases.

Table 5. Quantitative Theoretical Constructs Results

Theory	ELT	SLT	SXT
FPGC	7	6	3
FPLC	7-8	7-8	4-5
NFPGC	8	3	5
TOTALS	22-23	16-17	12-13

Note. For-profit global company (FPGC); for-profit local company (FPLC); not-for-profit global company (NFPGC); ethical leadership theory (ELT); social learning theory (SLT); social exchange theory (SXT).

Deontological ethics. Deontological ethics was represented in all three cases by such statements as (a) right/wrong, (b) doing the right thing, and (c) best judgment. These statements correlate with the observational definitions for deontological ethics, principled and reasoned decisions. Divine command and justice theories, which are deontological ethics theories, were represented in the not-for-profit global company

(NFPGC) and the for-profit local company (FPLC). All three organizations complied with governmental regulations, which represents the “law” aspect of deontological ethics.

Teleological ethics. Teleological ethics was represented in all three cases, primarily by utilitarianism or utility theory in the not-for-profit global company (NFPGC) and the for-profit local company (FPLC), with outcome thinking in the for-profit global company (FPGC) (“what we do and how we do business”).

Emergent Theories

Several emergent theories were critical to the cross-case results (See Table 6). Some emerging theories in this study were established theories in the research; other emerging theories represent possibilities for future research.

Established emergent theories. The idea of collaborative, participative leadership represented a shift to the post-industrial paradigm in leadership thinking (Rost, 1991). All three organizations indicated concern for involving employees in organizational decisions. The ethic of care (Velasquez, 2006), also an established idea in ethics, is represented in all three cases. The organizations of this study demonstrated a concern and care for people closest to them – the employees. Stakeholder theory (StaT) (Cennamo et al., 2009; Culpan & Trussel, 2005; Freeman, 1994; Groves & LaRocca, 2011) and its counterpart, corporate social responsibility (CSR) (Aaronson, 2005; Angus-Leppan et al., 2010; Brown & Trevino, 2006; Carroll, 1991; De Hoogh & Den Hartog, 2008; Valentine & Fleischman, 2008) are represented in all three cases. These organizations demonstrated concern beyond company shareholders with care for all stakeholders, including the local and global communities in which each organization operated. Shareholder theory (ShaT) (Friedman, 1970) is represented in FPGC and

NFPGC, but not in FPLC. The plausible explanation is that the for-profit local company (FPLC) is somewhat a family-owned entity. Organizational citizenship behavior (OCB), as an outcome of ELT (Brown & Trevino, 2006), was represented in the for-profit global company (FPGC) and the not-for-profit global company (NFPGC), but not in the for-profit local company (FPLC). The consistent attitude of good customer service at FPLC may explain the lack of OCB, as the company consistently goes above and beyond as a way of life.

New emergent theories. Several theoretical constructs emerged from this study (See Table 6). Peer-to-peer (P2P) versus top-tier (TT) (Brown & Mitchell, 2010; Brown et al., 2005; Trevino et al., 2000) role modeling was represented in all three organizations. The moldable model (MM) framework of (a) role modeling, (b) context, and (c) accountability was represented in all three cases. Engrained ethical theory (EET) was discussed in FPGC and FPLC, but not in NFPGC. It is possible that assumption theory (AssumpT) played a part in the lack of EET at NFPGC; company ethics at NFPGC was more assumed than promoted. Assumption theory (AssumpT) was only represented in NFPGC, which was expected since this is a not-for-profit theory.

Table 6. Emergent Theoretical Constructs Results

Emergent Theory	Moldable Model	EET	AssumpT	P2P	Collab/PartT	EOC	StaT/CSR	ShaT	OCB
FPGC	X	X	--	X	X	X	X	X	X
FPLC	X	X	--	X	X	X	X	--	--
NFPGC	X	--	X	X	X	X	X	X	X
TOTALS	3	2	1	3	3	3	3	2	2

Note. For-profit global company (FPGC); for-profit local company (FPLC); not-for-profit global company (NFPGC); engrained ethical theory (EET); assumption theory (AssumpT); peer-to-peer role modeling (P2P); collaborative/participative leadership theory (Collab/PartT); ethic of care (EOC); stakeholder theory/corporate social responsibility (StaT/CSR); shareholder theory (ShaT); organizational citizenship behavior (OCB).

CEMS Effectiveness

Several CEMS effectiveness labels, as noted in a priori research, found confirmation from cross-case analysis results (See Table 7).

Productivity, good for business (GB), financial performance (FP), competitive advantage (CA). Productivity was moderately supported, but was highest in the for-profit global company (FPGC) and the for-profit local company (FPLC), as would be expected in for-profit companies. The closely related labels of GB, FP, and CA are at the same quantitative level as productivity, and also much higher in FPGC and FPLC, as expected.

Employee satisfaction and commitment (ESC)/employee comfort and fun (ECF). ESC and its close counterpart, ECF, were the top effectiveness labels and were highly supported across the three cases. ESC was the most prominent in FPGC and FPLC. ECF was fairly consistent in FPGC and the not-for-profit global company (NFPGC), but higher in FPLC. ECF might be more represented in FPLC due to the family and relational atmosphere.

Emulation by employees (EE). EE was highest in FPGC and low in NFPGC and FPLC; but FPLC was high in SXT, which would lead to reciprocation or emulation of ethics by employees. It is possible there are some notation errors in the EE of FPLC or that the distrust of some top leaders at NFPGC led to low EE.

Avoids legal issues (ALI). ALI was represented in the organizational documents and the observational tours of all three organizations, as expected.

Table 7. Quantitative CEMS Effectiveness Labels Results

Effectiveness Labels	Productivity	GB, FP, CA	ESC	ECF	EE	ALI
FPGC	5	5	7	5	6	1
FPLC	4	6	9	7	2	1
NFPGC	3	1	4	5	2	1
TOTALS	12	12	20	17	10	3

Note. For-profit global company (FPGC); for-profit local company (FPLC); not-for-profit global company (NFPGC); good for business (GB); financial performance (FP); competitive advantage (CA); employee satisfaction and commitment (ESC); employee comfort and fun (ECF); emulation by employees (EE); avoids legal issues (ALI).

Emergent Effectiveness Labels

Company reputation. Company reputation was represented in FPGC and FPLC, which is consistent with “for-profit” thinking in order to maintain a strong customer base.

Conclusion

Chapter 4 demonstrated the results of this study’s purpose and research questions, which was to discover an effective and consistent component model for a corporate ethical management system (CEMS). According to participants, each of the three cases or organizations utilized a code of ethics (COE) and some form of value statements (VS). The for-profit global company (FPGC) and the for-profit local company (FPLC) utilized ethical audits, according to participants. The not-for-profit global company (NFPGC) was perceived to be weak in the use of ethical audits. The decision-making ladder (DML), or a formalized system to make ethical decisions, did not rise to a level of significance in any of the three organizations. Participants in all three organizations perceived the communication of company ethics as a major CEMS component. The use of rewards for recognition of ethical behavior found good support in FPLC and NFPGC

and moderate support in FPGC. Discipline processes for noncompliance with company ethics was strongly supported across each of the cases. Training programs in ethics received strong support in FPGC and FPLC, but not in NFPGC. In summary, this study found the consistent components of a CEMS to be a COE with VS, accompanied by communication of company ethics and the accountability for those ethics through discipline for noncompliance. As a basis for a CEMS, deontological ethics found strong support between executives and employees in all three organizations. The deontological ethical theories of divine command theory and justice theory were most prevalent, including participant beliefs in the “right thing to do,” and each organization’s duty to uphold governmental laws and regulations. Teleological ethics was mixed among executives and employees in each organization, but Utilitarianism and outcome thinking were the primary teleological systems.

This study’s theoretical framework was ethical leadership theory (ELT) with its foundations in social learning theory (SLT) and social exchange theory (SXT). ELT was strongly confirmed among all three cases, while its accompanying SLT found strong support in FPGC and FPLC, but not in NFPGC. SXT was moderately supported in both FPLC and NFPGC, while SXT found low support in FPGC. In summary, ELT with characteristics of leader integrity, honesty, transparency, and people-focus found strong confirmation across the three cases. SLT with its emphasis on role modeling also found strong support across the three cases, though low at NFPGC. SXT was only moderately supported across the organizations of this study.

