Codes of ethics, disciplinary codes, and the effectiveness of anti-corruption frameworks: Evidence from civil servants in two Central and Eastern European countries

Abstract

We study the effectiveness of two commonplace administrative tools, disciplinary codes and codes of ethics, in terms of containing corruption. Based, in particular, on the literature on ethics in government, we propose that both tools may be effective and that they may interact to complement each other; substitute for each other; or undermine each other's operation. Using a unique survey of nearly 800 central government officials from Poland and Latvia, we uncover perceptual evidence of distinct patterns. In Poland, where the code of ethics strives to inspire officials to aspire to ethical standards, disciplinary and ethics code complement each other in terms of corruption containment. By contrast, in Latvia, where the code of ethics strives to regulate and sanction to prevent officials' unethical behaviour, disciplinary and ethics codes are ineffective anti-corruption tools in the views of our respondents. We conclude that disciplinary and ethics codes can both be effective and may be super-additively beneficial in combination but that the potential benefits hinge on the approach embedded in codes of ethics.

1   Introduction

The peoples of Central and Eastern Europe have believed for a long time that corruption, particularism, and disregard for the rule of law mare the politics and administration of their countries (Karklins 2005). Against this background, fuelled by advice and commentaries from international organizations, it is not surprising that corruption has become a major theme in the region. The European Union (EU) in particular has put the fight against corruption not just on the agenda of public discussions (Grigorescu 2006) but on the agenda of policy makers as well.

The EU has included the development of a professional, impartial administration with effective anti-corruption tools as part of the administrative capacity criterion, introduced

into the accession requirements after the Luxemburg summit in 1997. Though the beginning of an EU guide anti-corruption framework was slow to develop, disappointment with the performance of Bulgaria and Romania eventually pushed the EU into action, attaching anti-corruption requirements to the distributions of its funds (Vachudova 2009). To this day, the EU continues to evaluate its current and prospective Central and Eastern European member states, provide advice, and pose requirements in relation to the development of their anti-corruption frameworks.

Are the recommendations effective? The surprising answer is that we are not sure. We know surprisingly little about whether anti-corruption frameworks actually foster less corruption. We know equally little about which frameworks are effective in which circumstances. Existing studies tend to be case studies focused on how independent anti-corruption agencies can reduce corruption and particularism in their countries (e.g. de Speville 2010; Quah 2010). This approach, while valuable, is simultaneously too broad and too narrow. Theoretically, the approach is too narrow in its focus on agencies rather than even more commonplace anti-corruption tools such as disciplinary and ethics codes, ethics training, and ethical leadership. Empirically, the agency approach is too broad in its focus on entire countries. Theories of how anti-corruption tools work, as we shall see, are not focused on the country level but at the level of the individual, making empirical analyses at the country level somewhat awkward approximate tests (Treisman 2007, 222). Awkwardness aside, the conclusions of country level studies may be erroneous at the individual level (Gingerich 2013).

In this paper, we provide an evaluation that strives to solve these problems. We contribute to the literature in two ways. First, we change focus from organizationally independent anti-corruption agencies to two commonplace anti-corruption tools: disciplinary codes and codes of ethics. Second, we provide an empirical analysis using individual-level survey data of ministerial officials in two former communist countries: Latvia, and Poland.

To understand how disciplinary and ethics codes may help contain corruption, we draw on a sizable literature on the consequences of these types of tools for ethical decision-

making, employee performance, and unethical behaviour. We test whether public officials in our sample link the use of disciplinary and ethics codes to corruption. In gist, disciplinary codes function by requiring compliance on threat of punishment. Ethics codes are different in different systems. In some systems, ethics codes (operational codes of ethics) have a heavy compliance component as well. In other systems, ethics codes (aspirational codes of ethics) are guidelines, essentially appealling to the better nature of public employees. We argue that the distinction between operational and aspirational codes of ethics is central to how well codes of ethics work as anti-corruption tools, and to how codes of ethics and disciplinary codes interact.

In addition to examining disciplinary codes and both types of ethics codes we examine whether disciplinary and ethics codes complement each other; substitute for each other; or, inspired by the literature on motivation crowding (Le Grand 2003; Frey and Jegen 2001), might undermine each other (a proposition suggested, but not tested, in a corruption context by Six and Lawton 2013). Our contribution in this respect is to examine corruption as a special case of unethical behaviour in a setting, Central and Eastern Europe, that still has not been examined much (for exceptions see Palidauskaite et al. 2010; Stevulak and Brown 2011; Stewart et al 1997). The thrust of our contribution, however, is to provide evidence for researchers and policy makers with an interest in corruption, impartial administration, and the rule of law.

We uncover a pattern that reflects the relation between disciplinary codes and different types of ethical codes. In the views of our respondents, disciplinary codes and aspirational codes of ethics support each other in the struggle against corruption whereas disciplinary codes and operational codes of ethics do not.

We proceed as follows. In section 2, we outline existing findings related to both corruption and unethical decision-making and propose our hypotheses. In section 3, we discuss methods and data, in particular our survey of public officials. In section 4, we present our results and a few notes of caution related to their interpretation. Finally, we conclude in section 5 with a few recommendations to both future scholarship and policy makers.

