Local Government Ethics in South Carolina

A Pilot Study of Perceptions and Practices

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Introduction

The purpose of this qualitative research is to explore the existence and enforcement of formal ethics standards for employees in municipalities across South Carolina and to identify potential strategies to assist local governments in creating an ethical culture within their organizations. The International City/County Management Association (ICMA) confirms that promoting an ethical culture is a key leadership responsibility (International City/County Management Association, n.d.) but there is a long history of wrongdoing in public service (Zimmerman, 1982; Bowman, 1990; Menzel & Benton, 1991; Menzel, 1992; Perego, 2012). Unfortunately, there is very little research to explore the existence of misconduct at the local government level (Menzel and Benton, 1991) and few resources to help organizations combat the problem. A study recently completed by the Ethics Resource Center (2007) found that when a well-implemented ethics and compliance program is coupled with a strong ethical culture in a government organization, misconduct decreases by 60 percent and reporting increases by 40 percent. These statistics suggest the success of formal ethics standards and provide a good foundation for further research.

Statement of Need

Unethical behavior in a government setting can have a significant impact on the organization and on the community. Multiple studies have noted that citizen confidence in government can suffer in response to misconduct. For instance, Fording, et al (2003) state the following:

> Corrupt or unethical behavior by elected officials might discourage citizen participation because some citizens will not wish to be associated with malfeasance. Perhaps of equal concern, the quality of candidates for office might suffer because the most highly qualified individuals might shun public service if the government is viewed as corrupt (p. 1-2).

Public trust is the most important asset of government because it provides reassurance to the

citizens that the organization is acting in the best interest of the community. Unethical conduct

harms the reputation of the individual, the organization, and the profession. If this public trust

did not exist it would be a hindrance to the effectiveness of government (Bowman, 1990; Ethics

Resource Center, 2007; Pergo, 2012, July).

       As previously mentioned, there is a history of government misconduct. Menzel and

Benton (1991) cite that ethics complaints filed against public officials quadrupled in Florida

from 1974 to 1990. Multiple explanations are provided as to why this may have occurred; actual

increase in misconduct by public officials, more informed citizens regarding the Florida Ethics

Commission, and overall growth in the state's population (Menzel & Benton, 1991). A national

study completed by the Ethics Resource Center (2007) found that 63 percent of local government

employees witnessed at least one form of misconduct in the previous twelve months, a rate

higher than state and federal employees (57 and 52 percent respectively) as well as publicly-

traded and privately held businesses (57 and 55 percent respectively). This pilot study attempts

to identify how these national results compare in South Carolina.

       News stories are full of questions about the trust placed in public officials. A quick

search of *The State*, the capital city newspaper for South Carolina, results in more than 700

stories on ethics; 67 stories are on ethics reform (The State Newspaper). Local officials should

take the problem of unethical behavior seriously because correcting it may ultimately lead to

greater public support for high standards of conduct at all levels of government. "If the public

comes to expect (and demand) fair treatment and ethical conduct from city officials and

employees-the governmental actors who affect their lives most frequently and directly- they are

more likely to have high expectations (and demands) for those who hold the reins of power in state and national arenas (Johnson, 2006, p. 718)."

<u>Background</u>

The concept for this research came from a conversation with a local government manager in South Carolina who was curious what other municipalities were doing to address real or perceived misconduct in their organizations. He also wanted to know if there were any potential strategies that could be implemented in his particular city to improve and maintain an ethical culture. He commented that while the International City/County Management Association (ICMA) is a great resource to promote ethics in local government, ethics is rarely a conversation when attending meetings and conferences at the state level (Schapiro, 2011). ICMA provides routine workshops dedicated to ethics and will even provide onsite training sessions for staff, leadership, elected officials, and boards and commissions on a variety of ethics related topics (i.e. ethics at work, promoting an ethical culture, the role of leaders, and elected officials and the public trust). If the state utilized these resources, ethics could be viewed more as a priority for public leaders.

<u>Local Government Ethics in South Carolina</u>

After a review of the literature, there is no peer-reviewed information pertaining specifically to government ethics in South Carolina, much less local government ethics. The South Carolina Legislature created the State Ethics Commission in 1975 that today has the following responsibilities:

1) ensure compliance with state laws on financial disclosure, lobbyists principal disclosure and campaign disclosure

2) regulate lobbyists and lobbying organizations

3) issue advisory opinions interpreting the statute

4) educate public officeholders and the public on the requirements of the state's ethics

laws

5) conduct criminal and administrative investigations of violations of the state's ethics

laws

6) prosecute violators either administratively or criminally.

The ultimate responsibility of the Commission is to enforce the Ethics Reform Act of

1991. While this statute applies to all public officials, public employees, and public members of

the State and political subdivisions, with the exception of members of the judiciary, there is no

state mandate that requires local governments to establish their own ethics policy and mandates

(South Carolina State Ethics Commission, 2012). However, it should be noted that a quick

search of the South Carolina Legislature website (www.scstatehouse.gov) produced sixty-nine

proposed bills regarding ethics during the 2011-2012 legislative session. All of these proposals

were not passed but topics included the addition of penalties for violations, required training

session on the Ethics Reform Act, and transparency during investigations.