Chapter 4 also demonstrated the effectiveness of a CEMS in various labels or descriptors of effectiveness. Employee satisfaction and commitment (ESC) found the

highest support across the three cases, with the highest levels of support in FPLC and FPGC; ESC was only moderately supported at NFPGC. Employee comfort and fun (ECF) was strongly supported at NFPGC, but only moderately supported at FPGC and FPLC. Productivity and good for business (GB), financial performance (FP), and competitive advantage (CA), similar constructs, found moderate support across the three cases; these effectiveness labels were especially low in NFPGC. Emulation of ethics by employees (EE), closely related to SXT, found good support at FPGC, but low support in both FPLC and NFPGC. The ability to avoid legal issues (ALI) found support in all three cases, but not from participants; the organizational documents and observational tours demonstrated support for ALI due to policies and postings on governmental laws and regulations. In summary, ESC and its close construct ECF, found the most support in this study, as effective labels of a CEMS. If productivity, GB, FP, and CA were combined to form a construct of business results, then it would have been the highest perceived effectiveness label.

Finally, this study looked for emergent theory in the management of corporate ethics. Ethical theories established in the literature but not a part of this study's theoretical framework, namely collaborative/participative leadership (Collab/PartT), good care ethics (GCE), stakeholder (StaT), corporate social responsibility (CSR), shareholder (ShaT), and organizational citizenship behavior (OCB), found strong support across the three cases. However, ShaT and OCB were not represented in the for-profit local company (FPLC). There was exciting emergent theory suggested from the results of this study. The moldable model (MM) theory, as to a framework to manage corporate ethics, was conceptually supported in all three organizations. Each of the three organizations

had some form of role modeling, context, and accountability. Engrained ethical theory (EET), or the ability of ethics to be a part of company culture or DNA, emerged from FPGC and FPLC, but not in NFPGC. Peer-to-peer (P2P) role modeling, as a companion to ELT/SLT or top-tier (TT) role modeling emerged from all three cases. Assumption theory (AssumpT), as predicted and confirmed in NFPGC, emerged as a possible consideration to avoid in not-for-profit organizations. Organizations should not assume that not-for-profit employees, especially in ministry-based organizations, are ethical or will work within assumed biblical standards.

CHAPTER 5. DISCUSSION, IMPLICATIONS, RECOMMENDATIONS

Introduction

Chapter 5 proposes to discuss the results of this study in detail as a way to integrate the conceptual framework foundational to this study with the expected and unexpected results. Chapter 5 brings the study together through practical application of a priori and emergent variables to the organizational level.

The following sections discuss the results of this topic of inquiry in the areas identified by the research questions: CEMS consistent components, CEMS constructs, CEMS capabilities, and CEMS conveyability. Chapter 5 also pinpoints implications for leadership and management, and suggests recommendations for the organizations of this study and for organizations in general. Finally, Chapter 5 concludes with areas of potential, future research and a summation of the critical findings of this study.

Summary of the Results

The research problem of this study identified that theoretical ethical leadership literature and organizational practice lacked a consensus on what consistent components constitute an effective corporate ethical management system (CEMS). Therefore, the purpose of this study was to discover what executive leaders, employees, organizational documents, and existing organizational systems of purposive selected ethical companies

identified as components of an effective corporate ethical management system (CEMS). A CEMS was defined as a system of consistent components to manage corporate ethics.

The research questions asked, “what are the consistent components of an effective corporate ethical management system?” with four specific goals: (1) to identify consistent components in the management of company ethics; (2) to discover what the selected cases understood as the theoretical basis for their specific CEMS; (3) to discover how effectiveness, from an applied CEMS, is defined and which components are valued as most effective toward organizational behavior and performance; and (4) to triangulate data for improved transferability and the creation of a consistent component CEMS conveyable to theoretical ethical leadership literature and to organizational practice.

The significance of this study is that an empirical and theoretical CEMS model was missing from the literature, as was multiple case study design to study existing organizational, ethical systems and their management. Since the post-industrial paradigm saw leadership as a multidirectional influence process (Rost, 1993), or a collaborative arrangement, employees’ perceptions of an effective CEMS should be studied to narrow another gap in the extant literature. The implications to the field of organization and management included a proposed standardized model for executives in the construction of an organization-specific corporate ethical management system (CEMS) and the ability to utilize tested ethical components that are effective for like organizations.

Transferability, though not always the goal of qualitative inquiry, is enhanced through a diverse sample, thick description, fit with reader’s experiences, consistency with a priori theory, and multiple case study design (Miles & Huberman, 1994), which this study integrated. Managers and leaders of organizations similar to the diverse

sample could find points of application from this study. The target audience for this study represented professionals in for- and not-for-profit organizations who desire methods to manage the ethical context of their companies.

Research has indicated that ethical leadership and the management of an organization's ethical context is the responsibility of top executives (Brown & Trevino, 2006; Trevino et al., 2000). Such ethical leadership and management resulted in improved employee behavior, decreased deviant behaviors, and increased organizational performance (Brown & Mitchell, 2010). Ethical leadership theory (ELT), through social learning (SLT) and social exchange (SXT) theories, proposed that leaders have the responsibility to demonstrate and promote appropriate conduct within their organizations, or in other words, manage the organizational, ethical context (Brown & Mitchell, 2010; Brown et al., 2005; Trevino et al., 2003; Trevino et al., 2000). Ethical leaders are moral persons and moral managers (Brown & Mitchell, 2010; Trevino et al., 2000). Much of ELT is based on the concept that follower ethical behavior can be altered by the modeling, pedagogy, and influence of workplace leaders who set the ethical tone from the top. In short, workplace employees learn from the social and ethical environment created by the organization's authoritative leadership (Mulki et al., 2009). Supervisors have positional and legitimate power to which employees look for credible role models (Mayer et al., 2012). Employee behavior is a result of the interplay between personal actions and the ethical or unethical environment produced by the salient ethical agenda set by executives (Trevino et al., 1998; Trevino et al., 2003; Trevino et al., 2000). It is in the best interest of the organization for leaders to create an environment that teaches and guides employees to witness, experience, and implement appropriate ethical conduct.

Research has shown that the management of organizational ethics, through formal and informal systems, is a critical factor for ethical context, to ethical employee behaviors, and firm performance (Donker et al., 2008; Trevino et al., 1998; Trevino et al., 2000; Valentine & Fleischman, 2008; Vitell & Davis, 1990). The literature also offered diverse and varied components for formal and informal ethical management systems (Collins, 2010; Howell & Avolio, 1992; Sekerka, 2009; Trevino et al., 1998). Deontological and teleological ethics theories formed the foundation for some systems and components (Altman, 2007; Colle & Werhane, 2008; L'Etang, 1992; Renouard, 2011; Reynolds & Bowie, 2004). In summary, ethical leadership theory (ELT), based on social learning (SLT) and social exchange (SXT) theories, posited that top leaders or executives have the responsibility to set and manage the ethical context of their organizations as moral persons and as moral managers through various components for formal and informal ethical management systems, including deontological and teleological ethics theories as foundations.

This study utilized a qualitative, multiple case study approach that triangulated data through within- and cross-case analysis of semi-structured interviews and organizational documents from a criterion sample of three organizations that represent companies that operate at the national and international level and for- and not-for-profit companies in various industries. Within the qualitative methodology, this research utilized a multiple case study approach in order to discover a deeper understanding of consistent components of a CEMS in bounded contexts through the voices of participants (Miles & Huberman, 1994; Stake, 2006; Yin, 1981; Yin, 2009). This research triangulated data collected from three sources in three cases or bounded organizations.

First, semi-structured interviews of two executives and five employees in each organization provided descriptions of effective components and theoretical constructs of an existing CEMS, perceived measures of an effective CEMS, and what differences existed among the multiple cases. Second, organizational documents, specifically policy manuals and employee handbooks, provided further data on what tools each organization used in the management of corporate ethics. Third, data was collected through observational tours of each workplace to discern what ethics was communicated to employees based on visual communiqués, art, posters, gathering places, and displays. The sample provided data from executives who have responsibility to manage corporate ethics (Trevino et al., 2000), from employees who could have multidirectional influence (Rost, 1993) into those systems, and documents and existing systems that offered information as to how the organizations perceived the management of corporate ethics.

