Honor and consequence: Effect of honor code enforcement on ethical work climate

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ABSTRACT

The proliferation of professional scandals and widespread academic cheating has motivated both the academic and business communities to search for ways to increase the ethical behaviors of their members. Ethical Work Climate (Victor & Cullen, 1988) has been proposed as a means of addressing these concerns. The current paper proposes that the awareness and enforcement of an academic honor code will have a positive influence on the ethical work climate of an organization. The results of this study indicate that the enforcement of an institutional honor code can significantly improve the institution's ethical work climate. Those participants who reported higher agreement with the institution's perceived enforcement of an honor code reported a higher overall EWC and specifically, a higher level of the Rules sub dimension.

Keywords: Ethical Work Climate, honor code, ethics, students

INTRODUCTION

The financial crisis, with its mortgage-backed securities debacle, robo-signing scandal and Madoff perp walk, has led many in the popular press to question the ethics of business leaders (Bandyk, 2010; Gentile, 2009). The actions of Scrushy and Ebbers had consequences that reached far beyond the shareholders of HealthSouth and WorldCom. The ramifications of unethical behavior are complex, abundant, and hard to predict.

In addition, there have been well-publicized instances of widespread cheating in the academic world (Lawson, 2004), particularly in business schools (Premeaux, 2005). In response, academic and business communities are searching for ways to increase the ethical behaviors of their members.

Research ponders why some organization's members and students behave ethically and others do not. While individual differences surely play a role, organizations are not governed by a single individual. Therefore, some organizational factors (i.e., norms, rituals, programs, polices) have been said to affect individual behavior by influencing the thought and feelings of those within the organization (Trevino, 1986; Victor & Cullen, 1988). The organizational culture is itself defined by the organizations behavioral norms and values, top management's ethical beliefs, and previous ethical positions of the organization (Trevino, Butterfield, McCabe, 1998). Thus through culture and its disseminating practices, a common ethical climate can be developed and maintained throughout the organizational body (Palmer & Zakhem, 2001).

Ethical Work Climate (EWC) (Victor & Cullen, 1988) provides a means of examining organizational ethical differences and the factors that influence them. The EWC refers to how people in an organization typically decide between right and wrong (Victor & Cullen 1988). The theory proposes that significant determinants of an organization's EWC are those organizational systems and procedures that define what are ethical behaviors (Victor & Cullen 1988). This suggests that changing perceptions of EWC might not directly influence individual behavioral intentions, but could influence the social context within which the individual ethical decision making occurs.

EWC is based in part on the theory of moral development (Kohlberg, 1984) and suggests that individuals progress through a series of six moral stages, which "have three bases of moral judgment… egoism, benevolence, and principle" (Victor & Cullen 1988 p.105). EWC suggests that organizational ethical climates be based upon these same moral judgments. Egoism focuses on the maximization of self-interest, while benevolence extends the egoist focus to include maximizing the interest of others, and the principle base focuses on the utilization of rules, laws or standards (Weber, Kurke & Pentico 2003 p.363). Victor & Cullen (1988) proposed that these climate types could be examined as the Y-axis part of a three by three matrix.

EWC also proposed that since the construct is an organization level concept, three distinct levels of organizational referents or "loci of analysis" were proposed to capture the source of the moral reasoning used (Victor & Cullen 1988). The loci proposed were developed from sociological theories of roles and reference groups and specified the internal or self-directed (individual), intraorganizational workgroup (local), and extraorganizational rules, laws, and standards (cosmopolitan) as sources and locus of consideration. These factors are reflected on the X-axis. At the individual level the employee "focused narrowly on himself or herself or the immediate workgroup as the

relevant focus for decision making" (Weber et al., 2003 p. 363). At the organizational level of analysis the focus "expanded beyond the individual or narrower workgroup focus to encompass the employee's entire organization or employer" (Weber et al., 2003, p 363). Finally at the cosmopolitan level of analysis the "decision-maker considered more than just the employer by including individuals and groups external to the organization" (Weber et al., 2003 P. 363).

