Cross-sector organizational engagement with ethics: a comparison between private sector companies and public sector entities of Sweden

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Acknowledgements


Abstract

Purpose – The purpose of the paper is to describe and compare similarities as well as differences in the organizational engagement with ethics between private sector companies and public sector entities.

Design/methodology/approach – A survey was conducted in order to examine the organizational engagement with ethics in the largest private sector companies and the largest public sector entities in Sweden. Two adapted questionnaires were developed for each sector. The outcome of this research procedure is reported in this paper.

Findings – There are both minor and major differences between the private sector and public sectors, where the private sector companies overall tend to be more engaged with ethics than the public sector entities in areas such as: ethical bodies, ethical tools, internal and external ethical usage, and ethical support measures and ethical performance measures.

Research limitations/implications – This paper makes a contribution to theory as it outlines findings for the benefit of other researchers working in private and/or public sectors in the field. A suggestion for further research is to examine the organizational engagement with ethics in other countries/cultures that differ from the ones in this research effort performed in the private and public sectors of Sweden.

Practical implications – The research may be of managerial interest as it provides a grounded framework of areas to be considered in the examination of organizational engagement with ethics in both private sector companies and public sector entities. It may be used as a benchmark by either sector.

Originality/value – It reports a research effort to develop and describe a cross-sector comparison of the organizational engagement with ethics between private sector companies and public sector entities of Sweden. A framework is also introduced and illustrated. It also makes a contribution to theory and practice in the field as it is based upon a dual sample that provides insight into cross-sector organizational engagement with ethics.
Introduction

Since the early 1980s there has been a growing focus of the research on the engagement with ethics in private sector companies (e.g. codes of ethics). A number of studies have been conducted in the private sector in the USA (e.g. Cressey and Moore, 1983; Mathews, 1987; Weaver et al., 1999; Berenbeim, 2000; Chonko et al., 2003), in the UK (e.g. Langlois and Schlegelmilch, 1990; Le Jeune and Webley, 1998), in Ireland (O'Dwyer and Madden, 2006), in Canada (LeFebvre and Singh, 1992; Schwartz, 2002; Singh, 2006,) in Sweden (Svensson et al., 2006), in Australia (Kaye, 1992; Farrell and Cobbin, 1996; Wood, 2000; Wood and Callaghan, 2003). Studies of the organizational engagement with ethics have also been conducted on the largest multinational corporations operating across a range of jurisdictions in the world (Bethoux et al., 2007; Carasco and Singh, 2003; Kaptein, 2004).

Stajkovic and Luthans (1997) see codes of ethics as one of the key antecedent factors that interact together to influence the engagement with ethics by people and organizations. Berenbeim (2000) sees codes of ethics as having a pivotal importance in making an organization more engaged with ethics. Nijhof et al. (2003) suggest that once a code has been developed and written that it is not enough by itself to ensure the organizational engagement with ethics in the marketplace and society. They go onto say that ensuring that the values of the code are embedded in the organization can, one hope, ensure not only responsible behavior by individuals but also responsible behavior by organizations. Codes of ethics therefore have a major part to play in enhancing the engagement with ethics of organizations (Wood, 2000). The public sectors in many societies have been deregulated and therefore confronted with conditions that resemble their private sectors (Svensson and Wood, 2004). This dichotomy appears to be a relatively unexplored field of research, which we contend justifies the relevance of the research reported in this paper.

Public sector entities around the world have evolved from providing basic services to the society (in a non-competitive environment) towards direct competition in the marketplace with traditional private sector companies (particularly in deregulated environments). This evolution has led to a need within public sector entities to embrace an ethos that takes greater cognizance of their organizational engagement with ethics than may have been the case in the past (Svensson and Wood, 2004; Svensson et al., 2004). It is expected that one of the major manifestations of this change would be evidence of public sector entities adopting the same engagement practices with ethics as the private sector entities have done.

To our knowledge there is limited research that has been dedicated to the organizational engagement with ethics in public sector entities in Sweden (e.g. Svensson and Wood, 2004). It also appears to us that the only research that has compared the engagement with ethics in private and public sectors is a descriptive approach that was performed a few years ago by Svensson et al. (2004). That study was limited to the collection of mostly non-metric data.

Our research provides a refined approach of their research effort where we introduce a different conceptual framework to measure the organizational engagement with ethics carried out in private sector companies and public sector entities. It consists of four principal areas:
This research also represents an extended approach, in terms of the collection and measurement of metric data, enabling the statistical testing of similarities and differences between private sector companies and public sector entities. The objective is to describe and compare similarities as well as differences in the organizational engagement with ethics between the two sectors. The research question has been formulated as follows: Are there differences in the organizational engagement with ethics between private sector companies and public sector entities? Our research question is addressed through a series of hypotheses, all of which are introduced in the next section. This section is dedicated to presenting the underlying frame of reference and previous research over the course of the past few decades. Subsequently, each hypothesis is derived from an area of research dedicated to an organizational engagement with ethics.