Definitions

In order to prepare for this research, a few definitions need to be clarified:

- Ethics is the system or code of morals of a particular person, religion, group, or

  profession.

- Misconduct is defined as unlawful, bad, or dishonest management, especially by a

  government or military official. A few examples from this study include bribes, using

  competitor's inside information, improper hiring practices, misreporting of hours worked

  and internet abuse.

- Ethical culture stresses the importance of ethical behavior. For the purposes of this study, ethical culture occurs when there is ethical leadership at the top of the organization, supervisor reinforcement to encourage ethical behavior, peer commitment to ethics, and embedded ethical values.

These definitions are provided by Webster's New World Dictionary (Neufeldt & Guralnik, 1988).

Research Questions

The primary research question for this study is "how do South Carolina municipal managers perceive ethics problems in their organizations?" Secondary questions are:

- What are the benefits of an ethics program?

- What are potential strategies to minimize misconduct in local government and ensure that employees make ethical choices in their duties as a local official?

In addition to a review of the literature, data will be collected through a survey of municipalities in South Carolina and a selection of interviews with survey volunteers.

Setting for the Project

During the summer of 2012, a survey was distributed to city and town managers/administrators who are members of the South Carolina City and County Management Association (SCCCMA). This group of respondents was chosen for a pilot study through an existing relationship with the SCCCMA organization and can be replicated to all municipalities in South Carolina. Additionally, the study focuses on municipalities as opposed to county governments to remove possible political conflicts that may arise from additional elected positions that exist at the county level (i.e. sheriff, coroner, treasurer, auditor, etc.).

Outcomes

      The investigator is hopeful that several contributions come from this research. The first goal is to establish a baseline of perceptions for South Carolina municipalities in regards to ethics. For instance, are they concerned about ethics in their organization and do they have a program to address it. The next goal is to identify potential strategies for ethics programs that can serve as a guide for municipalities, particularly in South Carolina, that would like to create or expand their efforts in this area. Additionally, professional organizations, such as the Municipal Association of South Carolina and the South Carolina City and County Management Association, could use this information to create a training program for local government officials.

Literature Review

This literature review will analyze the research available to prepare for this project. In order to ensure a thorough review of the theories and evaluation that precedes this project, it is important to consider the broad range of research conducted on ethics in public administration. Specific to this project, the investigator will cover the literature relevant to

a) public perception of ethics in government,

b) benefits of an ethics policy,

c) components of an ethics program, and

d) potential strategies to minimize unethical behavior.

<u>Public Perception of Ethics in Government</u>

When reviewing the literature on ethics in local government, it is repeatedly noted that there is a long history of misconduct (Bowman, 1990; Menzel & Benton, 1991; Menzel, 1992; Perego, 2012; Zimmerman, 1982). This misconduct can still be seen today, demonstrated by this sample of recent headlines:

- "D.C. Council Overhauls Ethics Rules" (Craig, 2011).

- "Wayne County's Leader Plans Ethics Reforms" (Chicago Tribune, 2012).

- "Cuyahoga County Launches Investigation of Workers whose names have surfaced in the corruption trail of ex-Commission Jimmy Dimora" (Johnston, 2012).

Over time, with cable networks and the constant news cycle, even small ethics infractions can become big stories. As previously stated, this can degrade the public trust in government and leads citizens to question the intentions of public officials.

Perhaps it is this history that led to a movement towards a transformation with good government reforms and state-wide ethics laws and commissions. Unfortunately, ethical

problems and issues have not disappeared (Menzel & Benton, 1991). Specifically, federal

corruption charges increased more than tenfold for state and local officials between 1970 and

1991 (Fording, Miller, & Patton, 2003).

When Woodrow Wilson established the hallmark values of public administration as

efficiency, economy, and effectiveness, he assumed that public officials would be people of high

moral character. Therefore, he believed there was no reason to be concerned with a fourth "e" –

ethics (Menzel, 2005). An earlier study completed by Menzel (1993) concluded that local

government workers are not "amoral," but as Johnson (2006) states, the lack of clear guidance on

the standards of conduct may lead to confusion, varying practices, and the appearance of

impropriety. While interest in government ethics has grown since Wilson's time, there is very

little data that exists to document the extent of ethical problems that occur at the local

government level and much more needs to be done (Menzel, 2005; Menzel & Benton, 1991;

Johnson, 2006).

Benefits of an ethics program

As Pergo states (2012, July) many types of misconduct are preventable and organizations

can remove the opportunity for someone to do something wrong. There are many benefits to a

comprehensive, well-implemented ethics program. As previously mentioned, it can result in a

decrease in misconduct and an increase in public confidence. Additionally, it has been proven

that local officials often advance into the state or national setting (Johnson, 2006). Johnson

(2006) argues "if proper values and ethical practices have been ingrained in those officials when

they first serve in local government, there is reason to hope that the same high standards and

practices may follow them when their careers move to a broader stage" (p. 717).

Misconduct can be seen in many different forms, ranging from stealing, bribery and embezzlement to misrepresenting hours worked and sick leave abuses. Specific, recent examples from the International City/Council Management Association include using a city purchasing card to make personal purchases (even if repayment is made immediately), expensing meals that were covered by the event registration, and splitting projects into phases in order to evade the formal bid process (Pergo, 2012, July). A code of conduct can help to create awareness on the standards of conduct, but it needs to be supplemented to remove or reduce the opportunity for unethical behavior (Zimmerman, 1982).

