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Agarwal, James; Rasmussen, Ken; Malloy, David C.

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### The ethical climate of government and non-profit organizations Implications for public-private partnerships

Ken Rasmussen<sup>a</sup>, David Malloy<sup>b</sup> & James Agarwal<sup>a</sup>

<sup>a</sup> Faculty of Administration University of Regina Regina, Saskatchewan SRN 1G6, Canada

<sup>b</sup> Faculty of Kinesiology and Health Studies University of Regina Regina, Saskatchewan SRN 1G6, Canada

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### **Abstract**

One aspect of relations between government and non-profit organizations that has received little attention is the impact of differing ethical climates. Using Victor and Cullens' model of ethical climate, this article offers a qualitative survey of the differences between the two sectors. It finds that there are differences in both the sources of ethical climate and the criteria used to judge ethical climate. Public servants tend to be more cosmopolitan in that their source of ethical climate comes from sources external to themselves such as professional or legal norms. Non-profit managers tended to have stronger beliefs that principles are to be self-chosen and the climate is to be guided by personal ethics.

### **Key words**

Ethics, non-profit, management, partnership, government, civil servants

# **THE ETHICAL CLIMATE OF GOVERNMENT AND NON-PROFIT ORGANIZATIONS**

## **Implications for public-private partnerships**

Ken Rasmussen, David Malloy and  
James Agarwal

### **Ken Rasmussen and James Agarwal**

Faculty of Administration  
University of Regina  
Regina, Saskatchewan  
SRN 1G6, Canada

### **David Malloy**

Faculty of Kinesiology and Health Studies  
University of Regina  
Regina, Saskatchewan  
SRN 1G6, Canada



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## INTRODUCTION

There is clearly a growing interdependence between government and non-profit organizations (Salamon 1987; Smith and Lipsky 1993; Hall 1994). For example, it has been noted that in the United States 'nonprofits actually deliver a larger share of the health and human services financed by government than do public agencies themselves' (Brudney 1987: 16). As a consequence of this kind of development the provision of public services is now seen to occur within the framework of the 'hollow state', an approach to policy implementation that increasingly relies upon private and non-profit organizations to deliver public goods (Milward *et al.* 1993).

Most often the rationale for the movement towards such models of service delivery comes from the desire to trim budgets and bring the delivery of services more in line with the needs of clients. What this implies is that broad policy directives issued by governments can be fine-tuned through adaptation at the local level resulting in services that are more efficiently delivered and tailored to community needs. Indeed, there is a well-entrenched tradition that suggests parceling out of discretion can be very positive and contribute effectively to the policy process, especially when this discretion allows the implementing agency to play an active role in defining the policies that they are implementing (Burke 1990).

While the goals of meeting budget targets, getting closer to the needs of citizens and administrative innovation are all important, questions have been raised about the level of commitment that individual managers in non-profit organizations have to the democratic and ethical values of transparency, fairness, equal treatment, accountability and due process (Brehm and Gates 1997; Leazes 1997). A more critical view suggests that non-profit organizations are inefficient, unaccountable and inequitable creatures of government (Bennett and DiLorenzo 1989). Others argue that non-profit organizations suffer from a tendency to be undercapitalized, are particularized in dealing with problems, create client dependence and tend to be run by well-meaning amateurs (Salamon 1987). Governments also have voiced legitimate concerns about losing accountability in the face of insuperable difficulties co-ordinating decision-making authority among institutions that have their own independent sources of authority and support (Barrados *et al.* 2000).

These conflicting assessments of the role and value of non-profit organizations as service delivery agents point out a central tension: governments want cheap and efficient service delivery that conforms to the norms of democratic public administration whereas non-profit organizations are driven by a strong desire to serve their clients in the best possible manner for each individual client. At the core of this tension are what appear to be differences in the ethical orientations found in the two environments. Evidence from previous research points to the fact that non-profit managers will often push the boundaries of overhead control and contract compliance. Bernstein suggests managers in the non-profit sector 'do not consider it "wrong" and indeed may consider it "right", to effect the illusion of compliance, which baldly, is to lie, in order to benefit clients ...' (1991: 124). This contrasts with the ethical orientations of public sector managers that

require a commitment to protecting and promoting the 'public interest' with its commitments to fairness, equality and transparency (Gortner 1991). Such differences in ethical orientation, if they are widespread and deeply held, can potentially have a major impact on how contracts and partnership agreements are reached and enforced and how accountability is defined and extracted. Furthermore, if different ethical climates do exist it would be useful to understand what these differences are and how they might cause distortions in the delivery of services that would be inconsistent with the norms of democratic public administration.