Based on the “Partnership model of corporate ethics” (Wood, 2002), our study examines the measures in place to communicate the organizational engagement with ethics of private sector companies and public sector entities in Sweden. Sweden has been selected as it is a society that in many ways is different to many developed capitalist societies in the world especially in respect to the relative size and dominance of its public sector as compared to its private sector. The concept of the welfare state in Sweden is constructed around the intimate involvement and expectation of its public sector organizations to provide the requirements for such an ethos (Svensson and Wood, 2004). As such Swedish public sector organizations are powerful entities in Swedish life and they often drive societal issues that impact on the way that business is conducted in Sweden. They are not merely just perceived as a service function to business or the wider society, therefore, this paper examines the measures put in place by the private sector companies and public sector entities in Sweden in order to communicate the ethos of their codes to their employees.

Frame of reference

As mentioned previously, the organizational engagement with ethics may be structured around four principal areas:

1. ethical bodies;
2. ethical tools;
3. internal and external ethical usage; and
4. ethical support procedures and ethical performance measures.

Each one is described in the following paragraphs of this section. Each area may consist of a number of components all of which are also described under each heading. Aggregated research hypotheses are formulated and provided at the end of each paragraph.

Ethical bodies

The use of ‘Ethical bodies’ indicates organizational engagement with ethics in private sector companies and public sector entities. We contend that it may consist of components such as:
• an ethics committee;
• an ethics ombudsman; and
• an ethics training committee.

If ethics is an important part of an organization then an ethics committee may be an idea that organizations have contemplated and an area in which they may have initiated action (Center for Business Ethics, 1986; McDonald and Zepp, 1989; Weber, 1981). Organizations also need individuals who are designated and in charge of their organizational engagement with ethics – such as an ethics ombudsman – in this position, in order that individuals within the organization who have genuine concerns can feel free to voice these concerns to an independent arbiter (Wood et al., 2004). According to the USA Ethics and Compliance Officers Association (ECOA), which was founded in 1992 by a dozen ethics officers, the organization now has over 1,000 members representing nearly every industry and member organizations including more than half of the Fortune 1000 who conduct business in over 160 countries (ECOA, 2007). If an organization has a person designated as a confidante to whom staff can go with ethical concerns, then hopefully employees will be encouraged to volunteer information about unethical practices that they perceive are detrimental to the organization. One could contend that such a position in place within the organization can only but enhance the ethical health of that organization. Another component of interest is the establishment of an ethics training committee. A number of writers have advocated the use of ethics training committees as a means of institutionalizing ethics within the organization (Axline, 1990; Maclagan, 1992; McDonald and Zepp, 1990; Sims, 1992; Wood, 2002). The ethics training committee is linked from a theoretical perspective because of the researchers' belief that one cannot just expect individuals to be ethical to the level of organizational expectations without having some training. Without training and education, one may argue, that the desire to incorporate an ethical perspective into the practices of employees will only be a hope that cannot be translated into reality.

Derived from the indicated importance of the introduced components that may construct the “ethical bodies” we have formulated the following aggregated research hypothesis to reflect this area of organizational engagement with ethics:

\[H_{10}\]. There is no significant difference of the “ethical bodies” between private sector companies and public sector entities in Sweden.

**Ethical tools**

“Ethical tools” is another area indicative of the organization's engagement with ethics in private sector companies and public sector entities. This area may be seen as a complement to the area “ethical bodies”. It consists of components such as:

• ethical training of staff;
• guide to strategic planning;
• ethical audits; and
• employee appraisal.

The undertaking of the ethical training of staff is a means of institutionalizing ethics within the organization (Dean, 1992; Maclagan, 1992; McDonald and Zepp, 1990; Sims, 1992; Wood, 2002). The ethical training of staff is stressed as one cannot just expect individuals to be ethical to the level of an organization's expectations without having some training. Ethical
training is used to expose employees to discussion and training in ethics in situations that they might face whilst in the organization's employ. Another component in the intent to grasp the organizational engagement with ethics is to use ethics as a guide for the strategic planning process. Two decades ago, Robin and Reidenbach (1987) suggested a method for closing the gap that they perceived existing between concept and practice in the area of ethics and corporate planning. They advocated that an organization that is engaged with ethics should inculcate those espoused organizational values into the strategic planning process. The focus of their attention was upon strategic marketing planning, but the principles that they proposed can be adapted to all forms of strategic planning in organizations.