2 Regulation, ethics, and corruption

This section develops our hypotheses. To no-one's surprise, we hypothesise that, for our respondents, the use of disciplinary and ethics codes is negatively associated with corruption. From the perspective of the corruption and anti-corruption literatures, the interesting side of our discussion leading up to these hypotheses is their theoretical foundation. Because the study of corruption took off in a big way in development studies, much of the literature is interested in not just the tools but also the theories of cross-national comparative politics. This focus may be justified but it means that the literature has tended to overlook theories and findings from public administration, public management, and business ethics (there are obviously exceptions to this rule, e.g. Garcia-Sanchez et al. 2011; Klitgaard 1988; Kwon 2014; Neshkova and Kostadinova 2012; Rubin and Whitfort 2008). This means that, even though the hypotheses are perhaps not novel to students of anti-corruption tools, the way we get to them may be enlightening.

In addition to testing whether the individual tools seem to work as intended in the view of our respondents, we expand our examination to studying the interaction among tools. Specifically, we examine how disciplinary codes and operational and aspirational codes of ethics may complement, substitute, or undermine each other.

2.1 Perspectives on anti-corruption tools

The literature on government ethics typically divide tools into two groups according to whether they compel or entice public employees either to ethical action or to avoid unethical action. On the one hand, compliance tools focus on making public officials aware of the wrongs and rights of their maintaining their tasks, and potentially punish those who transgress on these standards. On the other hand, integrity tools focus on how example setting, ethics training, and leadership can entice officials to behave ethically (e.g. Menzel 2015; Maesshalck 2005). There is relatively convincing evidence that ethical leadership matters for employee behaviour in a US context (Hassan et al. 2014) but our focus is on compliance tools, in particular disciplinary codes and codes of ethics.

This focus, in part, has to do with our study's geography. Stevulak and Brown (2011) argue that former Soviet republics are prone to use compliance tools as the core of their ethics frameworks and, unfortunately, that these tools do not appear to be effective on their own. However, aside from only one of them (Latvia) having been a part of the Soviet Union, the social and institutional setting of the countries we study differs from those studied by Stevulak and Brown (2011). In his study of the Kazakh civil service, for instance, Emrich-Bakenova (2009) argues that traditional social structures and clientelistic networks entirely permeate and undermine the formal institutional setup. While these phenomena are not unknown in the countries included in this study, their comparatively higher level of social, political, and economic development could mean that the effective application of compliance tools is more feasible.

2.2   Disciplinary codes

The reason disciplinary procedures are believed to reduce the extent of unwanted behaviour is simple: If rules regulate against a type of behaviour and enforced sanctions are applied to violators, the unwanted behaviour becomes less attractive to employees. This approach certainly does seem to work at times. For example, Klitgaard (1988, chapter 3) discusses how increasing oversight and effective penalties for employees engaging in corruption, nepotism, and other incursions on standards of impartial government reduced the prevalence of such practises in the Philippine internal revenue service. Importantly, Klitgaard notes that the policies of service director Justice Plana worked not merely because they helped rid the organisation of the corruption and particularistic. Instead, effective implementation of punitive measures showed employees not directly affected by interventions that the service's leadership was serious in the fight against particularism and hence deterred unwanted behaviour.

However, punitive measures may not suffice. As Menzel (2012, 38) writes, "[t]here is precious little empirical evidence that ethics laws, ordinances or boards have given us good government." Policy makers and managers, at least in some organisations, seem to be aware of this and have attempted to change ethics systems accordingly. For instance,

as Beeri et al. (2013, 60) note, the American Federal Guidelines for Organizations was shifted in 2004 toward a less raw compliance-based approach to one that require the inclusion of "softer" ethics tools to avoid organizations designing their ethics policies to meet minimum, rather than appropriate, standards.

In spite of these developments, the punitive compliance approach remains popular. A fifth of American managers surveyed by Bowman and Knox (2008, 629) reported that organizations have a "blame/punishment approach" to ethical issues, while half report that organizations have no consistent approach to such issues. In former communist countries, as noted, Stevulak and Brown (2011) have argued that compliance-based approach find a particularly eager audience and wide application.

While punitive measures are unlikely to deter unethical behaviour completely, the compliance approach may still have some truth to it. Trevino et al. (1999, 138, 143) report that compliance-based programmes and punitive measures correlate positively with desirable outcomes in their sample of employees from large American cooperations, though their findings indicate that reward for ethical behaviour seems to work better than sanctions for unethical behaviour. Since we are still short on evidence whether punitive tools such as disciplinary codes are effective tools to achieve impartial and honest behaviour in a public sector setting, not to mention the context of developing and former communist countries, we include an examination of disciplinary codes in our analyses and examine the following hypothesis:

> **H1**: The more respondents see disciplinary codes being in active use, the less
> they see corruption

In other words, we expect our respondents' answers to reflect the connection that Klitgaard (1988) saw in the Philippine revenue service. It is important to note, however, that disciplinary codes are not applied even across organisations in an administrative system. Managers are ultimately responsible for applying the code and its sanctions, and not all managers do so equally. Some will view disciplinary codes as an unwanted obstacle separating them from their employees, others will wilfully protect select employees from sanctions, and others still will simply not want to go through the trouble of applying

disciplinary sanctions. What motivates these choices is immaterial to our purposes. We simply note that disciplinary codes will vary in the severity and thoroughness of their implementation and application. Therefore, we examine our hypotheses, including H1, using individuals as the unit of analysis.