The utility of exploring the concept of ethical climate is that potentially it adds a useful dimension to our understanding of the complex relations between policy designers in government and policy implementers in the non-profit sector. The reason for an optimistic assessment is that the concepts of organizational climate and ethical organizational climate have received increasing amounts of attention in the organizational theory literature as both theorists and practitioners search for a means of explaining and enhancing work-related behaviour and satisfaction (Sinclair 1993; Jones and Hildebeitel 1995; Schwepker *et al.* 1997; Bartels *et al.* 1998). That a positive or strong climate within an organization is a necessary antecedent for high performance and satisfaction is accepted theoretically and, to a limited extent, empirically by the scholars studying organizations (Victor and Cullen 1988). Generally, it has been considered to be the informal interpreter and judge of an individual's organizational behaviour. Such an understanding may provide insights as to how to understand the ethical reasoning of both partners in the delivery of government services and how the differences can be more effectively combined.

The purpose of this article is to engage in a qualitative survey of key informants in both government departments and non-profit organizations and begin a process of establishing some more precise meaning to the differing ethical climates in the two sectors. The article will try to determine the extent to which ethical climate differences exist and how these differences might help us understand and, eventually resolve, some of the dilemmas associated with the use of public-private partnerships.

## **ETHICAL CLIMATE**

Ethical climate is a concept that describes the shared perception of organizational norms, values and behaviour (Schneider 1975). It informally assists the members of an organization to define what behaviour is acceptable within the confines of that organization. Specifically, it has been suggested by many in the field that the ethical climate in organizations influences the moral conduct of the membership (Schneider 1975; Victor and Cullen 1987, 1988; Cohen 1995). It is therefore an organizational variable worthy of considerable attention particularly in light of the increased interest by governments of using non-profit organizations to deliver government programmes.

The ethical nature of organizational conduct has received increased attention in all administrative sectors (e.g. Ford and Richardson 1994; Tait 2000). Public administration

scholars have been particularly interested in how ethical values like integrity, fairness and accountability have been affected by public–private partnerships (Boase 2000). More specifically there are questions raised about ‘the extent to which it is possible to infuse programme delivery agencies with core public service values’ (Kernaghan 2000: 99). However, despite this interest, relatively little research has been carried out with regard to inter-sector differences in ethical climate. While there is some limited evidence that suggests that variations exist (e.g. Agarwal and Malloy 1999; Brower and Shrader 2000), no comparative research is available that has explored the nature of differences in the ethical climate in government and the non-profit sector.

Victor and Cullen (1987, 1988) developed a framework for measuring the perception of ethical orientation. It consists of nine theoretically derived climate types that result from the juxtaposition of three ethical theories and three decision-making reference points or loci of analyses. The ethical perspectives include egoism, benevolence and principled ethical grounding. Egoism refers to behaviour that is fundamentally self-interested. The focus of benevolence is towards the greatest good for the collective or for the greater number (e.g. the immediate work group, the firm, the community and the society-at-large). The principled perspective places greatest emphasis upon duty to adhere to laws, rules, policies and procedures (e.g. the organization’s code of ethics, the policies of government or the laws of society).

The second aspect of this framework consists of three decision-making reference points (i.e. the construct termed ‘locus of analysis’). The individual locus of analysis reflects a self-driven referent for decision behaviour. The local referent is the immediate work group or the organization generally as well as the individual’s community of significant others. Norms, values and behaviours derived from this immediate work or social community are internalized or at least generally operationalized by the individual actor. The cosmopolitan locus of analysis extends beyond the group and the organization. At this level, behaviour is shaped by normative systems that have the potential to operate within the organization but are generated and maintained externally (e.g. professional codes of ethics as opposed to organization-specific behavioural norms). The juxtaposition of ethical theory and locus of analysis results in a 3x3 matrix consisting of nine theoretically based ethical climates (Figure 1).