A further component in the organizational engagement with ethics is the conduct of ethical audits. Murphy (1988) and Laczniak and Murphy (1991) suggested (many years ago) the need to incorporate ethical audits into the organization's activities. The authors believed that an organization needed to monitor its ethical performance to ensure that it was indeed performing ethically both internally and in the marketplace. García-Marza (2005) views the ethical audit as an integral part of the process of developing trust, in the organization. “Within this integrated system of ethics management in the company, ethical auditing can respond to the basic objective of ethics management, which is simply to integrate economic benefit with social and environmental benefit” (Garcia-Marza, 2005, p. 211). Ethical audits differ from employee appraisal. Employee appraisal is an examination of the ethical performance of individuals within the organization on a personal level, whilst ethical audits are an examination of the organization's ethical performance. Accordingly, another component is the ethical performance appraisal. The view that organizations should formalize the ethical performance of employees through the employee appraisal system is supported by Fraedrich (1992); Harrington (1991); and Laczniak and Murphy (1991). Harrington (1991), in common with Fraedrich's (1992) idea, suggests that ethical decision making should become a part of the performance appraisal of individuals. This idea is a commendable one in that it integrates ethics into one's perceived organizational performance: it is another way of rewarding ethical behavior and discouraging unethical behavior. The concern in this situation is with the way in which this process would be implemented and its probable vagaries and abuses. Like all performance appraisals that are not necessarily based upon quantifiable data, the subjective opinion of the line manager could be imposed upon the individual subordinate. Consequently, the organization places a lot of trust and faith in line supervisors, therefore, this process would need to be scrutinized in great detail before its introduction and would need to be monitored once it has been introduced, however, the general principle is one that should be considered.

The construct “ethical tools”, derived from the indicated importance of the aforementioned components, has led to the formulation of the following aggregated research hypothesis to reflect this area of organizational engagement with ethics:

\[ H2_0 \]. There is no significant difference of the “ethical tools” between private sector companies and public sector entities in Sweden.

**Internal and external ethical usage**

A third area of the organizational engagement with ethics is the “internal and external ethical usage”, which consists of a number of components that complement the constructs of “ethical bodies” and “ethical tools”. It consists of components such as:
• communication with employees;
• information supplied to new staff;
• information supplied to customers and suppliers; and
• resolving ethical dilemmas in the marketplace/society.

Internal and external ethical usage is pinpointed in Wood's (2002) partnership model of corporate ethics. Svensson et al. (2004) explore the ethos of corporate codes of ethics within large organizations examining how the ethos of the code is displayed to all stakeholders. They also examine how it is communicated to employees and how new staff are informed. Singh et al. (2005) examine corporate codes of ethics in Australia, Canada and Sweden and it is apparent that these codes may be used to communicate the ethos of an organization to employees. Stevens (1999), in a study of employees at two American hotels, identified training programs, coaching employees, reading manuals and ethics codes as the top four sources from which employees learned about ethics. She also found that employees learned about ethics codes mainly from orientation programs and reading employee handbooks.

A number of writers (Benson, 1989; Fraedrich, 1992; Murphy, 1988; Stead et al., 1990; Townley, 1992; Wood, 2002) have suggested that codes should be public documents that have an external as well as an internal focus and that organizations should be cognizant of the relationship of the organization with all stakeholders. An organization's customers and suppliers should be informed of the existence of the organization's code. Wood et al. (2004) conclude that organizational codes of ethics are usually communicated to customers and suppliers to some extent and the ways that they are communicated are either formally or informally and, in some cases, in both ways.

Furthermore, the ethos of organizational codes of ethics may provide a fundament to resolve ethical dilemmas that arise in the marketplace. Wood et al. (2004) found that approximately half of the companies surveyed claim to use their code to resolve ethical dilemmas in the marketplace. If codes are not resolving ethical dilemmas in the marketplace for the other half of those companies with codes, then what are the codes used for in organizations? Are codes of ethics, then, the inward regulatory documents as suggested by Mathews (1987); LeFebvre and Singh (1992) and Wood (2000) or are organizations just missing an opportunity to maximize their utilization? Why does a company have a code if it does not assist one in resolving ethical dilemmas in the marketplace? Wood et al. (2004) examined those practices in which organizations used their organizational code of ethics to assist them in the marketplace. The most common areas in which these organizations had utilized the code in the marketplace were with customers, suppliers and the environment.

Based on the components identified within the literature above, the construct of “internal and external ethical usage” has been derived, and the following two aggregated research hypotheses have been formulated to empirically test this area of organizational engagement with ethics:

$H3_0$. There is no significant difference of the “internal ethical usage” between private companies and public sector entities in Sweden.

$H4_0$. There is no significant difference of the “external ethical usage” between private sector companies and public sector entities in Sweden.

**Ethical support procedures and ethical performance measures**
The last area of the organizational engagement with ethics that we consider are the “ethical support procedures” and the “ethical performance measures”, which consist of a number of components that complement the other areas. They consist of components such as:

- consequences of a violation;
- guidelines to support whistle blowers;
- revision of the code; and
- effectiveness of the code.

A number of authors (e.g. Fraedrich, 1992; Sims, 1992; Stoner, 1989) suggest that within the organizational engagement with ethics one should outline enforcement provisions for those individuals who may not uphold the code of ethics. By having procedures in place to address a violation of the organizational engagement with ethics, an organization signals to its employees the necessity to abide by the code for the sake of both themselves and the organization. If organizations are to evolve into ethical companies or entities both individual and collective action must be taken by individuals to change practices that they view as being an antithesis to the ethical health of the organization. Someone must make the move to expose violations of the organization's ethical principles. Therefore, formal guidelines to support whistle blowers should be considered, because if standards are to be set then one needs ways to ensure that either violations or breaches will be reported, reviewed and corrected. In addition, in a situation of recognizing unethical practices and taking steps to expose them, the dilemma that many employees face, is in knowing to whom one can take an issue so as to ensure its integrity; the integrity of the person against whom the complaint is made and usually, most importantly, for the person making the complaint, the guarantee of their own freedom from reprisals (Gellerman, 1989; Labich, 1992; Stoner, 1989; Wood and Callaghan, 2003). By its very nature, whistle blowing is a dangerous path to take for any employee. Even though organizations may have procedures in place to protect the whistle blower, the act of whistle blowing has historically been fraught with personal danger and the ever-present threat of recrimination (Barnett et al., 1993; Keenan, 1995; Keenan and Krueger, 1992; McLain and Keenan, 1999; Miceli and Near, 1984; Miceli et al., 1991).