The intersection of each ethical criterion and loci of analysis could have yielded nine different climate types. However, based on their research, Victor & Cullen (1988) found five types of EWC: (1) Instrumental (ego-individual and ego-local), (2) Caring (benevolence –all loci), (3) Independence (principle-individual), (4) Rules (principle-local), and (5) Law & Code (principle-cosmopolitan). These five types have also been supported in other research (Weber et al., 2003).

Following Kohlberg's theory of moral development, the more developed EWC types are those using the benevolent and principled loci of analysis. These foci reflect organizations with ethical climates that encourage the individual to look outside themselves for guidance on ethical behavior (Barnett & Vaicys, 2000). This has been born out in research which found the organization which rated higher on the more developed EWC's (i.e., Caring, Rules, and Law and Code) did not have employee theft, while the organization which rated lower did (Weber et al., 2003). Thus examining the factors that can influence organizational EWC towards these quadrants could provide another avenue to address the concerns and problems associated with unethical behavior.

The current paper investigates the organizational characteristics and structures that could influence the EWC of academic organizations. First, the authors examine the influence of the presence of a formal honor code on the EWC. Second, the authors study the impact of the enforcement of that honor code on the EWC.

The role of a formal honor code

An academic honor code is defined as a policy statement of an institution's position regarding student conduct as it relates to academic integrity. These organizationally defined codes of behavior are similar to organizational ethical codes. Through the development, publication, and enforcement of these codes, the organization's moral principles and standards of behavior can be clarified and codified (Pater & Van Gils, 2003). This formalization of ethical standards cannot cover every ethical dilemma or problem that an employee may face. These guidelines instead nudge individual ethical perceptions towards the organization's moral values and standards of behavior (Pater & Van Gils, 2003). Therefore it is proposed that the awareness and enforcement of an honor code will increase the perception of an EWC within the organization. This leads to the first hypothesis:

> Hypothesis 1: The awareness and enforcement of a academic honor code will have a positive influence on the ethical work climate of an organization.

The existence of an ethics code emphasizes the organization's ethical orientation (Fritz, Arnett, & Conkel, 1999) and the organizational importance of ethics (Adams, Tashchian, & Shore, 2001). Likewise, an honor code within academics provides a message that ethics is important and valued and that members should perceive it as such.

The existence of an academic honor code clarifies the ethicality of a wide range of behaviors, codifying the ethical standards of the institution even among students with a wide range of personal values and perceptions. This leads to the second hypothesis:

> Hypothesis 2a: The awareness of a academic honor code will not have a significant influence on moving the ethical work climate towards a Rules climate.

A formal honor code may influence the perceived ethical climate through its very existence, but that has not always been supported. Some researchers have argued that the existence of ethical codes does not affect the ethical climate of organizations (Wotruba, Chonko, & Loe 2001) nor influence EWC perceptions (Malloy & Agarwal, 2003; Stevens, 1996; Kaye, 1992). The mere existence of the codes is insufficient to change the ethical climate perceptions of the institution, as only through the enforcement of those standards are students forced to focus and adhere to the rules within the honor code. Students become aware of the institution's ethical standards and adhere to the rules and policies contained therein, as success is contained within adherence to said standards. Thus, the climate of the organization should move towards a strong rules orientation as honor codes are developed and enforced and student perceptions of organizational success and social conformity fall in line with compliance with the academic honor code. This suggests the next hypothesis:

> Hypothesis 2b: The perceived enforcement of an academic honor code will significantly influence the ethical work climate towards a Rules climate.

METHOD

Research Design and Participants

The research methodology utilized surveys presented to undergraduate students in two business classes, one at a small private university and the other at a medium sized public university. Participants completed questionnaires which assessed ethical work climate, honor code awareness, perceived honor code enforcement, and various control variables. The total number of individuals completing the survey was 141. The mean age of the participants was 26 (ranging from 20 to 54). 53% of the respondents were female.