		LOCUS OF ANALYSIS		
		Individual	Local	Cosmopolitan
ETHICAL THEORY	<b>Egoism</b>	<i>Self-interest</i>	<i>Company Profit</i>	<i>Efficiency</i>
	<b>Benevolence</b>	<i>Friendship</i>	<i>Team Interests</i>	<i>Social Responsibility</i>
	<b>Principle</b>	<i>Personal Morality</i>	<i>Organizational Rules &amp; Procedures</i>	<i>Law &amp; Codes</i>

Figure 1: Victor and Cullen’s (1987, 1988) ethical climate matrix

Though Victor and Cullen's theoretical framework represents generic organizational climates, much of the empirical work has been done in the for-profit sector. While there has been limited research conducted in non-profit contexts, there has as yet been no published research based upon the public sector. Further, other than a study by Brower and Shrader (2000), there has been no inter-sectorial comparison of ethical climate. Based upon the implicit organizational goals of these three realms (i.e. for-profit, non-profit and government), one would expect variation in the perception of what is and what is not acceptable behaviour. For example, responsibility and commitment of the non-profit employee/volunteer and organization may lean more towards welfare of the client as opposed to the explicit commitment of the for-profit organization to the shareholder (e.g. Hansmann 1987; Carver 1990; Brower and Shrader 2000). Similarly in a governmental organization, the focus is upon the commonweal as opposed to individual clients or shareholders. Tait in his *Report of the Task Force on Public Service Values and Ethics* suggests that:

a professional public service implies three things: a body of knowledge, skills and expertise that those outside the profession are unlikely to possess; a set of values and attitudes that determine the culture of the profession; and a set of standards for both of these.

(2000: 23)

It is likely therefore that public service professionals will have a different ethical orientation from managers in the non-profit sector who have a different ethical orientation.

Our aim in this research is to explore ethical climate in the realm of non-profit and government organizations in order to assist policy makers in understanding the nature of ethical conduct in their organizational setting and how the differences might affect the implementation of public policy and the nature of the partnership arrangements between the two sectors (see Burns 1970; Tait 2000).

## METHOD

The method for this study involved a qualitative survey based on one-on-one, face-to-face, in-depth unstructured interviews conducted through a process of ethnographic interviewing by a single interviewer (Fontana and Frey 1994). This involved a selected sample of twenty-four mid-level managers from both the government ( $N = 12$ ) and non-profit sector ( $N = 12$ ) in the health and social services sectors in a single Canadian province. Participants were asked explicitly to agree or disagree with each of the nine statements posed by the interviewer and then to elaborate on their response. This method enabled the researchers to place responses easily into each of the nine categories (Figure 2). The interviews were approximately one hour in length, were audio-taped and transcribed verbatim.

All interview subjects were required to sign consent forms that guaranteed their anonymity and privacy. The sample was equally divided between men and women. Most

**EGOISM**

1) In this organization, people are mostly out for themselves? (**ego individual**)

Government: disagree (92%,  $N = 11$ )      Non-profit: disagree (73%,  $N = 9$ )

2) People are expected to do anything to further the organization's interests – to the exclusion of all else?  
(**ego local**)

Government: disagree (83%,  $N = 10$ )      Non-profit: disagree (92%,  $N = 10$ )

3) Is the most cost-effective way always the right way in your organization? (**ego cosmopolitan**)

Government: disagree (92%,  $N = 11$ )      Non-profit: disagree (73%,  $N = 9$ )

**BENEVOLENT**

4) In this organization, our major concern is what is right for the other person. (**benevolent individual**)

Government: agree (33%,  $N = 4$ )      Non-profit: agree (73%,  $N = 9$ )

5) What is best for everyone in your organization is the major concern here? (**benevolent local**)

Government: agree (25%,  $N = 3$ )      Non-profit: agree (83%,  $N = 10$ )

6) In this organization, it is always expected that people in the organization will do what is right for the public. (**benevolent cosmopolitan**)

Government: agree (92%,  $N = 11$ )      Non-profit: agree (66%,  $N = 8$ )

**PRINCIPLE**

7) In this organization people are expected to follow their own personal and moral beliefs?