Singh et al. (2005) apply some ethical performance measures dealing with the frequency of the revision of the code and the effectiveness of the code. The engagement with ethics should be seen as a continuous and dynamic process where revisions will be required every now and then due to a changing and evolving environment. It is also desirable to estimate the effectiveness of the organizational engagement with ethics. Wood et al. (2004) found that a large number of the organizations indicated that their organizational codes of ethics have an impact on the bottom line in such areas that one could deem as altruistic, mercenary and/or regulatory. The mercenary and regulatory motives are closely linked, with both centered upon improving, either directly or indirectly, aspects of financial performance. The altruistic motive is doing the right thing for its own sake.

The final two constructs, labelled “ethical support procedures” and “ethical performance measures” have been derived from the indicated importance of the identified components discussed within the literature reviewed above. The two aggregated research hypotheses below have been formulated to reflect these areas of organizational engagement with ethics:

$H5_0$. There is no significant difference of “ethical support procedures” between private sector companies and public sector entities in Sweden.
There is no difference of “ethical performance measures” between private sector companies and public sector entities in Sweden.

Methodology

The methodology of this research is based upon two sectors, namely the private and public sectors of Sweden – that is, a dual sample. The need for some methodological adaptations were required, all of which are described in this section.

Cross-sector

A three-stage research procedure was used and conducted in order to examine the engagement with ethics in the largest private sector companies and the largest public sector entities in Sweden. In stage one, two adapted questionnaires (merged together in Table I) were developed for each sector.

The private sector companies and public sector entities were asked to answer up to sixty questions about the methods used by their organizations to engage with the ethos of their codes in the daily operations of the organization, its leadership and its employees. A further aim of the survey was also to obtain from the participants a copy of their code of ethics, if they had one. The second stage involved a content analysis of the codes of ethics supplied by the survey participants. The third stage involved a more detailed follow-up of a smaller group of private sector companies and public sector entities identified as being close to, or representing best practice in respect to organizational engagement with their codes of ethics in Sweden. The outcome of stage one of this three-stage research approach is reported in this paper.

The private sector

The questionnaires were sent to the top 500 companies (based on revenue) operating in the private sector (SCB, 2005). The choice of this sample frame, based on revenue, was made as they are more probable to have developed a formal code of ethics and an organizational engagement with ethics. The final sample of the private sector was corrected to 443 companies due to multiple addressees and undeliverable packages in the procured company list (SCB, 2005). The response rate in stage one was 42 percent after this correction with 185 companies returning the completed questionnaire and 113 companies acknowledging that they had a code of ethics. This research is limited to those private sector companies that possessed a code.

The package sent to each of the private sector companies contained a covering letter and a questionnaire. The package was sent to the Public Relations Manager in each company rather than the top leadership. This was done in the hope that these professionals may be more knowledgeable and committed to the communication of their companies' engagement with ethics than other organizational functionaries. Each respondent was assured of complete anonymity as the results were to be aggregated.

The public sector

The public sector in Sweden is divided into three categories: namely government, county councils, and municipalities. First, a questionnaire was sent to the largest 40 entities of
government out of 277, the largest 40 municipalities out of 289, and 20 county councils out of 20. Consequently, the sample consists of the 100 largest public sector entities across the mentioned categories. The selection of these entities was based upon their size in terms of revenue in the public sector (SCB, 2005).

The package sent to each of the public sector entities also contained a covering letter and a questionnaire. The package was sent to the Principal Human Resource Manager in each public sector entity rather than to the top leadership. This was done in the hope that these professionals would be focused on staff concerns and that they may have been more knowledgeable and committed to the task at hand than other organizational functionaries. Each respondent was also assured of complete anonymity as the results were to be aggregated.

Each respondent at each public sector entity was initially contacted by phone (due to a smaller sample than in the private sector) in order to confirm their appropriateness to respond to the questionnaire, and at the same time to promote the importance of the survey. Each respondent was also briefly introduced to the research project to stimulate his or her interest and willingness to participate in the survey. Those Human Resource Managers who initially did not answer the questionnaire were contacted again by telephone in order to stimulate their interest to fill in the required answers. The close attention to this part of the research led to the achievement of a high response rate. The response rate in stage one was 96 percent with 96 out of 100 public sector organizations returning the completed questionnaire. This research is limited to those 27 public sector entities that had a code of ethics.