Components of an ethics program

When creating an ethics program to address various problems, there are five overarching rules that should be addressed. Johnson (2006) states these rules should address: 1) improper economic benefit; 2) unfair advancement of private interests; 3) gifts; 4) representation of private interests; and 5) conflicting outside employment (p. 728). A study conducted by the Ethics Resource Center (2007) states that a comprehensive ethics and compliance program should include all six of the following components:

- Code of Ethics - A code of ethics must be broad enough to cover elected public officials as well as all public employees and citizen-volunteers. Since this document will be full of complex legal language, it may be beneficial to translate it into a more "user-friendly" manual that can be used for training and every day uses (Johnson, 2006).

- Whistleblower Policy - The Ethics Resource Center (2007) found that employees prefer reporting ethical violations to supervisors or management as opposed to a hotline and Bowman (1990) concludes that the reporting mechanism should include protection against retaliation for the persons reporting the problem.

- Mechanism to Seek Advice - As previously stated, a code of ethics is going to be a complex, legal document leading to questions regarding the proper implementation. Johnson (2006) suggests creating a "designated ethics officer" (p. 764) to respond to and provide reliable answers to any ethical questions.

- Training - West and Berman (2004) conclude that ethics training can result in significant improvements in organizational culture and positive labor-management relations.

- Method for Discipline - Ethics programs need to include a process to review complaints of alleged unethical conduct in order to determine if a sanction should be imposed. This process should include three steps: 1) the accused must be given notice of the allegations and given an opportunity to respond; 2) the ultimate decision-maker must be insulated from political and other inappropriate pressures; and 3) the process must be transparent to provide legitimacy (Johnson, 2006).

- Evaluation of Ethical Behavior - Employees need to receive positive feedback for ethical conduct and even be rewarded for following ethics standards. As a result, they will feel positive about their organization's efforts encourage ethical conduct and will feel better prepared to handle situations that invite misconduct (Ethics Resource Center, 2007).

Perhaps the most important of these components is a training program. Developing a code of ethics alone is not enough, it is just as important to educate officials and employees about their responsibilities. The Ethics Resource Center (2007) found that "the majority of local government employees do not know that their workplace provides comprehensive ethics and compliance program resources to offer guidance and help (p. 33)." Johnson (2006) suggests not only posting and circulating the requirements, but also investing the resources to train personnel so they will be able to appropriately recognize and respond to issues relating to standards of

conduct. Specifically, annual ethics training should be mandatory for all officials and

employees, as well as included in new employee orientations. Additional recommendations for

training is live instruction that is "reality-based and practical, involving hypothetical scenarios,

case materials, role-plays or short exercises" (Menzel, 2005, p. 158).

Potential strategies to minimize unethical behavior

Over time, there have been various government actions that attempt to raise and maintain

ethical standards in public service. A few examples include conflict of interest laws, codes of

ethics, financial disclosure acts, public meeting laws, freedom of information laws, and privacy

acts (Zimmerman, 1982). However, it appears that government ethics codes are a still the

exception and many cities do not have clear and coherent ethics rules, if any at all (Johnson,

2006). The internet, changing populations, budget constraints and other issues all create an

increasingly complex set of expectations for public officials' conduct. Public employees need a

simple and comprehensive list of "do's and dont's" for their behavior and they need to

understand how they are susceptible to legal enforcement (Johnson, 2006, p. 725).

One possible response to unethical behavior is to create a more professional environment.

When Menzel and Benton (1991) reviewed local government ethics complaints in Florida they

found that when organizations invest more in their public officials by providing larger pay

increases, they experience fewer ethics complaints. Their findings were "suggestive of the

possible return that a community might receive from a better-paid and presumably more

professional workforce" (p. 433) and they concluded that professionalism in local government

appears to foster more ethical government.

Another possible response is to establish a state mandate for local governments to

construct and implement ethics ordinances. While South Carolina does not currently have this

type of mandate, Delaware and Kentucky have implemented these requirements (Fording et al., 2003).

The State of Delaware has a detailed ethics law that applies to government employees and officers. The State Public Integrity Commission is responsible for administering and implementing Delaware's ethics law. The Commission not only provides training to state and local government employees and officials but they also have a great brochure dedicated to "Promoting Ethics in Government" that lists the rules of conduct (with corresponding examples) along with additional information such as: who the law applies to, how to understand the rules, how and why to seek an advisory opinion, and the penalties for violating the law. The brochure is not only a great education tool but also serves as great day-to-day resource for officials and employees to keep ethics at the forefront of their activities (Delaware Public Integrity Commission, 2012).

Kentucky began to focus on ethics reform in the early 1990s as a result of an FBI sting of legislators and lobbyists. This reform led to a law that mandates all local governments to enact their own ethics reform ordinances. The law states that each written code of ethics must address standards of conduct, financial disclosure, nepotism, and enforcement of the code by a local ethics board. Despite the state mandate, Fording et al. (2003) found that there was wide variation in the stringency of the local codes due to the fact that the legislation was extremely vague and there was no state agency in charge of monitoring compliance. Furthermore, it appears that many cities and counties in Kentucky subverted the spirit of the law and wrote weak, meaningless codes of ethics (Fording et al., 2003).