(**principle individual**)

Government: agree (25%,  $N = 3$ )      Non-profit: agree (50%,  $N = 6$ )

8) Successful people in this organization go by the book? (**principle local**)

Government: disagree (83.3%,  $N = 10$ )      Non-profit: disagree (66%,  $N = 8$ )

9) In this organization people are expected to follow legal or professional standards strictly?

(**principle cosmopolitan**)

Government: agree (92%,  $N = 11$ )      Non-profit: agree (66%,  $N = 8$ )

**Figure 2: Interview questions and response statistics**

participants had college education or higher. The average age in our sample varied between 47 years of age in the government sector to 42 years of age in the non-profit sector.

**RESULTS AND DISCUSSION**

What became clear was that different perceptions of ethical climate exist and these differences point us in a very interesting direction. There are of course some predictable tensions between the two sectors that extend all the way through a list of issues. In the non-profit sector there were frustrations and cynicism about the way governments are off-loading services, knowing that the non-profit sector will be there to fill the gaps



and exploiting the caring values of these organizations. There was also a view expressed for more training for non-profit staff coupled with the need to have wages and benefits reach the level found in government. Equally strong were feelings around the issue of stable funding, so that programmes are no longer ad hoc and based on short-term programme funding that is reviewed by government on an annual basis and subject to easy termination. There is a strong sense in the non-profit sector that government has lost touch with the grass roots needs of the citizens its services. Thus in general a view was expressed that wanted to see the non-profit sector mirror the government delivery of services, but while retaining the caring values associated with the non-profit sector.

Government managers were also aware of the frustrations faced by the non-profit organizations, but felt that they had a much more important commitment to be accountable for taxpayers' dollars and this was a duty that was paramount to them as public servants. In this regard there was some resentment that government is seen as the big bad brother that is uncaring and uncooperative. Yet by-and-large there appears an awareness that it is still early in the emerging government/non-profit relationship and that there is much room for creativity and innovation in the partnerships with community and non-profit organizations. There is clearly awareness on the part of government managers that better ways should be found to make partnership agreements less cumbersome so that clients are indeed better served.

There were a number of generalized responses to various questions that brought to the surface differences on the issues of the role of rules, organizations, orientations and the nature of different ethical climates. From the responses to the nine statements it is possible to group the responses into our three ethical categories: egoism, benevolence and principle. We then observe how these ethical orientations conform to three different loci of analysis: the individual, the organizational and extra organizational. The following is a brief discussion of some of the differences we noted followed by an ethical climate matrix that offers a systematic presentation of these findings.

## Egoism

Respondents in both sectors displayed a lack of identification with ego or strong Machiavellian drives at either the individual level or the local (organizational) level. The comments were similar in both sectors as were the levels of intensity. The response to all three questions (see Figure 2) was typically 'Absolutely not', 'Totally disagree' and so on. Curiously only in the volunteer sector were individuals seen as being out for themselves. As one non-profit manager noted: 'If a person is going to volunteer they need to get something out of it. Whether it's satisfaction that they've helped somebody, whether it's something on a resume or something for a university or college class or high school class.'

Some differences in the reasons for their responses did show up at the cosmopolitan loci of analysis when managers were asked about the role cost-effectiveness played in decision making in their organization. Officials in governments and non-profit

organizations both disagreed in equal numbers with the statement that ‘the cost-effective way is always the right way’ and neither group was placed in this section of the final matrix. However, their reasons for the disagreements were very telling and deserve to be noted. There is a strong sense from government managers that they try and be cost-effective in the way they deliver their programmes but there are other factors that are important and that take precedent over cost-effectiveness. They are looking at issues such as the long-term effectiveness, how to maintain relationships and overall value for money over more than one budget cycle. Consistently they look at the survival of the system in the long term and rarely admit that cost-effectiveness was a leading criterion in decision making. In contrast respondents from the non-profit sector disagreed with the question just as much, but offered a major and very telling qualification. That is, while they disagreed in almost the same numbers that the cost-effective way is not always the right way they most often, out of sheer necessity, put cost-effectiveness at the very top of their agenda because they had no alternative. The non-profit sector clearly feels that it faces a much greater resources squeeze than the government sector – an impression shared by both parties. While non-profit managers would like to follow their public sector counterparts and not be obsessed with cost-effectiveness, they find that their yearly budgetary renewals depend on their ability to demonstrate this to government decision-makers. Once again, non-profit managers would ultimately like to mirror the behaviour of their government counterparts, but their perceptions of their current climates are clearly different.