**Empirical findings**

A selection of univariate and bivariate statistical techniques (e.g. Norusis, 1993 and 1994) was used to analyze the dual-sector sample of data collected and to describe the selected private sector companies' and public sector entities' organizational engagement with ethics. The outcomes are summarized in Tables I-V.

The dual sample is dominated by large organizations according to the selection procedures applied (see Table II). More than 93.5 percent of the Swedish private and public sector samples have an annual turnover of more than 2,500 millions SEK. This figure provides support for our research focus on the organizational engagement with ethics of large private sector companies and public sector entities in Sweden.

The largest interval in the dual sample regarding equivalent full time staff is in the interval 1,001-5,000 employees (see Table III). For example, 42 percent in the sample belong to this interval. The second largest one is 501-1,000 employees (i.e. 21 percent). Approximately 90 percent of the sample have more than 500 employees. This finding also provides support for our research focus on the organizational engagement with ethics of large private sector companies and public sector entities in Sweden.

Table IV indicates that half of the organizations in the dual sample possess a code of ethics (49.8 percent). It should be noted that the research reported in this paper is based upon those organizations that have a code (i.e. \( n=140 \)) and accordingly are able to provide insights and share their views on their organizational engagement with ethics.

**Univariate analyses**
The univariate outcome for each item is shown in Table IV. A variety of items, based upon the areas described in the frame of reference, have been applied in order to test the stability and random nature of the collected answers. Ratio measurement scales were used in the form of seven point interval Likert-scales. The anchor points of the scales used are “Strongly Disagree” (i.e. 1) to “Strongly Agree” (i.e. 7). The following abbreviations are used to illustrate the outcome of each variable in the tables referred to: N: number of observations, Mn: mean; Me: median; Md: mode; Std: stand deviation; Sk: skewness; and Ku: kurtosis.

Nineteen items have been used to describe the organizational engagement with ethics in private and public sector entities of Sweden (see Table I). Initially, the items were formulated according to the pre-specified areas of the frame of reference: ethical bodies (a, b and c), ethical tools (d, e, f, g and h), internal ethical usage (i and j), external ethical usage (k, l, m and n), ethical support procedures (o and p) and ethical evaluation (q, r and s).

In the dual sample, the organizational engagement with ethical bodies is the least category utilized, followed by the ethical tools and external ethical usage. Internal ethical usage is seen as important and, in part, the ethical support procedures are also seen as important. The ethical evaluation is also indicated to be reasonably important.

**Bivariate analyses**

The bivariate outcome of each item is shown in Table V. Independent sample *t*-tests (two-tailed) has been used to test the hypotheses between private and public sector organizations formulated in the section on frame of reference. Levene's Test of equal variance is also shown in Table V as are other key values of the tests conducted.

We anticipated a higher level of organizational engagement in private sector companies compared to the public sector entities based upon the reasons presented in our frame of reference and upon the findings in previous research by Svensson et al. (2004). This expectation is in part confirmed by comparing the mean values belonging to each sector. Only in the items (d) and (e) were there slightly higher mean values in the public sector entities and it was equal in the items (i) and (j). Overall there are minor or major differences between the two sectors, where the private sector companies tend to be more engaged with ethical bodies, ethical tools, external ethical usage, ethical support measures, and ethical performance measures, but there are almost no significant differences across the items used. There are significant differences in the areas of external ethical usage and ethical support procedures; however, Levene's Test indicates that the mean values of the former group (i.e. the external ethical usage) do not have equal variance, which may indicate that the difference should be neglected. This means that we have only observed a significant difference for ethical support procedures and the related hypothesis is the only one rejected.

We believe that the outcome is interesting as previous research has indicated that private sector companies had a higher organizational engagement with ethics than the public sector entities (e.g. Svensson et al., 2004). It would appear that there is an ongoing and increasing trend within public sector entities in Sweden toward greater organizational engagement with ethics.

**Implications**
The private sectors and the public sectors in developed countries have traditionally been different, yet over the last few years, with the deregulation of marketplaces, the public sector in particular has tended to adopt many of the attributes of the private sector in terms of its orientation towards conducting its business. One such area that has attracted increased interest from both sectors is the area of ethics.

An important implication of this research is that it appears that the differences in organizational engagement with ethics between the private sector companies and public sector entities in Sweden have diminished in recent years in comparison to our findings in previous research (e.g. Svensson et al., 2004). The differences between the public sector and the private sector in Sweden show a convergence, rather than a divergence of practice, in respect to business suggesting that the deregulated market paradigm, evident in other marketplaces around the world, may have entered the Swedish business psyche forcing changes in approach across both sectors of Swedish business.

This change to a deregulated marketplace has been a major change for Sweden as the deregulation paradigm is one anchored in Anglo-Saxon tradition rather than in Nordic tradition. This new deregulated marketplace has posed new challenges for the public sector entities and forced them to confront changing conditions that impact on the way that they need to manage their operations. This realization may have led them to adopt practices that they have witnessed in the Swedish private sector.