While a state mandate is one option to respond to misconduct in local government, it should be noted that there may understandably be some resistance from local governments due to

additional costs and limits on flexibility of management (Fording et al., 2003). On the other hand, Johnson (2006) argues that it is the responsibility of the local government to cultivate ethical behavior instead of the state or federal government. It is ultimately the local officials and employees who have the biggest impact on whether or not people have equal access to the benefits and opportunities that government provides (Johnson, 2006).

Bowman (1990) concluded that most agencies do not have a consistent approach when it comes to ethical situations and there is no agreed-upon, usable standard or procedure to assist decision making in most offices. Additionally, "three-fourths of executives agree that the individual is ultimately responsible for his/her behavior; however, it is the organizations that define and control the situations in which decisions are made" (p. 347). The ultimate conclusion of Bowman's study was that there is a compelling need for guidance to address ethical and unethical conduct in government.

Specifically, the Ethics Resource Center (2007) found that a well-implemented ethics and compliance program coupled with a strong ethical culture can result in a 60 percent decrease in misconduct. An ethical culture alone can be a strong tool that leads to a reduction in misconduct, retaliation for whistle blowing and pressure to commit misconduct. Unfortunately, only 8 percent of government workplaces have a strong ethical culture. The Ethics Resource Center (2007) defines a strong ethical culture with the following four values:

- Ethical leadership – a tone at the top and belief that leaders can be trusted to do the right thing;
- Supervisor reinforcement – individuals directly above the employee in the agency hierarchy set a good example and encourage ethical behavior;

- Peer commitment to ethics – ethical actions of peers support employees who "do the right thing"; and,

- Embedded ethical values – values promoted through informal communication channels are complementary and consistent with a government agency's stated values (p. 12).

Furthermore, the International City/County Management Association provides a list of tactics that can be used to create organizational cultures that encourage individuals to make ethical choices and to support them when they do. These tactics include: setting clear professional and organizational standards; holding individuals accountable for their conduct with an objective review process; talking about ethical issues to raise awareness; engaging in creative, fun, and formal training that not only builds awareness but gives individuals practical guidance about what to do when faced with and ethical problem; giving sound advice to those who need it; making it acceptable to ask for help; and providing a safe place for anyone to report wrong doing (Pergo, 2012, March 21).

In review, a well-implemented ethics program is an important intervention for reducing ethics risk. Unfortunately, only 14 percent of local governments have programs that are well implemented (Ethics Resource Center, 2007). While it may seem obvious and natural that a public servant has high moral values that are sufficient enough to guide them to do what is right it cannot be ignored that clear boundaries, rules, structure, compliance and accountability is needed as well (Pergo, 2012, July).

Research Design and Methodology

Overview

This research is designed as a pilot study to explore the existence and enforcement of formal ethics standards for employees in municipalities across South Carolina and identify potential strategies to assist local governments in creating an ethical culture within their organization. This study involves a survey of city managers in South Carolina and follow up interviews with volunteers. It is hoped that this small pilot study will lead to broader surveys and greater opportunities to determine potential strategies to minimize local government misconduct.

The primary research question for this study is "how do South Carolina municipal managers perceive ethics problems in their organizations?" Secondary questions are:

- What are the benefits of an ethics program?

- What are potential strategies to minimize misconduct in local government and ensure that employees make ethical choices in their duties as a local official?

This section presents the methods and limitations that will be used to answer the questions listed above.

Methodology & Population

The investigator decided to conduct a qualitative evaluation to explore and understand municipal ethics and gather in-depth information specific to municipalities in SC. In order to obtain a sample for this project, the investigator worked with the SC City County Managers Association (SCCCMA) to create a list of their municipal members. The SCCCMA has 180 members from across the state to include city and county managers and administers. However, this sample targeted only the city managers and administrators for a data set of sixty-nine

participants. This sample was determined to be appropriate for a pilot study because SCCCMA

members are actively engaged in improving the quality of public administration in SC local

government and are often eager to assist in evaluations that help to further this goal.

<u>Survey Design</u>

This qualitative study involved a two-step process. During the first step, a survey was

sent to all municipal managers/administrators that were 2012 members of the South Carolina

City County Management Association (SCCCMA). The online survey was developed by the

investigator with original questions (specifically questions 1, 2, 5, 7, 9, and 10) and then

supplemented with a selection of questions from a study previously completed by The Ethics

Resource Center (2007). These questions were chosen in an effort to answer the investigator's

research questions regarding the perception of ethics in SC municipalities and possible strategies

to minimize misconduct. In addition, the study completed by the Ethics Resource Center (2007)

was used a guide because the questions provide a good representation of the information

collected through the literature review.