### **Benevolent**

There was greater divergence in responses on questions about concerns for the ‘other’ or what is known as the benevolent ethical criteria. Government managers consistently suggested that in their environment there were always multiple stakeholders that had to be taken into consideration. In contrast, those in the non-profit sector tended exclusively to see the ‘other person’ as the client. There were also substantial differences in the area of ‘caring’ that really begin to point out potential value conflicts between the two sectors. The most obvious disagreements occurred at the level of benevolent cosmopolitanism when the question of doing right by way of the public was at issue. Those working directly for government universally acknowledge that doing right for the public was their primary concern. They often suggested that in their organization they ‘take the role of public service really seriously. We’re spending or we’re influencing two billion of taxpayers’ dollars so that’s the primary focus. People in this branch take that seriously.’ In opposition, and perhaps not that surprising, those in the non-profit sector tended to be much more client focused, characteristically arguing ‘I think we tend to do what’s best for our clients and the people we serve, rather than looking at the public as a whole.’

These contrasting views were present in most interviews and this is indeed predictable. Previous research suggests that the client-based concerns are to be expected

in the non-profit sector based on the underlying communitarian assumptions of this sector (Jeavons 1994). Likewise individuals who work in the non-profit sector tend not to be very organizationally focused (Agarwal and Malloy 1999). In the non-profit sector individuals are by definition and design more focused on the interests and needs of clients and their immediate colleagues. As such changing organizational dynamics might not be a useful means of altering the behaviour of these individuals to get greater conformity with government policy goals. In contrast, public servants appear oriented towards the larger values associated with the maintenance of social systems via serving the public interest.

Public servants who generally see their responsibility to the public in terms of following policies and procedures that in turn assure good service to clients and a protection and defence of the public interest further emphasize this dichotomy. In this regard, one government manager noted, 'it's important to have clear policies and procedures. We would expect that these policies and procedures would ensure good service or would contribute to it. Not ensure, but would contribute to good service and what's good for the client.' Thus even when a client focus was seen as being important and positive, this focus came from a duty to ensure fairness to all clients and to treat all clients in a similar manner. On the other hand within the non-profit sector it was often felt that:

[t]he culture, for example, is one where I might not ask for support in professional development activities because my colleagues and superiors might, maybe think that I shouldn't be taking money from the mouths of the poor. The whole focus is really client oriented.

This intense focus on the needs of the client is of course both a strength and a weakness of the non-profit sector but is clearly something that must be part of the ongoing dialogue between the two sectors as they shape their relationship.

## Principle

When the issue turns to ethical criteria based on principles or duty, once again we witness some notable differences. First, public servants strongly assert that the organization has priority over individual moral beliefs. For example, it was noted by one public service manager that: 'Often times there's a larger overriding perspective and if your moral beliefs don't correspond with that overall direction I think the expectation is that you put those aside in your work life.' Similarly, another public service manager noted that:

... in my programme with problem gambling you know I can have my own personal beliefs on whether gambling is good or bad but at the end of the day I don't ever get into debates about whether we should or shouldn't have gambling. That's not my job.

Even more forceful is the conviction that if your values conflict with those of the Government then you should leave your job: 'I think people could have personal prejudices or beliefs that may not be consistent with what policies or directions we want to take then they would have to follow those things or seek alternative employment in those cases.' The overall conclusion for those in government was made quite well by one official who notes that organizational values include:

things like inclusivity, transparency, consensus building – those are some of the important principles that we work with here in this department and probably, generally, you could say, in government. So it's within that framework that people have to assess the measure of their personal and moral beliefs against and if people don't want to work in that kind of environment then, maybe, they should work somewhere else.

These views are in strong contrast with the responses from the managers in the non-profit sector. One typical response from a non-profit manager was that he agreed because 'I think personal and moral beliefs walk hand in hand with what the objectives are here. The belief that people in conflict with the law can be rehabilitated.' While there is a sense that employees in the non-profit sector have some latitude with their own personal values they should not conflict with those of their clients.