2.3 Codes of ethics

Considering our discussion until now, it is pertinent to reiterate an important distinction. Ethics codes come in two forms. Operational codes of ethics have in-built enforcement mechanisms and can act as punitive tools, deterring employees from unwanted behaviour. The consequence of these codes we can understand with the arguments we have already proposed in relation to disciplinary codes. Aspirational codes of ethics, on the other hand, require a separate set of arguments to be appreciated. These codes provide guidelines for proper conduct and outline some duties and obligations officials ought to obey but they do not include enforcement mechanisms. Instead, as the name suggests, employees are expected to aspire to the behaviour described in the codes on their own accord or with help from training, seminars, and workshops.

Aspirational codes of ethics rest on the assumption that the attention of employees can be steered, and ignorance of the right course of action avoided, by presenting employees with information. The motivational assumption is two-fold. First, public officials are genuinely public spirited and capable of high-level moral reasoning. Second, limitations on resources may compel or force public officials to make decisions on a basis that does not always include the ethical reflection of which they are capable. Ethics codes may then help raise expectations of employee ethical behaviour and steer employees' limited search among viable choice alternatives that their resources afford them toward ethically sound decision-making by clarifying what such decision-making entails and internalizing ethically sound values (Beeri et al. 2013; Trevino et al. 1999; see also Bazerman and Tenbrunsel 2011).

The first of these two assumptions seems plausible. At least previous studies, also in an Central and Eastern European context, have found public officials to be capable of

higher-level moral reasoning and to possess values associated with ethical decision-making (Stewart et al. 1997).

The second assumption also seems plausible based on findings in the existing literature. In the American context, Bowman and Knox (2008) suggest that the ASPA code of ethics affects administrative practice but also that more than 80 per cent of the managers they survey report that further ethics training would improve compliance with ethics standards (2008, 630). Beeri et al (2013) find using a panel of Israeli regional council employees that an implemented ethics programme had consequences for both employee beliefs and behaviour. More closely related to corruption, McKinney and Moore (2008) find using a vignette design that employees in American firms with implemented codes of ethics are significantly less likely to view international bribery as acceptable.

Like disciplinary codes, ethics codes are likely to be implemented somewhat unevenly across sectors, levels of the hierarchy, and organizations. In addition, employees may simply not be aware that a code of ethics is in effect at their place of work or what this would entail for their behaviour. Much of the intended consequence of codes of ethics is likely to be for naught, even if a code is in force, if employees do not know about it or do not understand it. Hence, though Garcia-Sanchez et al.'s (2011) study finds no statistically significant correlation between adopted codes of ethics and corruption in their global cross-country comparison, we ought not to leave the topic. Adoption is not how codes of ethics come to life and work, if they do work.

Considering the aforementioned emphasis on disciplinary tools in former communist countries, the application and effectiveness of codes of ethics where they are applied merits much further examination. As one step in this direction, we propose the following hypothesis:

> **H2**: The more respondents see codes of ethics being in active use, the less they see corruption

Our theorising does not end here. In the next subsection, we consider how disciplinary and ethics codes interact and support or undermine each others' functioning.

2.4   Complements, substitutes, and ethical crowding

Based on existing literature, the interaction between disciplinary and ethical codes could plausibly take three forms. First, disciplinary codes could complement aspirational ethics codes, meaning one supports and augments the consequences of the other for employee decision making. Second, disciplinary codes could substitute for operational codes of ethics, meaning one prevents some of the consequences of the other. Finally, disciplinary codes could crowd out the consequences of aspirational codes of ethics. Let us treat each possibility in turn.

Consider first complementarity. The standard view in the ethics literature appears to be that both operational and aspirational codes are important elements of an overall ethics framework (e.g. Meine and Dunn 2013; Trevino et al. 1999). Operational codes of ethics have much the same function as disciplinary codes, containing standards of behaviour subject to sanctions on transgression. Given this, it is tempting to argue that it is the combination of disciplinary and aspirational codes of ethics in particular that has super-additive effects.

Disciplinary tools are sometimes argued to be the "low road" to building ethics management systems (e.g. Menzel 2012, chapter 2). Disciplinary codes give employees red lines that they cannot cross. However, given that regulation cannot possibly address every possible instance precisely, it becomes possible to "game the system" and engage in behaviours that are unethical, particularistic, or corrupt without ever transgressing on the precise rules contained in regulation.

With an aspirational code of ethics, however, the aim is to make employees adhere to ethical principles rather than rules. The rules contained in disciplinary codes, to the ethically aspiring, may become lighthouses that they steer clear of instead of going to the limit of what they permit. On this background, we examine the following hypothesis:

> **H3**: The more respondents see aspirational codes of ethics in use, the stronger the association between their perception of disciplinary codes and corruption

Next, consider how disciplinary and operational ethics codes can be substitutes. The logic is straightforward but easy to overlook. Essentially, operational codes of ethics and disciplinary codes both aim at doing the same thing. While obviously not always containing prohibitions against the same types of behaviour, the two types of codes are both attempting to prohibit public officials from transgressing on ethical standards. To the extent that the types of behaviours prohibited in the two types of codes are similar, disciplinary codes and ethics codes may substitute one another.