An important implication for private sector companies when trying to benchmark the best practice of organizational engagement with ethics could be to examine the approaches of the public sector entities. As stated earlier, historically the environment in the public sector has been different and the approach taken nowadays by the public sector entities regarding one's organizational engagement with ethics may provide innovative and valuable insights into how to enhance the efforts of private sector companies. Likewise, the public sector entities may gain valuable knowledge by examining the best practices in the private sector. As each sector has become more convergent rather than divergent in their approaches to ethics then each may be able to learn valuable lessons from the other to enhance their respective engagements with ethics in their sector.

A further important implication of this research is the development of a framework of organizational engagement with ethics, based on the observations made during this study. This framework has been created for the use of both researchers and practitioners in private and public sector organizations in this area (see Figure 1).

Private sector companies and public sector entities may structure their efforts to improve their organizational engagement with ethics by examining the principal areas of importance illustrated in Figure 1. The first step, labeled as (i), is for private and public sector organizations to have “Ethical bodies” in place, consisting of an ethics committee, an ethics ombudsman and an ethics training committee, as they provide monitoring and guiding structures. This area provides initial support for organizational engagement with ethics. This then may be complemented by the second step, labeled as (ii), “Ethical tools” evident in provision of a more hands-on approach to the organizational engagement with ethics through the training of staff in ethics, using ethics to guide strategic planning, ethical audits of the organization's activities and employee appraisal of ethical performance. The third step involves an emphasis on the communication of the organization's engagement with ethics, labeled as (iii) “internal and external ethical usage”. This area focuses on the importance of
communication with employees, providing ethics based information to new staff, informing customers and suppliers of the organization's commitment to ethical performance, and resolving ethical dilemmas in the marketplace/society. The final step (iv) may enhance the organizational engagement with ethics as it is dedicated to creating “ethical support procedures” and emphasizing the implementation of “ethical performance measures”. This step focuses on monitoring, managing and following-up on the other areas (i.e. steps (i), (ii) and (iii)) through stipulating consequences for violations, forming guidelines to support whistle blowers, performing revisions of the code and estimating the effectiveness of the organizational engagement with ethics.

Conclusions and suggestions for further research

This paper has reported a research effort to develop and describe a cross-sector comparison of organizational engagement with ethics, based upon a dual sample in private sector companies and public sector entities of Sweden. This research is distinct from previous studies in the area, in that most research usually focuses upon either the private sector or the public sector. The authors contend that this research is particularly valuable as it is boundary spanning in nature through its comparison of both sectors.

We believe that this research makes a valuable contribution to the theory and the practice in the field as the empirical findings serve to outline the current level of engagement with ethics and this will serve to benefit other researchers working in both private and public sectors as these findings provide a benchmark and a point of reference for future work. We also believe that the findings are of managerial interest as they have provided a grounded framework of areas to be considered in the implementation of the supporting measures in respect to codes of ethics in both private sector companies and public sector entities. To facilitate this understanding, a framework based on the findings, has been developed for use in the examination and enhancement of one's organizational engagement with ethics.