Curiously both sets of respondents were not inclined to see themselves as individuals who strictly follow the 'book'. Public servants, while respectful of legal and professional responsibility, were not inclined to take this a step further and see themselves as being bureaucratic. Their answers tended to suggest most often that: 'Successful people in this branch are risk-takers and innovators' or 'Successful people are creative and flexible and aggressively seeking change'. This is sometimes seen as an individual virtue as when one public servant noted that: 'What we promote is innovation and encouraging new approaches, which means it might not be in "the book". But as long as you're not breaking the law or breaking legislation ... then we encourage looking for innovative approaches and solutions.' Yet even this desire to be creative and innovative is circumscribed by the observation that: 'We try and make sure we're treating people fairly and equitably. That's probably the closest we have to "the book".' This notion of fair and equitable treatment was never once mentioned by the managers working for the non-profit sector.

Those in the non-profit sector also did not believe in the 'book' but they use their flexibility in a much more client-focused manner. They are not abstractly 'seeking change' or trying to be 'risk takers' but rather they are trying to ensure that each client is treated separately. Thus a typical observation would be: 'We don't have a book. We add a chapter every day every time a new situation arises.' It was noted that '[t]here is a sense that the rules are really not something that can help the client and that you must constantly be open to "grey areas"'. Thus there is a sense in which managers in both sectors do not want to be seen as doing something 'by the book' but when they go beyond the book they are using the discretion implied by this for much different purposes. Public servants are pursuing an organizational mission and generally want to promote the goals of the organization or the public, whereas managers in the non-profit sector once again have a client focus.

Public servants generally expressed the belief that they expect people to follow strict legal and professional standards. There is a strong recognition of the environment of public service they operate in the sense that:

we have legislation that we need to abide by and we're answerable to courts. So we do need to follow and live within those guidelines ... It also fits in professionally with how we would view looking at people. It fits in with the social work profession as well.

However once again we noticed a contrast in the non-profit sector where they are clearly going to follow legal rules, but regard this as an imposition, as opposed to being a positive means of achieving accountability or transparency. It is in some sense the classic front-line worker response to gather discretion and use it in a variety of ways to both differentiate among clients and make scarce resources of time and money go their furthest. Yet clearly for non-profit managers serving the client sometimes means approaching a situation without the same concern for the implications for superiors within a hierarchy. Government managers however are always aware of political superiors who want both accountability for performance and accountability for process. Thus a regime of rules exists within government that are as much about ensuring that decision-makers are not surprised as they are about ensuring that citizens get all the services that they need. Those in the non-profit sector are clearly more interested in using discretion in a way that is more client focused than would be the case of public servants with client responsibilities, who are more inclined to use discretion in such a way that might benefit themselves or alternatively avoid embarrassing mistakes. Thus it is not surprising to find managers of non-profits who say: 'We abide by all the constraints of our contract, but meeting them, at times, we may be more creative and walk away from set policies and procedures to find ways to do it.' The attitude that rules are meant to be bent is not the attitude expressed by public servants in our sample. Rather they tend to see much more virtue in legal rules, which can even be equated with the public interest.

## **CONCLUSIONS: IMPLICATIONS FOR BUILDING PARTNERSHIPS**

Preliminary indications from our qualitative survey are that, as we might expect, noticeable differences exist in the ethical climates between the two sectors. There is more dominance of benevolent ethical criteria within the non-profit sector based upon the primary consideration for the well being of others; whereas in the government context the emphasis is on cosmopolitan sources of ethical reasoning that rely on abstract concepts such as the citizen, the public or the profession. As one non-profit sector manager put it: 'I think we tend to do what's best for our clients and the people we serve, rather than looking at the public as a whole.' This is in direct contrast to those in government where one manager noted, 'what is best for the people of this province is

the major concern here'. This contrast was repeated in almost all interviews, and showed up in nearly all of the responses to the various questions.

As noted in Figure 3, the kinds of ethical climates that our interviews have identified tend to be relatively incompatible and distinct and will produce differing kinds of ethical reasoning when faced with organizational dilemmas. As Victor and Cullen note: 'People who are benevolent tend to be less cognizant of laws or rules and may also be less amenable to argument employing rules or principles' (1988: 105). Thus those in a benevolent climate will use a teleological consideration of the well being of others as a dominant form of reasoning when they identify and solve conflicts. Those in a largely principled climate will rely on the application and interpretation of rules or laws as the dominant form of reasoning.