Once email addresses were obtained through SCCCMA, participants were sent a link, via

email, to complete the survey online. The survey included only ten questions to keep it short and

easy for participants to complete and also allowed participants to remain anonymous in an effort

to get full disclosure. Specific survey questions included:

1. Are you concerned about unethical behavior in your organization? (yes or no)

2. Does your organization have an ethics program? (yes or no)

3. If yes, does your organization have the following? (check all that apply)

- A code of ethics

- A method to report observed violations anonymously

- A mechanism for employees to seek advice on ethical policies

- A mechanism to discipline employees that violate the code or ethics policies

- Evaluation of ethical behavior as part of regular performance appraisals

4. Do you feel that your ethics and compliance program is well-implemented? (yes, no or not sure)

5. If your organization does not have an ethics program, why? (not important, not enough staff time/resources or other reason)

6. Do you feel that your organization has: (strongly disagree, disagree, agree, or strongly agree)

   - Ethical leadership

   - Supervisor reinforcement of ethical behavior

   - Peer commitment to ethics

   - Embedded ethical values

7. Would your organization benefit from more training or resources to help you create an ethical culture? (yes, no or not sure)

8. Do you feel your organization has a problem with the following forms of misconduct? (strongly disagree, disagree, agree, or strongly agree)

   - Bribes

   - Misuse of confidential information

   - Alteration of documents

   - Provision of low quality goods and services

   - Environmental violations

   - Stealing

   - Lying to stakeholders

   - Alteration of financial records

   - Discrimination

- Using competitor's inside information
- Abusive behavior
- Safety violations
- Putting own interests ahead of the organization

- Improper hiring practices
- Misreporting hours worked
- Lying to employees
- Sexual harassment
- Internet abuse

9. Would you like to participate further in this study? (yes or no)

10. If yes, please provide your contact information. (name, organization, phone number, and email address)

This evaluation is an important first step in evaluating ethics in SC municipalities and beginning to identify potential strategies to minimize best practices. Questions 1, 6, 7 and 8 provide a preliminary gauge to the perceptions of ethics by managers/administers while the remaining questions offer some insight into the strategies they may have implemented to reduce misconduct. Structuring the questions in this manner allows for a consistent comparison of all the participants.

Structured Interviews

At the end of the survey, participants were asked if they would like to participate further, leading to the second step of the process. Volunteers were then contacted for a more in-depth interview regarding ethics in their organization. Based on the advantages presented by Creswell (2009), these interviews were conducted to provide an opportunity to collect historical information from participants while also allowing the investigator to control the line of questioning. This step allowed for gathering more detailed information to encourage using this project as a resource for future ethics initiatives.

These interview questions were developed based on the investigator's review of the literature. Specific studies and previous evaluations include Johnson (2006), Bowman (1990), Menzel (1993), and the Ethics Resource Center (2007). Additional questions were added by the investigator to provide further information to answer the research questions of the study (questions 4, 9, 10, and 11.) It should also be noted that questions 1-3 are a repeat from the online survey. Since the survey was developed to provide anonymity to participants, the investigator was not able to link specific responses to those participants who volunteered to participate in the interviews. Specific interview questions included:

1. Does your organization have an ethics program?

2. What does your program include?

3. If you do not have a program, why?

4. If you do have a program, when did it begin? What initiated it?

5. Does the leadership of your organization reinforce ethics as a top priority?

6. Are there conflicts between elected officials and career public servants that lead to ethical dilemmas?

7. Do you feel your code of ethics is applicable? How often are the ideals actually used in your organization?

8. Is your code of ethics taken seriously by your management team?

9. Can you give some examples of unethical situations in your organization? How was it identified/handled?

10. What would you change about your program if you could?

11. What resources would help you create a more ethical environment in your organization?

12. How many employees does your organization have?

By conducting both a survey and then interviews, the investigator is able to collect consistent data from all participants as well as complete an open-ended conversation for a more in-depth analysis. This allows the investigator to compare and contrast with more detail and provide a preliminary set of findings.

Limitations

The main limitation to this study was the sample size for the survey. The initial plan was to work through the Municipal Association of South Carolina to send the survey to managers/administrators of all 269 municipalities in South Carolina. Unfortunately the contact information for all of these individuals was not available due to privacy issues. As an alternative, the South Carolina City and County Management Association (SCCCMA) allowed the survey to be sent to their municipal members. The SCCCMA membership only includes approximately 26 percent of municipalities in South Carolina.

Additionally, membership in SCCCMA is a choice for managers/administrators as a way to expand their professional development and networking opportunities. Members are also provided with multiple opportunities to exchange information on service challenges and best practices. As part of the membership application process, applicants are required to sign an agreement that they will adhere to the ICMA (International City/County Management Association) Code of Ethics. This suggests that members of SCCCMA already have an increased awareness and desire to uphold an ethical lifestyle and work within an ethical environment, which may skew the results.

Results

<u>Overview</u>

The purpose of this study is to explore the existence and enforcement of formal ethics standards for employees in municipalities across South Carolina and identify potential strategies to assist local governments in creating an ethical culture within their organization. In an evaluation of local governments and their ethics practices, the following research questions were posed:

- How do South Carolina municipal managers perceive ethics problems in their organizations?

- What are the benefits of an ethics program?

- What are potential strategies to minimize misconduct in local government and ensure that employees make ethical choices in their duties as a local official?

The survey and interview responses in this section will be organized to demonstrate how they relate to these questions as well as the review of literature on ethics.