Procedure

Participants were informed that participation in the study was voluntary and that all results would be kept confidential and would not be associated with any of the classes. The participants were told that the study was examining academic perceptions and sought their perceptions about their specific institution. A series of questionnaire items measuring the variables in the study were then presented.

Measures

Ethical Work Climate. Individuals were asked to indicate their level of agreement to questions about the general climate at their institution. The 26 items (α= .81) were based on the Ethical Climate Questionnaire (ECQ) developed by Victor and Cullen (Victor & Cullen, 1988) and were specific to each institution. For example: "At [institution name], it is expected that you will always do what is right for the other students and the public; At [institution name], people look out for each other's good; People at [institution name] strictly obey the university's policies." Following the original ECQ instructions, participants were asked on a 6 point Likert-type scale how accurately each of the items described their general climate. The six-point scale had the following verbal anchors: "Completely False (1), Mostly False (2), Somewhat False (3), Somewhat True (4), Mostly True (5), Completely True (6)." Following the results of Victor and Cullen, subscales of the EWC were also computed: Caring (α= .75), Law and Code (α= .40), Rules (α= .41), Instrumental (α= .48), and Independence (α= .33).

Honor Code. The awareness and enforcement of an institution's honor code was measured using two subscales. Participants reported their level of agreement on a 1-5 Likert scale (1= Strongly Disagree; 5= Strongly Agree). Awareness of an institution's honor code was measured using a two item scale (α= .89): "Everyone is aware of the specifics of [specific institution]'s Student Honor Code; I am fully aware of what [specific institution]'s Student Honor Code requires." Enforcement of an institution's honor code was measured using a three item scale (α= .79): "Violations of the Student Honor Code are severely punished; [specific institution]'s Student Honor Code is strongly enforced; Any violation of the Student Honor Code is going to be caught."

Control Variables. Control variables consisted of grade point average (GPA), gender, and ACT score. Each of these were expected to have some impact on the performance measure and was therefore identified. In initial analysis GPA and gender were not significantly correlated with any of the other variables of interest and were therefore excluded from further analysis. ACT score was controlled for during the data analysis. The ACT score was a self report measure of the student score on the ACT a national college admissions examination (range 1-36, with national median approximately 20), required by both institutions for admittance.

RESULTS

Relations Among the Variables

The means, standard deviations, and correlations among the variables in the study are shown in Table 1 (Appendix). As depicted in the table, individuals reported generally positive levels of Ethical Work Climate at their institution. One interesting value from the table is that although respondents indicated an overall awareness of their institution's honor code, there appears to be a higher level of deviation in their responses when compared to their perception of honor code enforcement. The consistently negative correlations between self-reported ACT scores and both the various levels of EWC and honor code perceptions are concerning. As students report higher ACT scores they are reporting generally lower levels of EWC and both honor code awareness and

enforcement. This result suggests some interesting perceptual conflict that future research should clarify.

The table indicates a strong positive correlation between both awareness and enforcement of honor code and EWC. This positive correlation provides initial support for the relationship proposed in Hypothesis 1. The table also indicates that there was a significant positive correlation between honor code perceptions and most of the EWC sub dimensions (i.e., Caring, Law and Code, Rules), but only non-significant correlations between the other EWC subscales (i.e., Instrumental, Independence) and honor code perceptions. This suggests that perceptions of an institution's honor codes do affect some dimensions of EWC, but not all. These bivariate correlations provide initial support that the honor code perceptions have varying effects on the sub dimensions of EWC, as proposed in Hypotheses 2a and 2b. The weaker correlation between honor code awareness and the Rules sub dimensions of EWC, than honor code enforcement and the Rules sub dimension provide initial support to the relationship suggested in Hypothesis 2a. The significant positive correlations between the Rules sub dimension of EWC and perceived enforcement of the institutions honor code is consistent with Hypothesis 2b. Of particular interest is the direction of this relation as it applies to the enforcement of the honor code. As perceptions of the institution's honor code enforcement become stronger, the participants reported a stronger rules orientation and student perceptions of organizational success and social conformity fall in line with compliance with the academic honor code.