This is not necessarily bad news. On the one hand, the prohibited behaviour may well be prevented by one code or another even if the consequences of one type of codes decreases in scale the more forcefully the other type of code is applied. There is an argument for redundancy and institutional fail-safes in designing government (Bednar 2009; Egeberg 2003, 123). On the other hand, however, one could argue that overlapping scope is not an efficient way of steering employee behaviour and that a multiplicity of codes aiming at preventing unethical behaviour may be costly and inefficient (Anechiarico and Jacobs 1996).

Based on the substitution perspective, we examine our fourth hypothesis:

> **H4**: The more respondents see operational codes of ethics in use, the weaker the association between their perception of disciplinary codes and corruption

Finally, consider how the use of disciplinary codes may crowd out the consequences of aspirational ethics codes. This theoretically interesting proposition is akin to crowding theories in the study of motivation and public policy (Frey and Jeger 2001, Le Grand 2003). Like aspirational codes of ethics, what we might call ethical crowding assumes public officials are, or at least can be, genuinely public spirited. Like operational codes of ethics, crowding assumes that public officials are responsive to incentives and can be deterred from unwanted behaviour via punitive means.

However, the core of the crowding proposition is that the means for achieving deterrence may undermine the genuine public spiritedness of public officials who feel they

10

are controlled and monitored (Six and Lawson 2013). If integrity management takes the "low road" (Menzel 2012, chapter 2), relying on compliance, oversight, sanctions, and deterrence, employees may react by overemphasising compliance and take actions based on whether they are explicitly prohibited or not rather than whether they are ethical. Bazerman and Tenbrunsel make this point succinctly: "Suddenly, instead of thinking about doing the right thing, employees focus on calculating the costs and benefits of compliance versus noncompliance-and about trying to outsmart the system" (Bazerman and Tenbrunsel 2011, 113).

This is a plausible proposition. At least, crowding effects seem visible when officials place emphasis on the different values embedded in their tasks. For instance, Berman and West (2012), in their study of public and private values among Special District managers in the United States, argue and show that, although commitment to public and business-like values can crowd out public ones "when commitment to the latter is modest" (2012, 45).

The crowding perspective would lead us to expect that the consequences of aspirational codes of ethics are dimmed by the implementation of harsh punitive tools such as disciplinary codes. Where discipline is strictly enforced, aspirations are crowded out. This leads us to our fifth and final hypothesis which directly contradicts the complementarity hypothesis we proposed above (i.e. H3):

> **H5**: The more respondents see aspirational codes of ethics in use, the weaker the association between their perception of disciplinary codes and corruption

Armed with these five hypotheses we are ready to approach our data. To test them we need measures of how ferociously disciplinary codes and codes of ethics are implemented in two settings: one where the ethics code is aspirational and one where it is operational. In the next section, we present our data and how the Polish and Latvian contexts allow us to examine these two types of settings.

3   Data and methods

We proceed with the presentation of data and methods in three steps. First, we outline the Polish and Latvian codes of ethics to argue why studying public officials in these two countries permit us to differentiate between settings where the adopted code of ethics is primarily aspirational (Poland) and where it has a substantial operational element (Latvia). Second, we discuss measures of the implementation of disciplinary and ethics codes, corruption, and adherence to the rule of law as assessed by individual respondents in Polish and Latvian ministries. Third, we discuss estimation and outline our statistical models.

Our reason for studying Poland and Latvia, aside from us having an opportunity to do so in practical terms, is that the ethics codes adopted by the two countries' governments vary in their aims. Both codes stress impartiality and the rule of law as core values of the civil service (see Palidauskaite 2006) but the emphasis and, importantly for our purposes, the tools used to achieve the codes' aims, differ across the two countries.

The Latvian Principles of Ethical Behaviour for Civil Servants aims to guide and regulate the behaviour of civil servants. In its National Integrity System report, Transparency International-Delna (2011, 82) notes that some ministries, agencies, and other public bodies have additional codes of conduct besides the Principles. The enforcement mechanisms of some of these internal codes are rather weak, according to former chief of the Latvian anti-corruption bureau Aleksejs Loskustovs (2006). Nevertheless, the overarching framework has a substantial element of compliance built into it and includes monitoring and enforcement mechanisms (see Palidauskaite 2006).

By contrast, the Polish Civil Service Code of Ethics aims to inspire and guide rather than regulate the behaviour of civil servants. This code does not include enforcement mechanisms (see Palidauskaite 2006) though, when asked by the Group of States Against Corruption evaluation team, Polish authorities explained that "any flagrant infringement on the Code, being a violation of the provisions of the Act [on the Civil Service] at the same time" (GRECO 2003, 12) could lead to the imposition of sanctions. Whether this is true or not is, for our purposes, beside the point. The Polish Code serves an aspirational

purpose first and, contrary to the Latvian system, does not come with its own set of potential sanctions on transgressors.

In sum, it seems fair to categorise the Polish approach to codes of ethics as aspirational and the Latvian approach as more operational. As we will show below, this distinction does make a difference in the relationships we find between our measures of corruption, adherence to the rule of law, and application of disciplinary and ethics codes, all of which we turn to next.