<u>Survey Responses</u>

The web-based survey was distributed to 69 managers/administrators of cities and towns in South Carolina. The survey was emailed on June 15, 2012, and respondents were given 11 days to complete. A total of 26 responses were collected, 37.7 percent of the data set. A majority of responses came from cities that have a population less than 20,000 (69.2 percent) versus cities with a population more than 20,000 (30.8 percent). Additionally, respondents were spread throughout the state (Table 1):

Table 1: Congressional District Representation

Congressional District	Number of Responses	Percent of Total
1	5	19.2%
2	3	11.5%
3	6	23.1%
4	2	7.7%
5	6	23.1%
6	4	15.4%

Perceptions of ethics problems

When asked if participants are concerned about unethical behavior in their organizations,

the responses were equally split, 50 percent yes and 50 percent no (question 1). However, only

38.5 percent of organizations confirm they have an ethics program (question 2). (Table 2)

Table 2: Concern about Ethics

Question	Number of Responses	
	Yes	No
Are you concerned about unethical behavior in your organization?	12	12
Does your organization have an ethics program? (of those who answered yes to question 1)	1	7
Does your organization have an ethics program? (of those who answered no to question 1)	11	5

Upon further analysis of these two questions (Table 2), 87.5 percent of participants that have an

ethics program indicated that they are not concerned about ethics in their organization,

suggesting that these managers/administrators perceive their program to have reduced or

prevented misconduct in their organization. This is further demonstrated later in the survey

when 87.5 percent of organizations with an ethics program respond that they feel their program is well-implemented.

On the other hand, 68.8 percent of organizations that do not have a program indicated that they are concerned about ethics. When asked why they do not have a program (question 5), 46.7 percent responded that their organization does not have enough staff time and/or resources. Specific open-ended responses presented a theme that ethics programs are not important or effective. Example responses include:

- "I believe that individuals are either ethical in their behavior or they are not. Imposition of an external system to coerce ethical behavior doesn't work, in my opinion."

- "I am not convinced that formalized ethics programs achieve their goals. I am however sure that they can be used in a manner for which they were not intended, a manager which does not further the mission."

- "Typically ethics programs are reactive. When there is no problem do nothing, but when there is a program needs to be implemented. This mentality makes it difficult to approve ethics policies."

While none of the participants selected the response to question 5 that "an ethics program is not important," some of these open-ended responses appear to indicate otherwise.

Benefits of an ethics program

As previously stated, ethical misconduct can be seen in many different forms. With question 8, survey participants were presented with a list of examples and asked to indicate if they strongly agree, disagree, agree, or strongly agree that their organization has a problem with each type (Table 3).

Table 3: Responses to Question 8

Form of Misconduct	Strongly Disagree	Disagree	Agree	Strongly Agree	Response Count
Bribes	**58.3% (14)**	41.7% (10)	0% (0)	0% (0)	24
Misuse of confidential information	**41.7% (10)**	33.3% (8)	25.0% (6)	0% (0)	24
Alteration of documents	**54.2% (13)**	41.7% (10)	4.2% (1)	0% (0)	24
Provision of low quality goods and services	**50.0% (12)**	41.7% (10)	8.3% (2)	0% (0)	24
Environmental violations	45.8% (11)	**50.0% (12)**	4.2% (1)	0% (0)	24
Stealing	37.5% (9)	**50.0% (12)**	12.5% (3)	0% (0)	24
Lying to stakeholders	**50.0% (12)**	37.5% (9)	8.3% (2)	4.2% (1)	24
Alteration of financial records	**62.5% (15)**	37.5% (9)	0% (0)	0% (0)	24
Discrimination	37.5% (9)	**41.7% (10)**	16.7% (4)	4.2% (1)	24
Using competitor's inside information	**54.2% (13)**	29.2% (7)	16.7% (4)	0% (0)	24
Abusive behavior	41.7% (10)	**45.8% (11)**	8.3% (2)	4.2% (1)	24
Safety violations	29.2% (7)	**41.7% (10)**	25.0% (6)	4.2% (1)	24
Putting own interests ahead of the organization	**33.3% (8)**	29.2% (7)	29.2% (7)	8.3% (2)	24
Improper hiring practices	**45.8% (11)**	**45.8 (11)**	8.3% (2)	0% (0)	24
Misreporting hours worked	**37.5% (9)**	33.3% (8)	25.0% (6)	4.2% (1)	24
Lying to employees	**54.2% (13)**	33.3% (8)	8.3% (2)	4.2% (1)	24
Sexual harassment	33.3% (8)	**62.5% (15)**	4.2% (1)	0% (0)	24
Internet abuse	13.0% (3)	**43.5% (10)**	34.8% (8)	8.7% (2)	23

Ultimately, the majority of respondents indicated they disagreed or strongly disagreed

that there was a problem with misconduct in their organization. However, it should be noted that

two participants responded that they strongly agreed their organization has a problem with

"putting own interests ahead of the organization" and "internet abuse." The information

presented in Table 3 provides a great opportunity for further investigation. For instance, do the

participants that disagree or strongly disagree that their organization has a problem with

misconduct have a formal program or not? Also, does concern over these types of misconduct

spur the creation and implementation of a formal program?