The results of this study confirmed the specific a priori CEMS components of a code of ethics (COE) with value statements (VS), and communication and discipline processes surrounding the corporate ethical management system (CEMS). The other a priori CEMS components of ethical audits, rewards, and training programs were moderately supported from this study. A formalized decision-making process or ladder (DML) was not supported from this study. The a priori theoretical constructs of ethical leadership theory (ELT) and social learning (SLT) found strong support, while social exchange theory (SXT) found moderate support from the results of this study. Deontological and teleological ethics theories also found support here. The a priori CEMS effectiveness labels of employee satisfaction and commitment (ESC), employee comfort and fun (ECF), and the combined labels of productivity, good for business (GB),

financial performance (FP), and competitive advantage (CA) were confirmed from the three cases or organizations. Emerging from this study were new and exciting theoretical constructs, including the moldable model (MM) theory, engrained ethical theory (EET), peer-to-peer (P2P) role modeling, and assumption theory (AssumpT).

Discussion of the Results

CEMS Consistent Components

The most utilized a priori components in a CEMS were the code of ethics (COE), value statements (VS), communication processes, and discipline for noncompliance with company values. Companies used decision-making ladders (DML) and audits more informally than in a formal or systematic process. Executives or top leaders made most decisions, though collaboration was a goal in all three cases. The cases used rewards for ethical behavior and ethical training programs moderately. Ethical behavior is often the expectation without the necessity for reward. However, affirmation or recognition for ethical behavior was present in this study, and recognition is a satisfier for employees (Herzberg, 1974).

Communication was the prominent component across all three cases. Effective communication in the workplace is critical in today's emerging knowledge society and postmodern context, and for diverse, multi-national companies who need rapid, on time, and the accurate spread of information (Barker & Gower, 2010; Brito, Vanzin, Ferasso, & Saldanha, 2010). Effective communication from top leaders must be accurate, clear, timely, and include feedback for organizational effectiveness (Raina, 2010). For Raina (2010), organizational communication systems included listening, modeling, meaning, repetition, written and verbal messages, and one-on-one discussions. For Thomas, Zolin,

and Hartman (2009), quality (accurate, timely, & useful) and quantity (adequate) of organizational communication produced employee trust, openness, and involvement. Communication from top leaders help employees to understand and give meaning to organizational values, norms and visions; without communication, there is a perceived lack of executive transparency and a lack of ethical accountability (Parboteeah et al., 2010). It is evident that communication of the CEMS must be consistent, timely, accurate, repetitive, and in a variety of mediums. Top leaders should also listen to employees and model and give meaning to the CEMS. The anecdotes of the for-profit global company (FPGC) and the legendary employees of the for-profit local company (FPLC) and the not-for-profit global company (NFPGC) provide rich meaning to the corporate ethical management system (CEMS).

The code of ethics (COE)/code of conduct (COC) and value statements (VS) were the prominent components of a CEMS in this study. The COE/COC gives direction to employees about company values and principles. A COE/COC should represent the main document of a CEMS with a bullet list of company values with accompanying expected behaviors. The company values can be one word or short phrases of what is priority for the organization. The detailed behaviors that accompany the values illustrate to employees how the values are defined and practiced. Employees should always understand how values such as integrity, honesty, and transparency are lived out organizationally instead of interpreting those values for themselves.

Discipline for noncompliance of the company CEMS is critical for employee accountability to organizational values and expected behaviors. The organizations in this study had some type of stepped, discipline process from counseling to termination

depending on the severity of the infraction. Dhanoa and Kleiner (2010) believed a company's disciplinary system should include elements of due process: (a) stated expectations and consequences; (b) consistent employer response to infractions; (c) factual, not emotional discipline; (d) rights of employees to question the charge, provide a defense, and appeal any disciplinary action; (e) progressive discipline, and (f) a holistic look at the employee, including service, performance, mental frame, and past infractions. Though discipline teaches employees to operate at the lowest levels of Kohlberg's moral reasoning model (Kohlberg & Hersh, 1977; See Implications section), it is necessary to remind employees of the critical nature of ethical behavior through disciplinary action taken against offenders (Trevino et al., 2000).

There were differences between what executives and employees identified as the specific components of the company CEMS. Executives, who worked more closely with company policies, had more knowledge than did the employees. The key to an identifiable and practiced CEMS is its promotion to employees. The three organizations of this study utilized communication as the most prominent of the a priori CEMS components. Consistent and salient communication of succinct, key ethical principles is necessary for employee assimilation, remembrance, and application to daily actions in the workplace. A few repeatable value statements and expected behaviors in a company COE/COC seem appropriate for communication of a CEMS. Linked with a discipline, reward, and training system, a CEMS then holds employees accountable for compliance to company principles. From this research, a formalized DML does not seem necessary; however, decisions should rely on and consider the promoted ethical principles of the

company as foundational to decision making. As this study supported participative leadership, employees should be involved in organizational decisions.

Assumption theory (AssumpT), emerging from this study, posits that Christian organizations inherently have ethical employees. It is also often assumed, as at the not-for-profit global company (NFPGC), that employees understand the ethical and biblical principles upon which the organization is built without any specific written or verbal explications of those principles. A printed, preached, and practiced CEMS, with specific components, is necessary to the avoidance of AssumpT.

A printed, preached, and practiced CEMS is also necessary to the establishment of engrained ethical theory (EET), emerging from this study and supported at the for-profit global company (FPGC) and the for-profit local company (FPLC). EET posits that company ethics are engrained, part of company culture and DNA, and practiced “without thinking twice.” In the words of FPGC participants, the CEMS must be reinforced by everyday conversations, by living the CEMS, and by holding employees accountable for company ethics. A consistently communicated and practiced CEMS results in EET.

CEMS Constructs

The theoretical constructs of ethical leadership theory (ELT), social learning theory (SLT), social exchange theory (SXT), and deontological and teleological ethics theories are foundational to the management of corporate ethics and as a basis to the components of a CEMS (Altman, 2007; Brown & Mitchell, 2010; Brown et al., 2005; Collins, 2010; Colle & Werhane, 2008; Sekerka, 2009).

This study strongly confirmed the a priori theoretical constructs of ELT and SLT, which are necessary for an effective CEMS. ELT and SLT included such observational

definitions as people focused, integrity, approachableness, trustworthiness, and role modeling by those in organizational authority (Trevino et al., 2003). Though SXT found moderate support in this study, the concept of a positive dyadic relationship between leaders and followers certainly results in reciprocated ethical behavior. SXT included such observational definitions as demonstrated by employee statements at the for-profit local company (FPLC) who “want to do well” for FPLC’s caring president.

This study found deontological and teleological ethics an important part for CEMS thinking. Deontological theories, such as divine command and justice theory represented in this study, are important foundations for the establishment of a CEMS. Divine command theory, or what Scripture commands for proper behaviors, is a natural basis for the CEMS of Christian, not-for-profit organizations. Divine command theory can represent concern and justice for others, which envelopes justice theory or the fair distribution of benefits and burdens in a society, including the workplace. Concern and justice for others is more palatable to for-profit and non-Christian not-for-profit organizations. Teleological theory, such as utilitarianism represented in this study, allows organizations to form a CEMS based on the greatest good for the greatest number.

In the for-profit global company (FPGC) and the not-for-profit global company (NFPGC), there was some lack of top leader trust based on the transparency of top leaders. In the for-profit local company (FPLC), there was no lack of trust because of the visibility and communication of top leaders. An executive at FPLC believed there was employee “osmosis” learning and training from the example set by top leaders. Trevino et al. (2003) insisted that there was a perceptual difference of executive ethical leadership from those who are closest and farthest away from those in the executive suite.

Therefore, executives needed to be salient as moral persons and moral managers. From this study, it is clear that executives must role model the company CEMS.

Top-tier (TT) role modeling is synonymous verbiage for the “tone at the top” discussed in ethical leadership literature (Brown & Mitchell, 2010; Brown et al., 2005; Trevino et al., 2000). Peer-to-peer (P2P) role modeling, which found support in all three cases, should supplement top-tier role modeling in organizations. It is important for employees to learn and develop ethical behavior based on mentoring relationships with their peers. Employees can emulate the ethics of persons at their organizational level, as well as persons above them in the organizational hierarchy.