3.1   The survey

We sent an online survey to ministerial employees in Poland and Latvia in order to get individualised views on all of our core concepts. As noted in the previous section, the implementation and application of both disciplinary and ethics codes varies not only within countries but also within institutions, hence gathering information at the individual level is worthwhile. The surveys were distributed by the central civil service departments (located in the Prime Minister's Office in Poland and in the State Chancellery in Latvia) together with an explanation to the heads of personnel offices of central government ministries. They then distributed the survey invitations to all employees of the ministerial structure. This means that we cannot know the precise response rate or know for sure that our sample is representative. However, available statistics from the Polish government does suggest that at least the Polish sample is roughly representative. WE NEED MORE TEXT HERE. WHAT DOES THE DATA SHOW?

Obviously, for issues such as corruption, social desirability bias is a concern. For this reason, we do not ask respondents whether they themselves have been the recipient of a corrupt transaction. Instead, as is common in research on corruption among firms, for instance in the surveys distributed by the EBRD, we asked indirectly. Specifically, we ask respondents to evaluate their workplace on the assumption that by doing so we receive replies related to their immediate environment, including themselves.

Had our aim been to examine behaviour of the public officials we surveyed, this would have been a weakness. However, we set out to study whether we can make the

hypothesised connections in employees' attitudes. While this may not be as exciting as relying on individual behavioural measures, we are satisfied that perception-based measures, which are ubiquitous in the study of good government, at least speak to the theoretical propositions we have outlined.

To measure employee perceptions of corruption, then, we use an item from the survey asking respondents to agree or disagree on a five-point Likert scale with the following statement: "In the past 12 months, there have been rumours of kickbacks in my ministry."

To measure employee perceptions of the application of disciplinary and ethics codes, we use two items from the survey, scaled as the corruption item. For disciplinary codes, we ask: "My ministry applies a clearly defined disciplinary code." Finally, for codes of ethics we ask: "My ministry applies a code of conduct, which provides clear guidance on how officials behave with integrity."

In all models, we include the following variables in control functions. We include in the estimations a variable measuring the degree to which respondents view recruitment in the organisation to be based on merit. We do this in an attempt to separate the consequences recruitment of ethically minded personnel, and the potential subsequent development of an ethical ethos in government, from those of disciplinary and ethics codes (Menzel 2012, chapter 2; Menzel 2015, 351), on the assumption, that employing the best and brightest also entails recruiting people with personal values. In addition, we include as control variables respondents' gender, age (measured in bands), tenure in public administration (measured in bands), and education (a dichotomy indicating whether the respondent has a masters' degree or equivalent). Since we are not substantively interested in these variables, we report the estimates related to them in the appendix only (tables 2-3). In the main text of our results section, we graphically report the results of our evaluation of H1-5 only.

Clearly, our data is not perfect. One additional concern is prudent to discuss: all our measures come from the same survey, which leads to a risk of common source bias. Given the nature of our data, there is not much we can do to mitigate this concern. This means that the linear estimates in our non-interactive models at least should be interpreted with

some caution. However, this need not be true of our interactive models. In a recent paper, Jacobsen and Jensen (2015) show by comparing survey data with administrative data for the same individuals that interaction terms may be unaffected by common source bias even if their base variables are affected. Hence, while our results do need to be read with a certain level of caution, at least our conclusions on our interactive hypotheses (H3-5) should be reasonably consistent in spite of common source bias.

Table 1: Descriptive statistics

	Poland				
Statistic	N	Mean	St. Dev.	Min	Max
Kickbacks	581	1.833	0.854	1	5
Code of ethics	747	3.564	0.927	1	5
Disciplinary code	739	3.631	0.894	1	5
Merit recruitment	914	3.598	1.046	1	5
Gender	1,147	0.576	0.494	0	1
University education	1,082	0.929	0.257	0	1
	Latvia				
Statistic	N	Mean	St. Dev.	Min	Max
Kickbacks	368	1.883	0.815	1	5
Code of ethics	433	4.014	0.726	1	5
Disciplinary code	431	3.782	0.771	1	5
Merit recruitment	524	3.786	0.881	1	5
Gender	639	0.761	0.427	0	1
University education	603	0.673	0.469	0	1

Table 1 displays descriptive statistics for our Polish and Latvian sample. As the table shows, fewer respondents provided valid responses for our kickbacks variable than for our other variables. A relatively large number of respondents either did not respond or chose the provided "don't know" option. This is potentially a cause for concern. If non-response correlates with either independent or dependent variables, the analysis may provide us with biased estimates. We examined this problem statistically and arrived at findings that are qualitatively similar to the ones we report.[1] How we derive the estimates we

---

[1]Specifically, we estimated two sets of models. First, we estimated our models using multiple imputation with our independent, dependent, and control variables in the imputation model to examine consequences of correlation between values of our independent variables and nonresponse. Second, we estimated our models as Heckman selection models to examine consequences of correlation between values of our dependent variables and nonresponse. In both instances, results were qualitatively similar to the ones we report.

report is the subject of the ensuing subsection.