Potential strategies to minimize misconduct

As presented in Table 4, respondents that have an ethics program were asked to indicate

what components their program includes (Table 4).

Table 4: Components of and Ethics Program

Program Component	Response Count	Response Percent
A code of conduct	9	100%
A method to report observed violations anonymously	7	77.8%
A mechanism for employees to seek advice on ethical matters	6	66.7%
Training for all employees on the code of conduct and ethics polices	5	55.6%
A mechanism to discipline employees that violate the code or ethics policies	6	66.7%
Evaluation of ethical behavior as part of regular performance appraisals	5	55.6%

Out of the nine responses to this question, only three organizations have implemented all

of the components of a comprehensive ethics and compliance program. While all of these

organizations have a code of conduct, the components that are less frequent include training for

all employees and evaluation of ethical behavior.

Survey participants were then asked to rate their perception of ethical culture in their

organization (Table 5).

Table 5: Question 6 Responses

Do you feel your organization has:	Strongly disagree	Disagree	Agree	Strongly Agree
Ethical Leadership	1	0	6	17
Supervisor reinforcement of ethical behavior	1	2	13	8
Peer commitment to ethics	1	0	16	7
Embedded ethical values	1	1	12	10

A majority of respondents agree that their organizations have supervisor reinforcement (54.2 percent), peer commitment to ethics (66.7 percent), and embedded ethical values (55.0 percent) while they strongly agree (70.8 percent) that there is ethical leadership. Finally, 78.3 percent of participants indicated that they would benefit from more training or resources to help create an ethical culture in their organization (question 7).

Interviews

At the conclusion of the survey, participants were asked if they wanted to participate further by completing a more in-depth interview regarding ethics in their organizations. Four interviews were conducted between June 26 and July 16, 2012 (Table 6):

Table 6: Participating cities with demographic information

City	Population	Number of Employees	Congressional District
City of Anderson	26,871	560	3
City of Goose Creek	31,035	325	1
City of Camden	6,902	165	5
City of Rock Hill	67,423	869	5

The information obtained during the interview portion of this study has been combined and will be presented in reference to the research questions.

Perception of ethics in SC

After completing interviews with the four volunteers, a common theme has emerged that misconduct should be addressed at the local government setting. While only two cities have created a formal policy (Anderson and Rock Hill), all have implemented some type of strategy to minimize misconduct (which will be discussed later in this section). Additionally, all responded that the management teams of their organization reinforce ethics as a top priority. Specifically, the volunteer from Anderson stated that misconduct is simply not tolerated and employees know the expectations of behavior.

There were also some differing opinions expressed through this portion of the interview. First, the volunteer from Rock Hill pointed out that their ethics committee and formal policy was not initiated by a specific situation; he stated that "it just seemed like a best practice that there should be a formal program.[1]" On the other hand, while the City of Goose Creek feels there should be good leaders in the organization to set the expectation for behavior, the volunteer stated they do not see the need for a formal ethics program since they have not had a problem with misconduct.

The City of Camden does not have a formal code of conduct included in the personnel policy and procedures. The volunteer commented that a formal policy is easily neglected in a small town because a majority of the employees are frontline workers who are not faced with ethical conflicts on a day-to-day basis. They are interested in creating a formal policy; however, there is concern the media may perceive that it is created in response to problem and it would attract unnecessary attention. This is an interesting perspective that provides an opportunity for

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[1] Interview participants are kept anonymous to maintain confidentiality.

further study. For instance, does concern over the media play a role in the creation or implementation decisions of a formal ethics program?

Benefits of an ethics program

As previously stated, Anderson and Rock Hill have both created a formal ethics policy. These policies were created in 2009 and the early 2000s respectively, but it was not in response to a problem with misconduct. Anderson's ethics policy was a recommendation from their legal counsel during the annual handbook revision process while Rock Hill's policy was based on a recommendation from an internal ethics committee that was charged with the mission of determining whether or not the city needed a policy.

While Goose Creek and Camden do not currently have a formal policy or program to address unethical behavior, both are open to the idea. The volunteer from Goose Creek mentioned that if they began to see an increase in misconduct then they would create a formal ethics program to address it. An additional theme that existed among all participants is the lack of conflict between elected officials and career public servants that lead to ethical dilemmas. This is due to the fact that the city manager acts as a clearinghouse between the two groups to prevent such conflicts.

Potential strategies to minimize misconduct

Whether it be formal or informal, all four participating cities have implemented various strategies to minimize misconduct. The formal strategies implemented in Rock Hill and Anderson include many of the components of a comprehensive ethics and compliance program as detailed by the Ethics Resource Center (2008). First, there is a code of conduct in the employee handbook that is reviewed with employees during their orientation and an evaluation of ethical behavior completed as part of the employee's performance appraisal. However, these

two cities differ when it comes to discipline. For instance, the final decision on sanctions is

handled within each department for the City of Anderson. However, in Rock Hill the City

Manager makes the final decision on sanctions based on a recommendation from the violator's

department and the Human Resources department. Involvement from Human Resources ensures

that sanctions are consistent across all departments. Additionally, both Rock Hill and Anderson

provide a method for employees to seek advice on potential ethical conflicts and report

violations. In Rock Hill, employees are able to seek advice through the supervisors, Human

Resources department, and the City Manager's office has an open door policy in regards to

reporting violations. In Anderson, this is all handled through an anonymous hotline that is

managed by the Human Resources manager.