CEMS Capabilities

Research continues to demonstrate that ethical leadership from top executives results in improved organizational behaviors and performance (Brown & Mitchell, 2010; Brown & Trevino, 2006; De Hoogh & Den Hartog, 2008; Trevino et al., 2000), including employee satisfaction and commitment, employee comfort and fun, financial and competitive advantage, employee emulation, and the avoidance of legal issues (Collins, 2010; Brown & Trevino, 2006; Mulki et al., 2009; Neubert et al, 2009; Schwepker, 2001; Toor & Ofori, 2009; Trevino et al., 2000).

This study sought to confirm and find “labels of effectiveness” for a practiced CEMS. A priori business results such as productivity, financial performance, and competitive advantage found support in all three organizations, but with expected higher results in the for-profit cases of FPGC and FPLC. This was a critical result since many leaders may not tie ethics with business results. Consumers enjoy relationships with ethical companies, as strongly evidenced in FPGC and FPLC, which increase company

profits. Company reputation emerged as an effectiveness label, which further supports the correlation between a CEMS and business results.

The strongest support of a priori effectiveness labels was in the areas of employee satisfaction and commitment (ESC) and employee comfort and fun (ECF). Employees are simply more comfortable, satisfied, and committed to organizations that operate ethically. When employees find this type of fun and satisfaction at work, they tend to be more committed and productive, which leads to better organizational performance. Though EE was moderately supported in this study, it is logical that, as ethics is role-modeled by top leaders, employees will emulate ethical behavior (EE). Such emulation creates an ethical climate of integrity, honesty, and caring relationships that is attractive to employees and to customers (Buckingham & Coffman, 1999).

Company reputation emerged from this study as another effectiveness label for the CEMS. It was key to note that FPGC believed that other companies value its employees, plus FPGC's reputation attracts potential employees. An ethical reputation takes years to attain, but moments to lose. The multiple ethical crises at the start of this millennium in top companies with top leaders are salient reminders of this principle. A communicated and disciplined COE/VS is critical to maintain the ethical reputation of any company.

CEMS Conveyability

As noted in the literature review of Chapter 2, Trevino et al. (2003) lacked within-case analysis and Trevino et al. (2000) lacked member checking for credibility of the research. Therefore, conveyability or transferability may be lacking in these two seminal works. This study employed a multiple-case study design, diverse sample, thick

description, and consistency with a priori theory, which increases generalizability or transferability of the findings to other populations through cross-case analysis (Miles & Huberman, 1994). This study also provided within-case analysis and member checking that was lacking in Trevino et al. (2003; 2000). The sample of this study included three ethical organizations from the for- and not-for-profit sectors, and local, national and international companies. This diversity added deeper meaning and explanation to the phenomenon under study. However, it is important to understand that three cases, though diverse, still limit the ability to transfer this study's findings to larger populations. A greater number of cases would have provided increased transferability, specifically utilizing various types of not-for-profit organizations and a wide variety of industry types in the for-profit sector.

Though the corporate ethical management system (CEMS) conveyability is somewhat limited, the following framework offers a synthesis of the results of this study:

Moldable model (MM). One executive at FPGC offered a framework for a company CEMS: (a) role modeling or living out company expectations; (b) context, including why policy is important, and why we conduct business or behave this way; and (c) accountability, including expectations. This study sought the discovery of a consistent component model for an effective corporate ethical management system (CEMS). The idea of a moldable model CEMS, with the consistent framework or three components above, could allow organizations to specifically tailor a CEMS to their needs. Organizations could build a CEMS that fits their particular situation starting with role modeling, context, and accountability as a foundation.

Role modeling from executives and employees would be the first focus for an organizational CEMS based on ELT and SLT, theoretical constructs confirmed in this study. Based on the cross-case results of this study, executives and employees would role model the specific code of ethics (COE)/value statements (VS) set by the organization. Next to communication, the COE and VS were the most consistent components across the three cases (See Table 4). It would be efficient if a company COE would include value statements and expected behaviors. All personnel in the organization must model the COE/VS; top-tier (TT) and peer-to-peer (P2P) role modeling are key theoretical foundations to ethical leadership.

Context for a CEMS is an important foundation in order to explain to organizational members the “why” of the CEMS. A for-profit local company (FPLC) employee stated that the company needed people or employees to understand the purpose they serve. A not-for-profit global company (NFPGC) employee noted that the younger generation wants to know the “why of policies.” Based on the CEMS effectiveness labels of this study (See Table 7), it would be important to describe employee satisfaction and commitment (ESC), employee comfort and fun (ECF), productivity, and good for business (GB), financial performance (FP), and competitive advantage (CA) as the “why” of the CEMS. Based on deontological ethics, the CEMS is the “right thing to do,” and the CEMS provides a method of principled reasoning. Based on deontological theories supported in this study, the CEMS exists to assure organizational justice (justice theory) and care for all stakeholders (divine command theory, ethic of care). It is the “right thing to do.” Based on teleological ethics, the above effectiveness labels provide an outcome-based context for the CEMS. Based on the teleological theory supported in

this study, the CEMS provides a means to assure the greatest good for the greatest number (utilitarianism).

Accountability for the CEMS is a theme reiterated by the participants, organizational documents, and the observational tours of each case in this study. A NFPGC executive noted that their employee handbook helps employees and management understand expectations to and from each party. There are several components in this study that could represent a method of accountability for the CEMS. Based on the consistent components discovered in this study, communication and discipline are two methods to assure accountability for the CEMS (See Table 4). An ethical audit did not emerge as a consistent component from this study, but there was evidence of informal audit processes in the three cases and some participants sensed that an audit could aid in accountability for the CEMS. According to Cohen (1993), an ethics audit that assesses employee perceptions of organizational ethics can include interviews, surveys, focus groups, and communication analysis (p. 352). The ethics audit is one means to determine how well the CEMS is working to affect ethical climate. Ethical audits should include a specific review of a company's CEMS to evaluate role modeling, how well the COE/VS is kept, if there are strong levels of ESC and ECF, if measures of productivity and financial performance are improved, and if communication and discipline systems are being followed. Though this research moderately supported rewards and training for ethical behavior, both are effective means of accountability for the CEMS. Rewards can be as simple as recognition for achievement (Herzberg, 1974), and training plans should be consistent, succinct, and salient in order to prevent the chaotic nature of some training reported at FPGC.

Implications of the Study Results

The implications to the fields of leadership and management, specifically ethical leadership include a proposed standardized model for executives in the construction of an organization-specific corporate ethical management system (CEMS) and the ability to utilize tested ethical components that are effective for like organizations. The moldable model (MM) emergent in this study represents an effective CEMS applicable to all organizations.

However, this study demonstrated much more than a CEMS model, as theoretical constructs and CEMS effectiveness also dominated the data. Several emergent theories in this study offer implications to leaders and managers. Managers and leaders of organizations similar to the diverse sample could find several points of application from this study. The target audience for this study represents professionals in for- and not-for-profit organizations who desire methods to manage the ethical context of their companies.

Each case in this study, individually and collectively, offered compelling implications to the field of leadership and management, specifically in ethical leadership.

Implications Learned From the For-Profit Global Company (FPGC)

The for-profit global company (FPGC) is an example of an organization that prints, preaches, and practices its ethical principles. A consistent ethical message is necessary for employee emulation of company ethics (Trevino et al., 2000). FPGC demonstrated the critical nature of executive role modeling, especially when it is somewhat in question by even one employee. The integration of CEMS components with executive role modeling leads to an engrained ethical code that forms a part of company

culture and DNA. As observed from an executive at FPGC, calling employees by name increases social exchange theory (SXT). An employee at FPGC talked of the trickle-down effect from leaders to employees and that leader modeling is as impactful as 100 signs and training programs. Since FPGC has numerous signs and training programs, this statement on role modeling is a significant implication to leaders. An organization can print, publish, and preach organizational ethics, but it is the “living out” of the company’s CEMS by top leaders (ELT/SLT) that is critical to the ethical climate of an organization (Trevino et al., 2003; Trevino et al., 2000).