When we examine the matrix we can see that government dominates the organizational referent or locus of analysis described as cosmopolitan within two of the ethical criteria or theories. Thus ethical thinking in this sector appears to be greatly influenced by referents that are external to the individual and organization. Within this category, role definition is found in the social system external to the system in which the actor is embedded. Cosmopolitan sources of ethical reasoning tend to be abstract concepts generated outside organizations but used inside organizations as part of the institutionalized normative system. Government managers tended to focus on the system's interests and in ensuring the overall efficiency of the system, over and above the concern of the individual, organization or unit.

In contrast, non-profit managers expressed a concern at the individual level for the consideration of other people without reference to organizational membership and at the local level a greater consideration of the organizational collective (team-play, esprit de corps) than found in the government context. Within the principle criterion non-profit managers tended to have stronger beliefs that principles are to be self-chosen and the climate is to be guided by personal ethics whereas government managers did not regard such a view as legitimate. At the cosmopolitan level the source of principles is extra-organizational (the legal system or professional norms) and was strongly supported by government managers. In both the local and cosmopolitan climate one is guided by

		LOCUS OF ANALYSIS		
		Individual	Local	Cosmopolitan
ETHICAL CRITERIA	<b>Egoism</b>			
	<b>Benevolence</b>	<i>Non-profit</i> <i>Individual Caring</i>	<i>Non-profit</i> <i>Team Caring</i>	<i>Government</i> <i>Social Caring</i>
	<b>Principle</b>	<i>Non-profit</i> <i>Independence</i>		<i>Government</i> <i>Law &amp; Code</i>

**Figure 3: Ethical climate matrix (non-profit and government)**

sources of principles apart from the individual and, thus, without regard of one's personal ethical principles. Such a position is consistent with the public service value structure as this is commonly understood.

Such findings have implications for partnership agreements between the two sectors, particularly when seen in the light of previous research into the use of administrative discretion in the implementation of public policy. Much of this previous research suggests that public servants who actually deliver social services, the so-called 'street-level bureaucrats', display a variety of behaviours towards their clients. These behaviours are seen to range on a continuum from reluctant, to routine to extraordinary treatment representing fundamentally different levels of service. The more traditional street-level bureaucrat, the social worker or police officer, tend to determine who gets what kind of service on the basis of judgements about the worthiness that organizes the nature of the services that the individual client will receive. There are 'values switches' that turn of and on various levels of services (Scott 1997).

Much of the evidence in these interviews appears to point towards this general direction. That is to say, many managers of non-profit organizations feel that basic fairness and equity have little in common with traditional bureaucratic definitions of these terms, which demand that all citizens be treated the same and laws and policies be fairly implemented. Rather fairness, justice and equality in the non-profit sector appear to mean providing the client services based on their intrinsic worth. Yet it is important to note that the image of street-level bureaucrats who replace the rule of law with their own moral judgements and stereotypes is more complex than it first appears. Maynard-Moody and Leland argue that: 'Street-level definitions of "worthiness" involve a complex balancing of client needs, the ability to respond to services, and concern for husbanding of scarce resources' (1999: 115). Based on the interviews with managers in the non-profit sector it is apparent that we can and should expect the same kinds of behaviour from these delivery agents. That is, their client focus is likely to see them ignore more traditional bureau-critically imposed prescriptions of how to define client needs and choose definitions independently of those that public servants might be inclined to use.

If these differing ethical climates are present and do manifest themselves in different behaviours then as governments begin to establish more partnerships with non-profit organizations some thought should be devoted to considering these differences when agreements are established. The idea that the implementing agency, in this case non-profit organizations, will be unambiguously linked to the contracting agency in a hierarchical relationship is a bad premise to begin a partnership agreement. Such an approach reflects the preoccupations and value orientations of public sector managers, and is at odds with the views of non-profit managers. Non-profit managers see themselves as being closer to the source of the problem and as a consequence feel there should be a maximization of discretion at the point where the problem is most immediate. Finding a way of managing these differing ethical climates may not by itself overcome the dilemmas associated with contracting out the delivery of government services. However it may provide an avenue for better partnership agreements that recognize and

acknowledge the importance of ethical differences and how they can be used to improve the quality of democratic public administration and not hinder it.

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