3.2 Estimation

To test our hypotheses we proceed in two steps. First, we estimate separate equations for respondents in each of our two countries, testing to see if we find a correlation between corruption on the one hand and disciplinary codes and ethics codes on the other. A negative association between our respondents perceptions of disciplinary codes and corruption supports H1. A negative association between codes of ethics and corruption supports H2. Second, we include an interaction term in these two equations. Our expectations from this term varies by hypothesis as follows.

If H3 is true, we should expect this term to be negative in the Polish sample since we expect the aspirational code of ethics to supplement the disciplinary code and increase its effectiveness as an anti-corruption tool. We do not expect a similar association in the Latvian sample based on H3.

If H4 is true, we should expect the interaction term to be positive in Latvia, since the operational Latvian code of ethics is expected to act as a substitute for the disciplinary code. We expect the combination of the two codes to decrease the effectiveness of either as both are striving to do the same thing with the same tools. Based on H4, we do not expect a similar interaction in the Polish sample.

Finally, if H5 is true, we should expect the interaction term to be negative in Poland, since the we expect the consequences of the aspirational code of ethics to be crowded out the more harshly the more operationally oriented disciplinary codes are implemented. Since we expect the Latvian operational code of ethics to not establish the same ethical aspirations in among employees as its aspirational Polish counterpart, we do not expect a negative interaction term based on H5 (recall, however, that we do expect this based on H3). Table 2 sums up our expectations, highlighting our expectations for the base associations between our respondents perceptions of disciplinary codes, ethics codes, and corruption on the one hand, and their interaction on the other.

16

Table 2: Summary of expectations

|	Hypothesis	Base coefficient	Interaction term
H1	Disciplinary codes	Negative	
H2	Codes of ethics	Negative	
H3	Complementing codes		Negative (Poland)
H4	Substituting codes		Positive (Latvia)
H5	Crowding codes		Positive (Poland)

We estimate all models using separate OLS regression in each country. Since we examine only two countries and since we are interested in how estimates vary by country we do not implement a hierarchical model. We tried estimating models fixing the estimates of the control variables across the two countries while letting our key variable estimates vary between countries. However, the results were similar to those we report in the subsequent section.

4 Results

In this section, we report results from our models. Figure 1 shows the estimates of our key variables in models without (displayed using triangles) and with (displayed using circles) interaction terms. In the models without interactions, no estimates are statistically significant, against the expectation of H1 and H2. However, if H3, H4, or H5 is true these models are inappropriate since they omit the heterogeneity the interaction term models.

Once we include interaction terms, we uncover a small, positive, and statistically significant interaction term in the Polish, but not the Latvian, sample. This finding is incongruent with H5. In other words, we find no evidence of ethical crowding in our respondents' perceptions. However, as we illustrate in figure 2, the negative sign of the interaction term is consistent with H3. In substantive terms, in our Polish respondents' perceptions, the association between the use of disciplinary codes and rumours of kickbacks is stronger the more the (aspirational) code of ethics is used. That is, appeals and threats appear to support each other. As figure 2 shows, however, in our respondents' perception, ethics codes need to be forcefully in use before disciplinary codes are effective

Figure 1: Estimated coefficients for our key variables by country
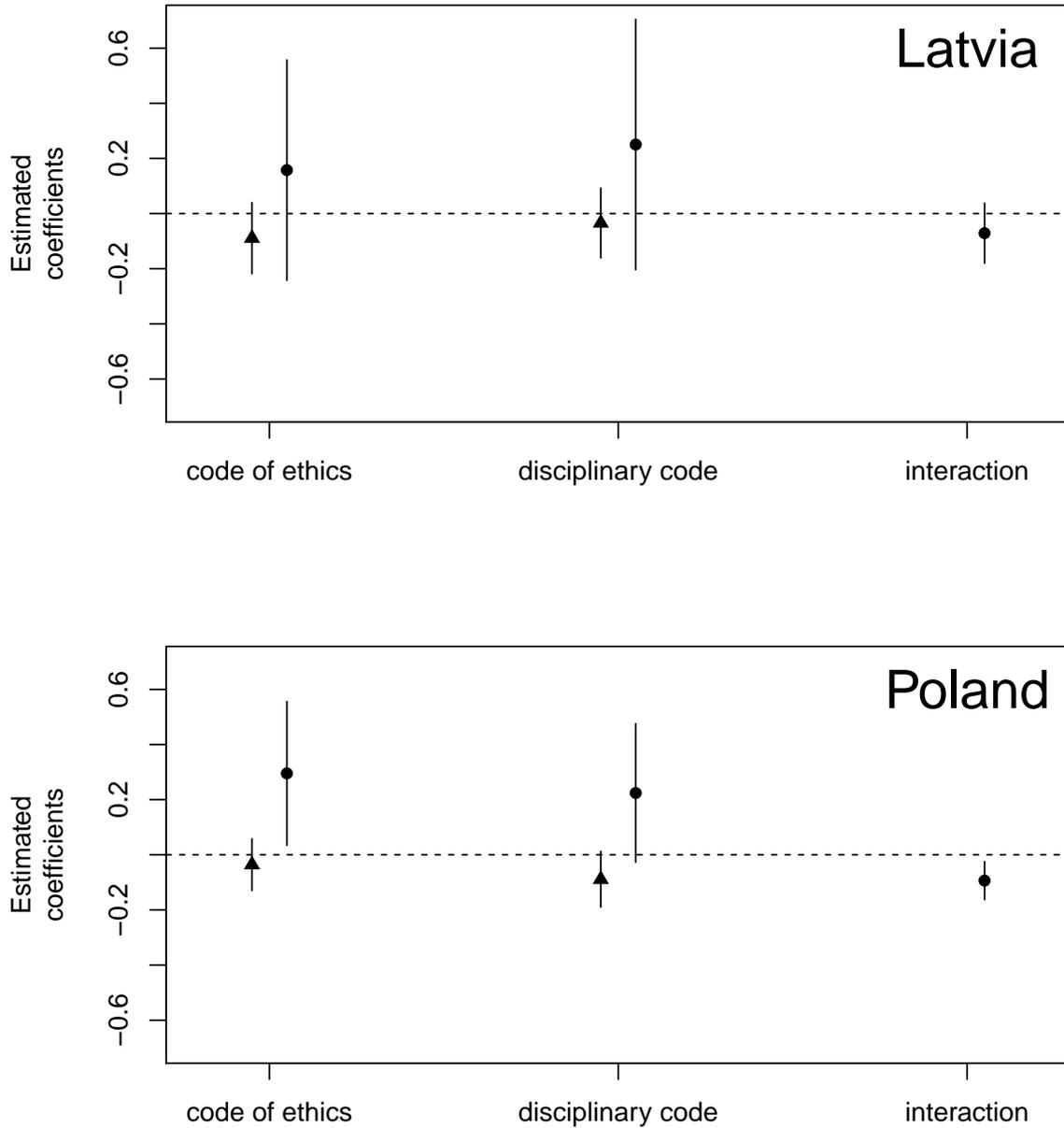
Note: 95 per cent confidence intervals. All models include merit recruitment, gender, age, seniority, and university education as control varaibles. See the appendix for the estimates.