Implications Learned From the For-Profit Local Company (FPLC)

At the for-profit local company (FPLC), employees noted that new hires get a visit from executives on their first day of employment, which is encouraging to new employees and deepens the bond between executives and employees. This bond is critical to social exchange theory (SXT) relationships and to employees that emulate (EE) or reciprocate ethics demonstrated by top leaders (Eby et al., 2004; Trevino et al., 2000). Executives at FPLC, as at the for-profit global company (FPGC), know the names of their employees. These simple acts of caring from executives help build SXT for a higher probability of employee emulation (EE) of company values. The family atmosphere at FPLC, encouraged by the executives’ actions, adds to employee comfort and fun (ECF). Executives at FPLC believed in “management by walking around,” which allows top leaders to be visible for increased role modeling. For FPLC, role modeling was the top tool in a CEMS, as it should be for all leaders and managers.

Implications Learned From the Not-For-Profit Global Company (NFPGC)

The need for a published CEMS at the not-for-profit global company (NFPGC) to avoid assumption theory (AssumpT) should encourage all leaders and managers to assure that some CEMS is in place in their organizations. Executives cannot assume that all employees understand implicit company principles; those principles must be explicit (Trevino et al., 2000). As there were mixed results in top leader trust among employees, leaders must be intentional and visible in role modeling, decision making, and discipline. As long as privacy issues are not at risk, it is important for employees to see how discipline is handled for those who violate company expectations. Trevino et al. (2000) found that ethical leadership included discipline that was visible and fair instead of ignoring the issue and hoping the problem would go away (pp. 135-136). Employee care, demonstrated in various policies, benefits, and facility structures at NFPGC, instructs leaders and managers in a proper ethic of care (EOC) (Velasquez, 2006). Caring for employees is a part of deontological ethics, with teleological results; it is the duty and the “right thing to do” that produces satisfied, loyal, and committed employees. As practiced at NFPGC, rewards from executives to employees are an important part of managing the CEMS. Trevino et al. believed that rewards and discipline were the most powerful means to signal expected organizational behaviors (p. 135).

Implications Learned From the Cross-Case Results

Moldable model. The moldable model (MM), discussed earlier, is a significant implication to the field of leadership and management, specifically to ethical leadership. Though this study revealed that a code of ethics (COE)/value statements (VS), communication, and discipline were effective and consistent components to a CEMS, the

MM synthesizes the results of this study into a framework that easily adapts to any organization.

Organizations need role modeling, both from top leaders (top-tier) and employees (peer-to-peer), context or the “why” of the CEMS, and finally processes to hold leaders and employees accountable for the CEMS. As discussed earlier, the context of a CEMS or “why we behave this way” should be based on both deontological (duty) and teleological ethics (outcomes), with the addition of the CEMS effectiveness labels of employee satisfaction and commitment (ESC), employee comfort and fun (ECF), and strong business results such as productivity, good for business (GB), financial performance (FP), and competitive advantage (CA). Accountability for the CEMS is attained through consistent communication, discipline and rewards, ethical audits, and training plans.

Peer-to-peer (P2P) and top-tier (TT) role modeling. Kotter (1990) and Rost (1993) began a shift in the understanding of the differences between leadership and management. Leadership is a multidirectional influence relationship; management is a top-down, authority relationship. Leadership is about change; management is about the maintenance of status quo. Leadership is about setting direction, aligning employees to that direction, and motivating and inspiring followers to fulfill that direction; management is about planning, budgeting, staffing, and organizing resources to implement company direction. Leadership is a group-centric process; management is a manager-centric process. Both constructs are needed in an organization, but it is critical for executives and employees to understand at what times a CEMS is about leadership influence or management authority. From ethical leadership theory (ELT), social

learning theory (SLT), and social exchange theory (SXT), ethical leadership is more leadership influence or the role modeling of top leaders. From accountability to the corporate ethical management system (CEMS), ethical leadership is more authority management from top leaders in the communication, training, auditing, disciplines, and rewards of the company code of ethics (COE) and value statements (VS). This view of a CEMS is supported in this study from the perspective of top leaders as moral persons and as moral managers (Trevino et al., 2000). Therefore, ethical leadership (ELT), before now, has been seen as what top leaders demonstrate to employees (Brown & Mitchell, 2010; Brown et al., 2005; Trevino et al., 2003; Trevino et al., 2000). But, if leadership is multidirectional or participative in nature, then it is important to understand that ethical leadership can be multidirectional, lateral, bottom-up, and even peer-to-peer. P2P role modeling, emerging from this study in all three organizations, should supplement top-tier (TT) role modeling in organizations. Leaders and managers could construct a mentoring program in which new hires are paired with seasoned employees in order to encourage P2P role modeling. It is important for employees to learn and develop in ethical behavior based on mentoring relationships with their peers. Employees can emulate the ethics (EE) of persons at their organizational level, as well as persons above them in the organizational hierarchy. Peer-to-peer (P2P) role modeling of the CEMS may prove to be as effective as top-tier (TT) role modeling proposed in the literature (Trevino et al., 2003; Trevino et al., 2000).

Engrained ethical theory (EET). Engrained ethical theory (EET) emerged from participant interviews in both the for-profit global company (FPGC) and the for-profit local company (FPLC). The goal of any organization would be to know that its ethical

system was engrained in or an integral part of “the way we do things around here.” To assure that the CEMS is a part of company DNA, leaders and employees alike must role model the CEMS, and the CEMS with its COE/VS must be consistently communicated, trained, and audited for employee accountability. Ethical and unethical behavior, based on the CEMS, should be rewarded and disciplined, respectively.

CEMS effectiveness. A CEMS should be created because of deontological ethics; it is simply the right thing to do from a principled-decision basis (Altman, 2007). However, the CEMS has a teleological basis in the effectiveness outcomes (Colle & Werhane, 2008). As demonstrated across three cases, a CEMS aids in the improvement of employee satisfaction and commitment (ESC) and employee comfort and fun (ECF), and the CEMS brings better organizational productivity and strong business results (good for business [GB], financial performance [FP], & competitive advantage [CA]).

Kohlberg and the CEMS. Kohlberg’s theory of cognitive development or moral reasoning may give insight into the development and implementation of a CEMS. Kohlberg’s moral reasoning theory posited that the desire for rewards and the avoidance of punishment (preconventional level) are the lowest levels of cognitive development or moral reasoning (Kohlberg & Hersh, 1972; Trevino & Nelson, 2007). However, some employees may be at this level of moral development and need this reinforcement. But, leaders and managers should consider this only the introductory level to the CEMS. To move employees to Kohlberg’s conventional level of moral reasoning, based on social and peer expectations, role modeling of the fixed code of ethics (COE) and value statements (VS) from executives and peers is critical, as suggested by ELT, SLT, and P2P. To move employees to Kohlberg’s postconventional stage of moral reasoning in

which individuals operate by personal ethical principles, a CEMS should be developed and reviewed through a collaborative effort between executives and employees. The collaborative effort allows employees to express their personal ethical principles, which can become a part of the company COE/VS. Collaboration also elevates SXT if leader and follower relationships stay positive. As implied by Sekerka (2009), a CEMS can aid in the development of employees' moral reasoning. Moving employees further up Kohlberg's model could lessen reliance on rewards and punishments (Baucus & Beck-Dudley, 2005).

Executive/employee perceptions. This study sought to understand the perceptual differences between executives and employees in the management of company ethics. Trevino, Weaver, and Brown (2008) found that executives and employees differed in their perceptions of the ethical climate of organizations. Top leaders were more positive and lower level employees were more negative about company ethics. Brown and Trevino (2006) believed that there was a discrepancy between how the national population, organizational employees, and organizational leaders view ethical leadership. The general population has little trust in organizational leaders, and organizational employees are cynical about their leaders' ethics. Yet organizational leaders believe that they set a good ethical example and communicate ethical standards to their organizations.

There was not much perceptual difference between executives and employees in the discussion of this study's variables (See Tables 1, 2, & 3). There were some differences in the perception of top leader role modeling in the for-profit global company (FPGC) and the not-for-profit global company (NFPGC), and in the discipline processes

at NFPGC. Executives and one employee (who was a manager) detailed company CEMSs in more articulate terms. Executives at NFPGC tended to be more positive about company ethics than employees; however, executives noted areas of improvement needed at NFPGC.

Trevino et al. (1998) believed that top leaders should formally and informally manage the ethics of their organizations through leadership, codes, rewards, and a focus on others. Trevino et al. (2000) believed that top leaders must be moral persons and moral managers of the CEMS. Research evidence, supported by this study, demonstrated that ethical leadership and management of the CEMS is the responsibility of top leaders. But, emerging from this study are the ideas of peer-to-peer (P2P) role modeling and engrained ethical (EET) that require the collaboration of employees in the CEMS. If employees and executives are engaged in a cooperative effort toward the CEMS, the perceptual differences may diminish.