Honor Code and EWC

To examine more rigorously the relations proposed between EWC, EWC sub dimensions, Honor Code Awareness, and Honor Code Enforcement (Hypotheses 1, 2a, 2b), a series of regressions were conducted.

Honor Code and EWC. To test the influence of honor code on overall EWC (Hypothesis 1), a regression was run which regressed the two honor code dimensions entered as a block (i.e., awareness, enforcement) on EWC. As shown in Table 2, honor code did have a significant effect on the EWC of the institutions ($\Delta R^2=.08$, F=4.94, p=.009). Based on this finding, Hypothesis 1 was supported by the data. An examination of the standardized beta coefficients in Table 2 (Appendix) suggests that honor code awareness had no significant effect on EWC ($\beta=.003$, p=.98).

Honor Code and EWC sub dimensions. To examine the effect of honor code on the EWC sub dimensions (Hypothesis 2a and 2b), the two honor code subscales entered as a block (i.e., awareness, enforcement) were regressed on each of the EWC sub dimension scales (i.e., Caring, Law and Code, Rules, Instrumental, Independence).

As indicated in the Tables 3a and 3b, the enforcement of an honor code *did* explain a significant amount of the variance in Caring, Law and Code, and Rules sub dimensions of the EWC, with the largest and most significant effect on the Rule sub dimension of the EWC ($\Delta R^2=.23$, F=6.99, p=.001), in support of Hypothesis 2b. Support for Hypothesis 2a was found through an examination of the standardized beta coefficients in the regression equation in Table 3a and 3b (Appendix), which revealed that the effect of awareness of an honor code was insignificant on all of the EWC sub dimensions.

DISCUSSION

The results of this study indicate that the enforcement of an institutional honor code can significantly improve the institution's ethical work climate. Those participants who reported higher agreement with the institution's perceived enforcement of an honor code reported a higher overall EWC and specifically, a higher level of Rules sub dimension. Within the student the mere awareness of an honor code was not sufficient to influence EWC or any of its sub dimensions.

Integration With Previous Literature

Some have suggested that the development, publication, and enforcement of honor codes help to clarify and codify the organization's moral principles and standards of behavior (Pater & Van Gils, 2003). The current research does not discount the importance of an academic honor code, but it does call into question the benefit of a code that is not enforced. While the existence of an ethics code emphasizes the organization's ethical orientation (Fritz, Arnett, & Conkel, 1999) and the organizational importance of ethics (Adams, Tashchian, & Shore, 2001), the evidence of this research reinforces the findings (Wotruba, Chonko, & Loe 2001; Malloy & Agarwal, 2003; Stevens, 1996; Kaye, 1992) that the mere existence of ethical codes is not enough to influence the ethical climate of institutions. The existence of honor codes is insufficient to change the ethical climate perceptions of the institution, it is only through the enforcement of those standards that students are forced to focus and adhere to the rules within the honor code. An honor code which is enforced within academics provides a message that ethics is important and valued and that members should perceive it as such or face the consequences.

Strengths and Limitations

We feel this study has several strengths, mainly due to its design. The study participants were located at two regionally and socially diverse institutions. We found no significant (p<.05) differences between the groups from the two institutions on any of the independent and control variables reported in this study. We have no reason to believe that the two groups differ significantly in any systematic way other than their location, which was not critical to this study. Additionally, while the measures for awareness and enforcement of the honor code were self-reported, the participants were asked in a separate question about the existence of an honor code at their institution and with the exception of 5 null responses, every student reported that the institution had an honor code. This was also verified through a separate confirmation by the main authors using the institution's website and catalog. Therefore, the study captures not simply the existence of an honor code, but rather the students' perceptions of that honor code as it impacts their institution.