Figure 2: Poland's aspirational code of ethics, disciplinary code, and perceived prevalence of kickbacks
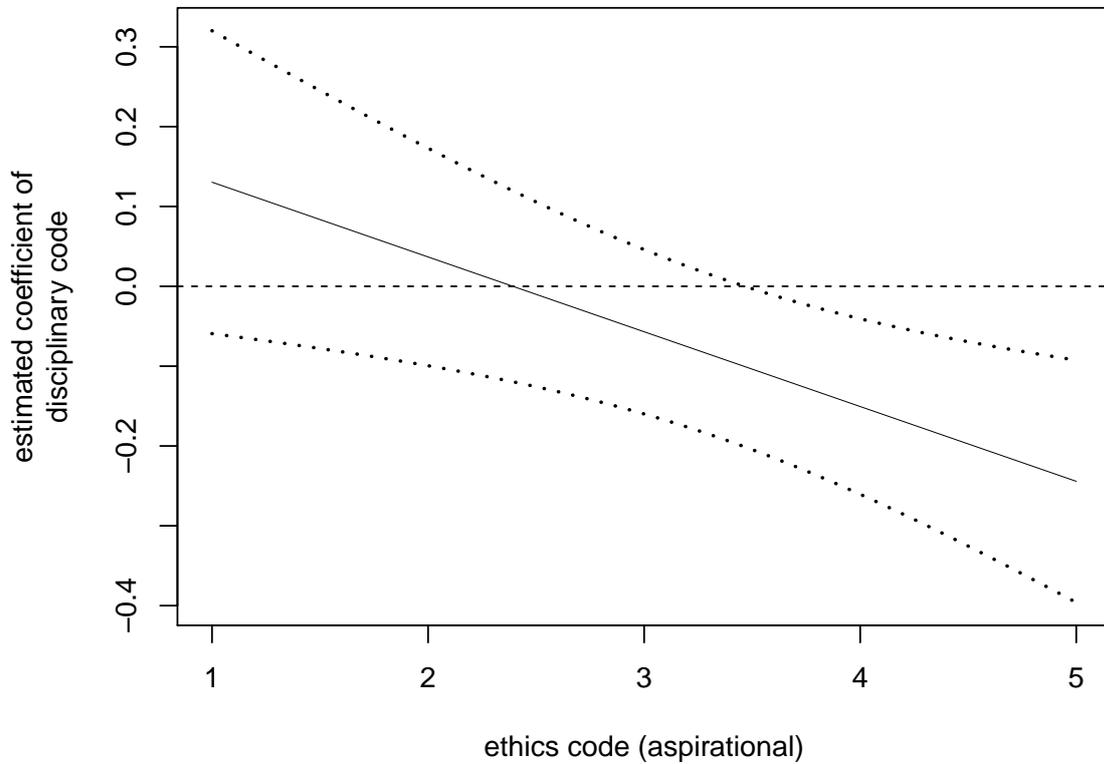
against corruption.

Hence, the data provides little support for our hypotheses. First, in neither the Polish nor the Latvian sample do we find support for H1 and H2. Thus, if we do not take the interaction of multiple tools in the anti-corruption framework into account, it appears as though, to our respondents at least, no tools are effective. This in itself is an important insight, which speaks directly to existing prescriptions in academic and practitioner circles thinking of anti-corruption frameworks in terms of configurations (Lawton and Six 2015), pillars (XXX), or integrity systems (Transparency International, XXX). Stated succinctly, corruption needs to be attacked from multiple sides using multiple tools at once.