As seen in Goose Creek and Camden, informal strategies can include the following:

- The City Manager approves all new employees for the organization and is able to make

    the judgment call regarding the person's ethical values.

- The City Manager talks about accountability with all Department Heads in the

    organization and provided them with a copy of the State Ethics Act.

The City of Camden took things a step farther by working with the USC Institute for Public

Service and Policy Research to update their strategic plan in an effort to rise to an ethical

organization. As part of this process, all supervisors attended an ethics class that allowed

everyone to get on the same page.

During the discussion about potential strategies, the volunteers from Anderson and Rock

Hill shared a similar suggestion. Anderson would like to have a formal policy that is put in front

of the employees on a regular basis to ensure there is buy-in at all levels of the organization and

they can refer to it during daily activities. If Rock Hill could change anything about their

program, the volunteer would like to see updated training on a regular basis to raise awareness

and allow group discussions. Rock Hill's policy is currently out of sight, out of mind and the

training would create a higher level of accountability for employees. Additionally, there needs to

be a process to evaluate the ethics program and be sure that policies are kept up to date

      At the conclusion of the interviews volunteers were asked what resources would help

them create a more ethical environment. Responses included:

- management training and generic communication to keep the expectations on the

  forefront,

- a model policy that addresses both local government employees and elected officials,

- simple language that is easy to understand with examples, and

- more training, leadership, workshops and speakers at the state level to assist local

  governments with this process.

The interview participants suggested that these resources need to come from International

City/County Management Association, the SC City and County Management Association and

the USC Institute for Public Service and Policy Research. Specifically, Rock Hill's volunteer

stated that he is not in favor of a state mandate for a local government to create a policy. Instead,

there needs to be a champion to educate organizations on the benefits of a program and

encourage them to create one.

Conclusion

Misconduct in a government setting not only has a negative impact on the organization but it can also decrease public confidence in the public sector. Unethical behavior has been documented throughout history at all levels of government but the Ethics Resources Center (2007) identified a higher rate of misconduct among local governments when compared to state and federal governments. This is particularly concerning because local governments typically have more day-to-day contact with citizens and affect their lives more frequently and directly than any other level of government (Johnson, 2006). This study was conducted to explore how municipal managers in SC perceive ethics problems in their organization and to present potential strategies to minimize misconduct as well as the benefits of an ethics program.

Research Question Conclusions

After completing the survey and interviews with South Carolina municipal volunteers, the perception of ethics appears to be mixed. While only half of participants indicated that they were concerned about ethics in their organization, the concern decreased for organizations that had a formal ethics program, suggesting that these managers/administrators perceive their program to have reduced or prevented misconduct in their organization. This is in line with the literature that suggests a well-implemented ethics and compliance program can reduce misconduct. Similarly, concern about ethics increased among organizations that do not have program.

Multiple potential strategies were identified through the survey, interviews and review of the literature. The most common component of an ethics program was a code of ethics; 100 percent of survey respondents with a program utilized a code of ethics. While this is a great first step, additional measures were suggested throughout the literature and interview responses. The

code of ethics needs to be easy for all employees to understand and even include examples to demonstrate how the code applies in real-life situations. There should also be routine training to ensure that everyone is on the same page about ethics and it stays on the forefront of everyone's mind. One suggestion that came up during an interview was to give all employees a laminated, wallet-sized copy of the code of ethics to be carried around, reiterating the importance that ethical values should be considered at all times.

A review of the literature suggests that an ethics program can benefit the organization. As previously stated a well-implemented ethics and compliance program is coupled with a strong ethical culture in a government organization, misconduct decreases by 60 percent and reporting increases by 40 percent (Ethics Resource Center, 2007). However, the results of this study demonstrate that this may not be a consistent view across South Carolina. Sixty-two percent of survey participants do not have an ethics program but when asked why, responses varied. While just under half feel they do not have the staff time and resources to implement a program, there is still a group that does not see the benefit of a creating a program if they do not have a problem with misconduct. As discussed during the interview with one volunteer, there needs to be a true champion of ethics programs that can educate and assist local governments with establishing a strong ethical culture in their organization. This is a great opportunity for an organization at the state level to assist local governments with preventing misconduct and improving their day-to-day activities.

<u>Future Research Possibilities</u>

This research serves as a pilot study to explore local government ethics in South Carolina. More investigation needs to be done to conclusively answer the proposed research questions:

- How do South Carolina municipal managers perceive ethics problems in their

  organizations?

- What are the benefits of an ethics program?

- What are potential strategies to minimize misconduct in local government and ensure that

  employees make ethical choices in their duties as a local official?

Additionally, this study focused on just the municipal members of the SC City and County

Management Association, only 26 percent of municipalities in South Carolina. A

recommendation for future research is to expand the study to include additional participants.

One possibility includes all municipalities in South Carolina to provide a true representation of

ethics views and experiences in the state. Additionally, a comparison could be made between the

different forms of local government (i.e. council-manager vs. mayor-council). Another

possibility would be to add in a review of county governments in the state, providing an

additional comparison among city and county governments.

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