A suggestion for further research is to examine the organizational engagement with ethics in other countries/cultures, particularly those that differ from Sweden's private and public sectors. Ideally, research focused on a culturally different society to Sweden with a public sector would be particularly valuable for comparison to this study. Further, the framework developed may stimulate other researchers to make refinements and extensions beyond the few principal areas, and their related components, detailed in this paper.
Figure 1 A framework – organizational engagement with ethics
<table>
<thead>
<tr>
<th>Item</th>
<th>N</th>
<th>Mn</th>
<th>Me</th>
<th>Md</th>
<th>Std</th>
<th>Sk</th>
<th>Ku</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical bodies</td>
<td>136</td>
<td>4.3</td>
<td>4</td>
<td>4</td>
<td>1.9</td>
<td>−0.7</td>
<td>−0.9</td>
</tr>
<tr>
<td>a) Our company/organization believes that we should have a standing ethics committee or its equivalent</td>
<td>136</td>
<td>3.9</td>
<td>4</td>
<td>4</td>
<td>1.7</td>
<td>0.0</td>
<td>−0.5</td>
</tr>
<tr>
<td>b) Our company/organization believes that we should have an ethics training committee or its equivalent</td>
<td>136</td>
<td>3.8</td>
<td>4</td>
<td>4</td>
<td>2.0</td>
<td>0.1</td>
<td>−1.1</td>
</tr>
<tr>
<td>Ethical training</td>
<td></td>
<td></td>
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<tr>
<td>c) Our company/organization believes that ethics training should be conducted for all staff of our organization</td>
<td>137</td>
<td>5.3</td>
<td>6</td>
<td>7</td>
<td>1.7</td>
<td>−0.9</td>
<td>−0.1</td>
</tr>
<tr>
<td>d) Our company/organization believes that the Code should guide our strategic planning</td>
<td>136</td>
<td>5.4</td>
<td>6</td>
<td>6</td>
<td>1.4</td>
<td>−0.8</td>
<td>0.5</td>
</tr>
<tr>
<td>e) Our company/organization believes that the Code will assist the bottom line (i.e. profit/goal)</td>
<td>135</td>
<td>5.2</td>
<td>5</td>
<td>4</td>
<td>1.5</td>
<td>−0.6</td>
<td>0.1</td>
</tr>
<tr>
<td>f) Our company/organization believes that employees’ ethical performance should be a criterion for employee appraisal</td>
<td>137</td>
<td>5.2</td>
<td>5</td>
<td>4</td>
<td>1.4</td>
<td>−0.4</td>
<td>−0.4</td>
</tr>
<tr>
<td>g) Our company/organization believes that we should conduct an ethical evaluation of all our operations</td>
<td>137</td>
<td>5.0</td>
<td>5</td>
<td>6</td>
<td>1.6</td>
<td>−0.5</td>
<td>−0.6</td>
</tr>
<tr>
<td>Internal ethical usage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Our company/organization believes that the Code should be communicated to all our organization's workers</td>
<td>137</td>
<td>6.6</td>
<td>7</td>
<td>7</td>
<td>0.8</td>
<td>−2.6</td>
<td>7.0</td>
</tr>
<tr>
<td>j) Our company/organization believes that we should inform new staff of the Code</td>
<td>137</td>
<td>6.7</td>
<td>7</td>
<td>7</td>
<td>0.7</td>
<td>−3.2</td>
<td>10.4</td>
</tr>
<tr>
<td>k) Our company/organization believes that the Code should be displayed in our organization for all stakeholders to view</td>
<td>137</td>
<td>6.1</td>
<td>7</td>
<td>7</td>
<td>1.2</td>
<td>−1.3</td>
<td>1.0</td>
</tr>
<tr>
<td>l) Our company/organization believes that all our suppliers should be informed of the existence of the Code</td>
<td>136</td>
<td>5.5</td>
<td>6</td>
<td>7</td>
<td>1.5</td>
<td>−0.8</td>
<td>−0.1</td>
</tr>
<tr>
<td>m) Our company/organization believes that all our customers should be informed of the existence of the Code</td>
<td>136</td>
<td>5.4</td>
<td>6</td>
<td>7</td>
<td>1.5</td>
<td>−0.7</td>
<td>−0.2</td>
</tr>
<tr>
<td>n) Our company/organization believes that the Code should be used to assist us with resolving ethical dilemmas in the marketplace/society</td>
<td>135</td>
<td>5.5</td>
<td>6</td>
<td>7</td>
<td>1.5</td>
<td>−0.9</td>
<td>0.4</td>
</tr>
<tr>
<td>Ethical support procedures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Our company/organization believes that there should be consequences for a violation of the Code</td>
<td>137</td>
<td>5.6</td>
<td>6</td>
<td>7</td>
<td>1.5</td>
<td>−0.8</td>
<td>−0.4</td>
</tr>
<tr>
<td>p) Our company/organization believes that we should have formal guidelines for the support of whistleblowers (i.e., someone who blows the whistle on his/her organization for its wrongdoing)</td>
<td>136</td>
<td>4.8</td>
<td>5</td>
<td>4</td>
<td>1.7</td>
<td>−0.4</td>
<td>−0.7</td>
</tr>
<tr>
<td>q) Our company/organization believes that we should revise a code at least once every two years</td>
<td>137</td>
<td>5.1</td>
<td>6</td>
<td>7</td>
<td>1.7</td>
<td>−0.7</td>
<td>−0.5</td>
</tr>
<tr>
<td>r) In the last six months our company/organization has seen a greater need to focus on ethics</td>
<td>137</td>
<td>4.3</td>
<td>4</td>
<td>4</td>
<td>1.7</td>
<td>−0.3</td>
<td>−0.5</td>
</tr>
<tr>
<td>s) Would you please rate your company’s/organization’s impression of the effectiveness of the code</td>
<td>136</td>
<td>5.0</td>
<td>5</td>
<td>5</td>
<td>1.1</td>
<td>−0.7</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Table I Univariate outcome of questionnaire items – private and public sectors
### Table II Annual turnover

<table>
<thead>
<tr>
<th>Annual turnover (Million SEK*)</th>
<th>n</th>
<th>Private/Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 500</td>
<td>1</td>
<td>0.4</td>
</tr>
<tr>
<td>&gt; 500</td>
<td>7</td>
<td>2.5</td>
</tr>
<tr>
<td>&gt; 1,500</td>
<td>10</td>
<td>3.6</td>
</tr>
<tr>
<td>&gt; 2,500</td>
<td>49</td>
<td>17.4</td>
</tr>
<tr>
<td>&gt; 5,000</td>
<td>56</td>
<td>19.9</td>
</tr>
<tr>
<td>&gt; 10,000</td>
<td>74</td>
<td>26.3</td>
</tr>
<tr>
<td>&gt; 25,000</td>
<td>84</td>
<td>29.9</td>
</tr>
<tr>
<td>Total</td>
<td>281</td>
<td>100</td>
</tr>
</tbody>
</table>