Organizational documents. This study revealed that organizational documents, in the three cases, are specific about ethical principles, and that executives and employees do not always specifically identify what is found in company documents. Leaders and managers should carefully correlate verbal and written communiqués for a consistent component CEMS message that is succinct and salient (Trevino et al., 2000).

Observational tours. The observational tour of each organization sought to see how visual communiqués demonstrated each company's CEMS. FPGC and NFPGC effectively utilized wall and facility space to promote company values and priorities in diverse wall hangings and area displays. FPLC also promoted company principles by pictures and messages to employees posted in employee areas. Pictures and displays can

be effective tools to reinforce the CEMS and organizational priorities. However, for employees to pinpoint key values, some consideration should be given to the specific links to the company CEMS represented in visual communiqués. In other words, many of the facility decorations should represent a visual reminder of the code of ethics (COE) or code of conduct (COC) and company value statements (VS). The amount and type of visual communiqués should attract, but not immunize employees to the ethical message.

Organizational comparison/contrast. This study represented three diverse organizations in the for- and not-for-profit industries with local, national, and global reach. There were noted differences and similarities among the three organizations. There was a more concerted effort in the management of company ethics in the two for-profit organizations, probably due to their need to make a profit. The not-for-profit organization operated from more or less an assumed posture to manage company ethics. Not-for-profit organizations should be careful not to assume that every employee will act ethically or will know company values. The consistently printed, preached, and practiced CEMS is as valuable in the not-for-profit arena as it is in the for-profit realm. The family atmosphere of the for-profit local company (FPLC) and the not-for-profit global company (NFPGC) seemed valuable for employee comfort. A sense of family is more easily attained in smaller, local companies; however, NFPGC has created that on a global scale due to its united Christian mission and lifestyle. Though not specifically mentioned at the for-profit global company (FPGC), there is a sense of family in its wide diversity through its unifying code of conduct (COC). Therefore, a printed, preached, and practiced corporate ethical management system (CEMS) is a key to the unification of employees, no matter organizational size or reach. Ethical leadership theory (ELT) and

social learning theory (SLT) remained important considerations to a CEMS across the diverse cases of this study. Social exchange theory (SXT), though moderately supported in all three cases, was highest in NFPGC and FPLC, which is consistent with the strong family atmosphere of both. The diverse organizations of this study found common ground with the CEMS effectiveness labels, employee satisfaction and commitment (ESC) and employee comfort and fun (ECF). All companies, regardless of size, industry, or global status should create a CEMS intent on improving ESC and ECF (Brown & Trevino, 2006; Trevino et al., 2000).

Limitations

The organizational sample of this research included two for-profit and one not-for-profit organization. The three organizations represented two, large global companies and one small local company. Participants included two purposive levels, executives and employees. However, several of the employees at the two global companies were in management or supervisory positions. Brown and Trevino (2006) suggested further research for ethical leadership (EL) in areas of the level of organizational leadership, distance factors between the leader and subordinates, and how these interact with EL proposed outcomes. More research is also needed to see how EL compares on a global scale. While this research included several of the factors suggested by Brown and Trevino, the sample could have included more global organizations in their native culture and more specific levels of organizational leadership. A greater number of cases would have provided increased transferability, specifically utilizing various types of not-for-profit organizations, and a wide variety of industry types in the for-profit sector.

The participant sample of six executives and 15 employees offered a degree of diversity in ages that ranged from 26-69 years and tenure that ranged from four months to 41 years. However, the average age was 53 years, and the average tenure was 17 years. The sample could be expanded to purposively select younger participants with less tenure to include a more diverse perspective. The sample was also male dominated with 15 males and six females. A higher percentage of females would have provided for a more gender-balanced approach.

This study was qualitative in nature, with simple elements of quantitative analysis, specifically descriptive statistics. A more involved study could have provided a mixed-methods approach in the quantitative test of the moldable model (MM) and its effect on organizational behavior issues discussed in this study.

The study sample was delimited to three organizations due to the wide variables studied and the voluminous nature of qualitative data. More organizations in different industries could have enhanced transferability of the results.

Recommendations

The following sections include recommendations for each case or organization based on the results of this study and for organizations in general.

Recommendations for the For-Profit Global Company (FPGC)

Though FPGC is a strong example and leader of a CEMS, the following are recommendations for improved ethical management:

1. Simplify the code of conduct (COC) to concisely represent the company's most salient ethical principles. Organize the COC handbook, training times, and communication processes to represent this simplification. The results at FPGC indicated that more clarity is needed on the COC/value statements (VS), as interviewees did not consistently identify the same main ethical

principles, except for candid and truthful interactions. FPGC has multiple diverse ways in which to promote its ethical principles; at times, the overwhelming amount of information can cause the unique message to be diluted and blurred. Too much information may cause mental overload and a dilution of the important ethical principles from which FPGC operates. Employees remember succinct and salient points.

2. Create one consistent ethical training program that utilizes the simplified COC instead of the multiple training programs now offered in order to reduce some of the chaotic nature of the training; allow executives, managers, and direct reports to lead the training as a way to enhance social exchange theory (SXT) relationships, leader/employee collaboration (Collab/PartT), and top-tier (TT) and peer-to-peer (P2P) role modeling.

Recommendations for the For-Profit Local Company (FPLC)

Though FPLC is a strong example and leader of an ethical organization, the following are recommendations for improved ethical management:

1. Create a unified code of ethics (COE) with value statements (VS) in an organized section of the employee handbook. FPLC has several strong customer practices that could be synthesized for a memorable COE/VS.
2. FPLC executives believed it would be good to do a more formalized audit. An ethical audit, in survey form, could be based on the more simplified COE/VS and best customer practices. The audit should be conducted at least annually with all constituents. In order for constituents to know that the audit is meaningful, a report should analyze and prioritize survey results.

Recommendations for the Not-For-Profit Global Company (NFPGC)

Though NFPGC represents strong ethical standards, there is some discrepancy among employees as to the ethical environment at NFPGC. Employee comments ranged from positive to negative: (a) “I feel dirty” because of recent unethical decisions, (b) there are some grumblings in the company, (c) leaders do model spiritual formation, and (d) there has been “no significant ethical breach in my long tenure here.”

Therefore, the following are recommendations for ethical management at NFPGC:

1. Create and publish a succinct and salient list of values and expected behaviors for employees. At NFPGC, it is assumed that everyone understands and follows a Christian code of conduct (COC). But, that COC needs to be articulated clearly in terms of application to the workplace. Employees mentioned confusion and frustration over the individual interpretation of ethical standards, so it is critical that values and behaviors are formally specified.
2. Establish consistent systems for ethical audits, training, and communication processes. Consistent ethical audits hold people accountable, as does consistent training and communication of the COC. Other than employee evaluations and an informal process that includes leader and follower sessions, there is no formal ethical audit process at NFPGC. As one executive noted, “it is an area of weakness.” Ethical training, especially for top leaders, needs to be visible in order for employees to trust corporate leadership (Pelletier & Bligh, 2008). An executive at NFPGC believed that communication was the most important component of a CEMS by stating that, “people are down on what they are not up on.” From the data sources, it is obvious that this company communicates with its employees through printed documents, displays of company values, internal messaging, and through various meetings with leadership, including role modeling by top leadership. However, a consistent message about company ethics is missing. In communication, top leader decisions need to be transparent, discussed with employees, and more collaborative to avoid employee distrust. Thomas, Zolin, and Hartman (2009) found that the quality (accurate, timely, & useful) and quantity (adequate) of communication developed employee trust and openness, which affected employee involvement. The quantity of communication was most important in the development of employee trust of top leaders.
3. NFPGC organizational documents noted that the company would communicate unsatisfactory employee performance. It would be good to communicate satisfactory and exemplary employee performance to increase employee motivation (Herzberg, 1974).

Recommendations Summary for For-Profit and Not-For-Profit Organizations

This study researched two organizations in the for-profit sector and one organization in the not-for-profit sector. Two organizations were large in size, while one organization represented a small, generational organization. Two organizations represented a global reach, while one organization represented a strong local reach with extensions nationally. These organizations or cases represented the food and beverage,

retail, and service industries. From these three organizations, there are some important recommendations that are applicable to all organizations, regardless of sector, size, customer reach, or industry.