One limitation of this study was the use of students. It is suggested that students are the primary focus of the research and are thus an appropriate sample. Students are also more likely to be aware of the practical application and awareness of the institution's honor code. Future research should examine the generalizability of the findings to a non-student sample.

Another area for future research was the unexpected correlation between ACT score and all the other variables in this study. The significant negative correlations between the ACT score and the overall EWC and ACT score and all but the Independence sub dimension is a cause for concern that needs to be further studied. It is possible that those reporting higher ACT scores are more individually focused and thus see the institution as a smaller influence on their behavior and success. The second aspect of the ACT scores and their negative correlation with the perceived honor code enforcement is also an area that needs additional research. This is again perhaps tied to an individual focus which tries to protect or justify success through the need for more rigorous enforcement of the honor code.

CONCLUSION

Understanding the dimensions and characteristics that affect the EWC of institutions allows for the consideration of means and methods to help organizations develop more sophisticated and preferred types of EWC. Specifically this study provides a better understanding of the relationship between academic honor codes and ethical climate perceptions which help clarify how policies and enforcement can shape and influence the perceived ethical climate of academic institutions. If the perception of an ethical climate can perhaps affect the ethical behavior of organizational members for the better (Weber et al., 2003) then anything that will help us to better understand the forces that influence those perceptions the better.

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APPENDIX

Table 1. Means, Standard Deviations, and Intercorrelations Among All Variables

Variable	M	1	2	3	4	5	6	7	8
1)ACT.	23.23	--							
2)HC Awares	3.50	.25**	--						
3)H C Enforce.	3.26	.37***	.71***	--					
4)EWC	4.05	-.36***	.25**	-.32**	--				
5)EWC-Care	3.98	-.26**	.21*	.30**	.82***	--			
6)EWC-Instr.	3.78	-.22*	.09	.15	.62***	.21*	--		
7)EWC-L&C	4.13	-.33***	.23**	.36***	.76***	.51***	.45***	--	
8)EWC-Indep.	4.14	-.10	.14	.08	.61***	.45***	.26**	.31***	--
9)EWC-Rules	4.45	-.35***	.22**	.41***	.71***	.54***	.23**	.54***	.29**

NOTE: n=141 (ACT n=102), * p<..05, ** p< .01, ***p<.001 EWC = Ethical Work Climate

Table 2. Hierarchical Regression Results for Honor Code effect on EWC

	Ethical Work Climate		
Variable	β	R^2	ΔR^2
Step 1			
ACT score	-.36***	.13***	.13***
Step 2			
Honor Code Awareness	.003		
Honor Code Enforcement	.295*	.21***	.08**

Note. * p<.05 **p<.01, ***p<.001 n = 102 because of to listwise deletion of missing data.

Table 3a. Hierarchical Regression Results for Honor Code effect on EWC sub dimensions

	Caring			Instrumental			Law and Code		
Variable	β	R^2	ΔR^2	β	R^2	ΔR^2	β	R^2	ΔR^2
Step 1									
ACT score	-.26**	.07**	.07**	-.22*	.05*	.05*	-.33**	.13**	.11**
Step 2									
Honor Code Awareness	.01			-.02			-.01		
Honor Code Enforcement	.26	.13**	.06*	.03	.05	.00	.30*	.18**	.08*

Note. * p<.05 **p<.01, ***p<.001 n = 102 because of listwise deletion of missing data.

Table 3b. Hierarchical Regression Results for Honor Code effect on EWC sub dimensions

Variable	Independence			Rules		
	β	R^2	ΔR^2	β	R^2	ΔR^2
Step 1						
ACT score	-.10		.01	-.35***	.12***	.12***
Step 2						
Honor Code	.06			.01		
Awareness						
Honor Code	.10	.03	.02	.34*	.23***	.11**
Enforcement						

Note. * p<.05 **p<.01, ***p<.001 n = 102 because of listwise deletion of missing data.