Notes: * 7 Swedish Kroner (SEK) equals approximately 1 USD

### Table III Equivalent full time staff

<table>
<thead>
<tr>
<th>Equivalent full time staff</th>
<th>n</th>
<th>Private/Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 100</td>
<td>2</td>
<td>0.7</td>
</tr>
<tr>
<td>101-500</td>
<td>28</td>
<td>10.0</td>
</tr>
<tr>
<td>501-1000</td>
<td>59</td>
<td>21.0</td>
</tr>
<tr>
<td>1,001-5,000</td>
<td>118</td>
<td>42.0</td>
</tr>
<tr>
<td>5,001-10,000</td>
<td>35</td>
<td>12.5</td>
</tr>
<tr>
<td>10,001-20,000</td>
<td>19</td>
<td>6.8</td>
</tr>
<tr>
<td>&gt; 20,000</td>
<td>20</td>
<td>7.1</td>
</tr>
<tr>
<td>Total</td>
<td>281</td>
<td>100</td>
</tr>
</tbody>
</table>

### Table IV Code of ethics

<table>
<thead>
<tr>
<th>Item</th>
<th>n</th>
<th>Private/Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>140</td>
<td>49.8</td>
</tr>
<tr>
<td>No</td>
<td>141</td>
<td>50.2</td>
</tr>
<tr>
<td>Total</td>
<td>281</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table IV Code of ethics
Table V  Bivariate outcome – private and public sector comparisons


<table>
<thead>
<tr>
<th>Item</th>
<th>Private</th>
<th>Public</th>
<th>Levene’s test</th>
<th>Independent samples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean value</td>
<td></td>
<td></td>
<td>F-value</td>
<td>Sig.</td>
</tr>
<tr>
<td>Ethical bodies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Having a standing ethics committee</td>
<td>4.3 (+)</td>
<td>4.1</td>
<td>4.01</td>
<td>0.05</td>
</tr>
<tr>
<td>b) Having an ethics training committee</td>
<td>2.9 (+)</td>
<td>2.6</td>
<td>0.05</td>
<td>0.89</td>
</tr>
<tr>
<td>c) Have an ethics ombudsman</td>
<td>4.0 (+)</td>
<td>3.1</td>
<td>0.32</td>
<td>0.57</td>
</tr>
<tr>
<td>Ethical tools</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Ethics training for all staff</td>
<td>5.9</td>
<td>5.4 (+)</td>
<td>0.09</td>
<td>0.89</td>
</tr>
<tr>
<td>e) Code should guide strategic planning</td>
<td>5.4</td>
<td>5.6 (+)</td>
<td>1.03</td>
<td>0.31</td>
</tr>
<tr>
<td>f) Code assists our bottom line</td>
<td>5.3 (+)</td>
<td>4.7</td>
<td>1.15</td>
<td>0.29</td>
</tr>
<tr>
<td>g) Criterion for employee appraisal</td>
<td>5.5 (+)</td>
<td>4.8</td>
<td>0.06</td>
<td>0.81</td>
</tr>
<tr>
<td>h) Should Conduct Ethical Evaluation</td>
<td>5.1 (+)</td>
<td>4.7</td>
<td>1.09</td>
<td>0.30</td>
</tr>
<tr>
<td>Internal ethical usage</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Communicated to all employees</td>
<td>6.6</td>
<td>6.6 (0)</td>
<td>0.10</td>
<td>0.76</td>
</tr>
<tr>
<td>j) Should Inform New Employees</td>
<td>6.7</td>
<td>6.7 (0)</td>
<td>0.11</td>
<td>0.74</td>
</tr>
<tr>
<td>Ethical support procedures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>k) Disclosed for all to view</td>
<td>6.2 (+)</td>
<td>5.6</td>
<td>5.10</td>
<td>0.03*</td>
</tr>
<tr>
<td>l) Suppliers should be informed</td>
<td>5.8 (+)</td>
<td>4.4</td>
<td>0.57</td>
<td>0.46</td>
</tr>
<tr>
<td>m) Customers should be informed</td>
<td>5.5 (+)</td>
<td>5.0</td>
<td>0.57</td>
<td>0.02*</td>
</tr>
<tr>
<td>n) Code Assists with Ethical Dilemmas</td>
<td>5.6 (+)</td>
<td>4.7</td>
<td>4.96</td>
<td>0.03*</td>
</tr>
<tr>
<td>Ethical performance measures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o) Consequences for violation</td>
<td>5.8 (+)</td>
<td>4.4</td>
<td>1.13</td>
<td>0.29</td>
</tr>
<tr>
<td>p) Support to whistleblowers</td>
<td>5.0 (+)</td>
<td>4.0</td>
<td>0.27</td>
<td>0.61</td>
</tr>
<tr>
<td>q) Revised code at least every two years</td>
<td>5.5 (+)</td>
<td>3.9</td>
<td>0.32</td>
<td>0.57</td>
</tr>
<tr>
<td>r) Greater need in the last six months</td>
<td>4.4 (+)</td>
<td>4.0</td>
<td>0.14</td>
<td>0.71</td>
</tr>
<tr>
<td>s) Effectiveness of code</td>
<td>5.1 (+)</td>
<td>4.7</td>
<td>0.36</td>
<td>0.56</td>
</tr>
</tbody>
</table>

Notes: * Significant at α = 0.05; ** Significant at α = 0.01

Table V  Bivariate outcome – private and public sector comparisons

References


**Corresponding author**

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