It is critical that organizations are intentional about company ethics (Trevino et al., 2003; Trevino et al., 2000). Organizational leaders cannot expect an ethical climate without a purposeful approach to managing the ethical behavior of employees. A corporate ethical management system (CEMS) is needed.

The moldable model (MM) that emerged from this study could form the foundation of any organizational CEMS. If an organization does not have a current CEMS, the MM is the place to start. If an organization has an existing CEMS in any form, the MM provides a method by which the current CEMS may be evaluated.

First, every company needs stated values and behaviors that are expected of all organizational members. These values and behaviors, in succinct, salient, and memorable format, serve as the code of ethics (COE) or value statements (VS). Since the first framework of the MM is role modeling, leaders and employees must role model the COE/VS at all times. Though the literature recommended role modeling by top leaders through ethical leadership theory (ELT) and social learning theory (SLT) (Trevino et al., 2003; Trevino et al., 2000), this research found that peer-to-peer (P2P) role modeling is also critical. Both top-tier (TT) and P2P role modeling should be the expected norm of all organizational members. Mentoring programs that pair executives with employees or employees with employees may offer increased role modeling as the CEMS is emphasized in the mentor relationships. Social exchange theory (SXT) relationships with the emulation of ethics by employees (EE) would also be enhanced through mentoring

programs. Leaders and managers with supervisory responsibilities should role model the COE/VS by “walking around” whenever possible. Employees need to see examples of ethical behavior, the care and people focus of executives, and the transparency that comes when executives demonstrate availability.

Second, the MM suggested that context is important to a CEMS. Organizational members need to understand the “why we behave this way” of the CEMS. To enhance context, organizations should base the “why” on deontological (divine command & justice) and teleological (utilitarianism) theories. Organizational members should understand that the COE/VS is just the “right thing to do” in order to provide strong organizational outcomes, including employee satisfaction and commitment (ESC), employee comfort and fun (ECF), productivity, and improved business results (GB, FP, & CA). A CEMS also allows for the utilitarian aspect of the greatest good for the greatest number of company stakeholders.

Third, accountability for the company CEMS is essential. Organizations hold all employees accountable for stated values and behaviors through several means. Accountability begins in the attraction and hiring processes of the company. Potential employees should know the ethics of the company by what is posted on the organizational website and in marketing tools. Because of a company’s ethical climate, employees should desire employment in that organization. Hiring processes should utilize the company’s COE/VS in situational and behavioral interviewing to determine a person/CEMS fit with the organization.

Communication systems are critical to accountability and need to consistently and concisely remind organizational members of the COE/VS through creative methods, such

as screen savers, visual communiqués and displays, memos, regular staff meetings, organizational documents, laminated pocket cards, and contests to improve the ethical climate. Communication must be accurate, timely, useful, and adequate (Thomas et al., 2009), so as to support the CEMS and not to make it irrelevant.

Rewards and discipline for compliance and noncompliance of the CEMS are important tools for accountability. Organizational leaders should be aware of and reward ethical behavior as much as they are aware of and punish unethical behavior.

Periodic ethical audits, through surveys built around the COE/VS, demonstrate accountability for the CEMS and also offer a means to evaluate the CEMS and the organizational ethical climate for improvement.

A formal decision-making process, based on the COE/VS, is another means by which a company holds itself accountable for ethical behavior. Though not supported in this research, a formal decision-making ladder (DML) that guides organizational leaders through ethical decisions could have benefits. As a DML is utilized, the company stays consistent with stated values and the ethics of the company is repeated in each decision until the COE/VS becomes second nature or engrained (engrained ethical theory [EET]).

Consistent training programs serve as a reminder of company ethics and as a way to hold organizational members accountable to the CEMS. Training programs could include on-boarding, annual certification of an understanding of the CEMS, online tutoring, mentoring programs, behavioral and situational role-playing during training sessions, and the legendary anecdotal stories that demonstrate the ethical commitment of the organization.

Each of these accountability techniques aid in the development of engrained ethical theory (EET) by which ethical conduct becomes a norm, a part of organizational culture and DNA, and is second nature to organizational members. These accountability tools also assure the avoidance of assumption theory (AssumpT) that haunts many not-for-profit, ministry-based organizations.

The moldable model (MM) incorporates and integrates the results of this study in its diverse variables of CEMS consistent components, CEMS constructs, and CEMS capabilities. The MM could be utilized in any organization that desires a CEMS or that desires to evaluate a current ethical system.

Future Research

The following sections explicate potential for future research based on study limitations, methodology enhancements, and study results.

Future Research Potential From Study Limitations

Though this study represented a diverse sample, both in organizations and participants, there are some inherent limitations that spark the need for additional research. The organizational sample of this research included two for-profit and one not-for-profit organization. The three organizations represented two large global companies and one small local company. Participants included two purposive levels, executives and employees. However, several of the employees at the two global companies were in management or supervisory positions. Brown and Trevino (2006) suggested further research for ethical leadership (EL) in areas of the level of organizational leadership, distance factors between the leader and subordinates, and how these interact with EL proposed outcomes. More research is also needed to see how EL compares on a global

scale. While this research included several of the factors suggested by Brown and Trevino, future research could include more global organizations in their native culture and more specific levels of organizational leadership. A greater number of cases would have provided increased transferability, specifically utilizing various types of not-for-profit organizations and a wide variety of industry types in the for-profit sector.

The participant sample of six executives and 15 employees offered a degree of diversity in ages that ranged from 26-69 years and tenure that ranged from four months to 41 years. However, the average age was 53 years, and the average tenure was 17 years. Future research could expand the sample to purposively select younger participants with less tenure to include a more diverse perspective. The sample was also male dominated with 15 males and six females. Future research could purposively select a higher percentage of females for a more gender-balanced approach.

Future Research Potential for Methodological Enhancements

This study was qualitative in nature with simple elements of quantitative analysis, specifically descriptive statistics. Future research could provide a mixed-methods approach in the qualitative confirmation of the moldable model (MM), coupled with the quantitative test of the MM and its effect on organizational behavior issues discussed in this study.

This study was cross-sectional in nature, though over a period of five months. A more longitudinal approach, possibly through ethnography or an embedded researcher, might be important for future research.

Future Research Potential From Study Results

The results of this study bring additional questions about existing and emergent theories that provide a basis for future research.

Moldable model (MM) theory. The moldable model (MM) theory needs research to determine its effectiveness toward ethical climate improvement. An intervention of the MM could be conducted in two of the three cases already studied and the results studied longitudinally and measured by the Ethical Leadership Scale (Brown et al., 2005) and by Singhapakdi's and Vitell's (2007) Institutionalization of Ethics Scale. In order to achieve a contrasting case to improve transferability (Miles & Huberman, 1994), some departments within the cases could be withheld the MM intervention to judge ethical climate differences. Further research on the MM could seek to find if the three frameworks (role modeling, context, & accountability) are the most effective constructs for a moldable model. The MM could also serve as the independent variable to test if there is a strong correlation to the dependent variables of employee satisfaction and commitment (ESC), employee comfort and fun (ECF), and productivity and business results such as financial performance and competitive advantage.

Peer-to-peer (P2P) role modeling. Peer-to-peer (P2P) role modeling is not a part of ethical leadership theory (ELT) as is top-tier (TT) role modeling from social learning theory (SLT). Further research could demonstrate that P2P role modeling is just as necessary as research has demonstrated TT role modeling to be (Trevino et al., 2003; Trevino et al., 2000). Future research could focus specifically on the role modeling of organizational peers and how effective P2P role modeling is to ethical climate or to

Engrained ethical theory (EET). Future research could suggest effective techniques for P2P role modeling, such as mentoring programs.

Engrained ethical theory (EET). Engrained ethical theory (EET) emerged from this study in all three cases. An executive at the for-profit global company (FPGC) believed that an engrained CEMS results in right decisions. Future research should examine how ethics become engrained in a company and what metrics would demonstrate that ethics is engrained in the decisions and behaviors of executives and employees. It would be beneficial to return to the three cases in this study to conduct longitudinal research to observe how EET is established.

Assumption theory (AssumpT). Emergent assumption theory (AssumpT) at the not-for-profit global company (NFPGC) offers fertile ground for future research. How does AssumpT affect ethical performance? Do Christian people actually have a biblical framework of articulated ethical actions? Or do employees in a Christian organization specifically articulate values and behaviors in a code of ethics (COE) so that everyone operates from the same framework? How does a Christian organization succinctly create a COE from the large scope of divine command theory and biblical principles? How does a not-for-profit create such a COE if there are differing beliefs represented by its employees?

CEMS effectiveness labels. This study demonstrated that the effectiveness labels of a CEMS are employee satisfaction and commitment (ESC), employee comfort and fun (ECF), and, to some extent, productivity and business results (good for business [GB], financial performance [FP], & competitive advantage [CA]). In consideration of rival hypotheses, future research could determine if these effectiveness labels were the

result of other non-ethical factors such as (a) work design (Hackman & Oldham, 1976); (b) employee achievement and development (Herzberg, 1974); or (c) clear expectations, proper work resources, and opportunities to learn, grow, and gain feedback (Buckingham & Coffman, 1999). It is important to consider a rival hypothesis for the fact that employees stayed at the for-profit local company (FPLC) even though the pay was lower than in other workplaces. Though it seems likely that the ethical climate of FPLC played a large role in that decision, it could be that those committed and satisfied employees had other sources of household income. That was not the purview of this study, but does lend to the consideration of future research.

Additional future research from study results. At the for-profit global company (FPGC), 48,000 employees evaluate top leadership through the organizational survey, which correlates with 360-degree feedback processes and bottom-up leadership. Future research needs to determine if and to what extent these bottom-up processes improve the ethical leadership of top leaders who are evaluated.

The for-profit local company (FPLC) trains its employees on proper “body language” as an impact on customer service. The training of employees in the use of body language emerged as a possible and intriguing theory for future research. What are the key body language or body posture techniques? Do these determined techniques then test as positive correlations to improved customer service, financial performance, and competitive advantage or even employee satisfaction and commitment (ESC)? Future research could also determine what negative body language or posture inhibits customer service or other organizational goals.

As expected, the idea of a formalized DML did not emerge from this study's consistent CEMS components. Future research should consider the impact of a formalized DML on ethical climates.

Conclusion

The goal of this study was the discovery of a consistent component model for an effective CEMS, that would be applicable to other organizations. That model was discovered in the a priori components of a code of ethics (COE) with value statements (VS) and the consistent communication of and the discipline for the CEMS. The moldable model (MM) of role modeling, context, and accountability emerging from this study may offer even greater transferability to organizations that need a framework from which to build or evaluate a CEMS.

Another goal of this study was to understand if the a priori theoretical constructs of ethical leadership (ELT), social learning theory (SLT), social exchange (SXT), and deontological and teleological ethics were important to a CEMS. ELT, based on SLT and SXT, was strongly confirmed as a necessary part of a company's CEMS. Role modeling of the CEMS from top leaders (SLT) was also a critical ingredient of this study. The positive relationship between leaders and followers that allows a reciprocation of ethical behavior (SXT) was moderately confirmed in this study. Deontological (divine command & justice theories) and teleological (utilitarianism) ethics did find support in this study, especially in organizational behavior and decision making. Of special import to ELT, peer-to-peer (P2P) role modeling emerged from this study. ELT may no longer be the purview of top leaders, as employees should look to peers for mentoring of the CEMS. Engrained ethical theory (EET), proposed and emergent from this study, also

gives further depth to ELT in the hope that a CEMS becomes acculturated in organizational life. Assumption theory (AssumpT) also adds credence to the ELT and the importance of an organizational CEMS for ministry-based not-for-profits. However, AssumpT does remind for-profit organizations that the CEMS should not be left to assumptions.

This study also proposed to understand the effectiveness labels of a CEMS. The a priori effectiveness labels of employee satisfaction and commitment (ESC) and employee comfort and fun (ECF) were highly supported in this study. Productivity, good for business (GB), financial performance (FP), and competitive advantage (CA) found moderate support. Emulation by employees (EE) was moderately supported; it should be a direct result of SXT, which also found moderate support in this study. The avoidance of legal issues (ALI), as a specific result of the CEMS, was noted in this study primarily from the organizational documents and the observational tours.

A top executive understood that FPGC's CEMS provided "guardrails and guidelines to support decision making at all levels" and the CEMS "acts as a filter when evaluating a potential course of action, and it guides leaders down the right path." This study found that a consistent component CEMS could effectively manage company ethics.

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APPENDIX A. INTERVIEW PROTOCOL

Interview Protocol (Sites 1-3)

Time of Interview: _____, __:____ am/pm

Date: _____, 2013

Site/Code:

Interviewer: Don Dunn

Interviewee/Code: _____ / _____

Position of Interviewee: _____

Introduction: My name is Don Dunn, and I am a PhD candidate with Capella University, researching effective ethical management systems in organizations or what organizations do to ensure proper conduct and values in the organization and toward customers and the community. The objective of this study is to create a model system to guide executives of other organizations who wish to construct such a system in their organizations.

As an executive/employee of an organization with methods to ensure proper conduct and values, you can provide valuable information for this study, and offer guidance to other executives who desire to successfully manage their ethical climate, as you have done. You will also have access to the results of this study to know what other organizations are doing in this area.

Today's interview in which I will ask you for your opinions and perceptions of your organization's methods, and a brief follow-up visit (set later) in which I will ask you to check the accuracy of my notes from today's interview, will take about one hour total. Your responses are confidential, and will be combined in aggregated totals, not matched to individual participants. Your participation is voluntary and a non-response is an appropriate answer. Are you willing to participate and sign the informed consent form sent earlier to you?

Thank you for your willingness to participate in this research.

Intro questions: Describe org's history, including significant events, challenges that might have shaped company values and appropriate conduct, behaviors, ethics?

1. Would you describe the specific components and processes used by your organization to manage and guide company ethics? If no specific components, move to question 4.
2. Probative (if specific components are identified):
 - A. What specific values and behaviors are included in your Code of Ethics or Code of Conduct?
 - B. How do you train company ethics?
 - C. What are the various modes utilized to communicate the organization's ethical system?
 - D. How often do you conduct an ethical audit?
 - E. How does the company reward ethical behavior? How does the company discipline unethical behavior?

Interview Protocol

- F. Is there a formal decision-making process that involves company values or ethical principles?
3. How did your organization determine or choose what components should comprise its system?
4. What specific value do you see in a collaborative effort among organizational members in the process of designing a system for ethical management?
5. What specific effect(s) on organizational behavior/performance do you see as a result of your CEMS?
6. Do you believe specific components of the CEMS are more effective than others toward improved organizational behavior/performance?
7. If you could provide a summative statement on the value of a CEMS in your organization, what would it be?
8. Is there anything else you would like to add on this topic?

Conclusion: I want to thank you again for participating in this interview. Your time is valuable and so is your input to this study. Your responses will provide a basis for the analysis of successful ethical management systems with the hope of developing a consistent, component model to guide executives who desire to create an organization-specific system. Your responses are kept confidential by alphanumeric coding and by secure storage. You can obtain the results of this study by sending a request e-mail to ddunn5@capellauniversity.edu.

**APPENDIX B. DIFFERENTIATED VARIABLE MATRIX TO MATCH
OBSERVATIONAL DEFINITIONS**

CEMS Components	Theoretical Constructs	Effectiveness Labels
Code of Ethics	ELT: moral person, moral manager, demonstrate and promote ethical conduct, people focus, integrity, honesty, trustworthiness, communicative & listening skills, approachable, influential, inspiring, decisions based on GR & justice	Productivity
Audits	SLT: role models in positional and/or legitimate power who advocate and promote org ethics	Good for Business, Financial Performance, Competitive Advantage
DMT/DML	SXT: one-on-one relationship between leaders/followers in which the ethical behavior of the leader is reciprocated by the follower based on positive personal benefits to the employee	Employee Satisfaction & Commitment
Communication Processes	Deon ETs: principled, reasoned decisions, duty, do right thing, policies, laws, codes, Golden Rule, respect	Employee Comfort & Fun
Value statements	Teleo ETs: consequences, concern for outcomes, cost/harm analysis, greatest good for greatest numbers, results, collective good	Emulation by Employees
Rewards/Disciplines	Emerging	Avoids legal issues
Training Plans	Emerging	Emerging
Emerging	Emerging	Emerging