Second, among our interaction hypotheses (H3-5), we found support for complementarity but not for substitution or ethical crowding. From a practical standpoint, this is good news in at least two respects. (1) stuff works (2) stuff does not get in its own way.

We can only speculate why we observe these differences between our kickbacks and

rule of law models. Comparing figures 2 and 3 we note that the non-interactive pattern in the Polish sample is the result of a homogenous, positive, and statistically significant correlation between our respondents views of their disciplinary and aspirational ethics codes and adherence to the rule of law. This is not the case in our kickbacks model, even the non-interactive one. Hence, it appears that Poland's disciplinary code is positively associated with the rule of law even where managers do not forcefully implement the aspirational code of ethics. This may explain the difference between our kickbacks and rule of law models for Poland.

This finding could relate to the nature of corruption vis-a-vis the rule of law. While transgressions on the rule of law may be beneficial in some way to the perpetrator, corruption is, at least intended to be, beneficial to the perpetrator by definition. From an instrumental perspective, this would mean that employees will have personal, even pecuniary, gains to have from corruption. Consequently, they may target grey areas for the gain if they are not convinced to aspire differently. In accordance with our expectations, the heterogeneity in the association between corruption and Poland's code of ethics could be the result of employees gaming the integrity system for private gain. For the rule of law, however, since personal gain from transgressions is perhaps less frequent and more ambiguous, there is less personal or pecuniary reason on part of the individual employee to game the system. This could mean that the low road can be effective. Though using disciplinary and aspirational tools in unison would still result in more adherence to the rule of law, this argument would not imply superadditive effects. While we cannot claim to have shown this, the interpretation is consistent with our findings.

Concerning the differences across models in the Latvian sample, we cannot speculate much. Our corruption models for this sample does not indicate that our respondents view either the disciplinary or the ethics code as effective, nor that their statistical association with corruption is contingent on each other. Leaving statistical significance aside for a moment, the signs of the estimated coefficients show the same pattern we observe for the rule of law, consistent with H4. It is possible that this pattern attains significance for the rule of law because the Latvian integrity management system is better suited to foster the rule of law than to combat corruption. However, we hesitate to make any conclusions

based on these estimates.

What the differences in results between our corruption and rule of law models reveal is that unethical behaviour is not a single phenomenon. Adherence to the rule of law and abstention from corrupt behaviour are both ethically correct but the processes that are the bases of employee decisions to transgress on them do not have to be the same. Using existing theorising, we can derive sensible propositions about how disciplinary and ethics codes work and have some resonance with our data. However, our results suggest an unanticipated refinement, especially with respect to consider different types of unethical behaviour on their own terms.

5   Conclusion

In this paper, we have presented the results of a two-country study of disciplinary codes and codes of ethics. We set out to examine whether these codes may influence corruption and adherence to the rule of law seen from the perspective of individual civil servants. The central parameters in our argument have been the stringency with which managers implement disciplinary codes and codes of ethics in our respondents' place of work. In addition, we proposed that the distinction between operational and aspirational codes of ethics is important for how disciplinary and ethics codes interact.

Based on existing work in the public integrity and management literatures, we proposed that both disciplinary and ethics codes can help contain corruption and foster adherence to the rule of law. Moreover, we proposed three hypotheses on how disciplinary and ethics codes interact. Specifically, we propose that operational codes of ethics may substitute for disciplinary codes, and that aspirational codes of ethics may either support the operation of disciplinary codes or that disciplinary codes, if implemented too harshly, may undermine the goals of aspirational codes of ethics.

These hypotheses find mixed support in our data. First, without considering their interaction disciplinary and ethics codes could help foster the rule of law but we find little evidence that they are linearly associated with corruption. Second, in Poland where

the code of ethic's ambition is chiefly aspirational our data suggests that punitive and aspirational approaches may support each other in the fight against corruption but not in fostering the rule of law. Third, in Latvia where the code of ethics relies on punitive tools, we find evidence that disciplinary and ethics codes may substitute for each other, though this pattern is not strong, or significant, for corruption.

These findings are significant in at least two ways. First, contrary to existing country-level studies (e.g. Rubin and Whitford 2008; Garcia-Sanchez 2011) our data indicates that the organisation of civil service systems can help in the fight for the rule of law and against corruption. This could mean that the way forward in studying these issues is not more country-level analyses but more fine-grained data that permits the analysis to tease out actionable remedies and suggestions for improving the public sector.

Second, while Six and Lawton (2013) suggest that the use of punitive tools may crowd out the aims of aspirational codes of ethics we find no evidence supporting this. Instead, our data suggests the opposite: Disciplinary and aspirational ethics codes can support each other. We cannot rule out that ethical crowding occurs based on our data but if it does it is overwhelmed by the supportive interaction between aspirational codes of ethics and disciplinary codes.

Third, we cannot assume that this supportive function operates for ethics codes in general. In our datasets, the association appears to depend entirely on whether the applied code of ethics strives to deter employees from unethical behaviour or inspire them to aspire employees to ethical behaviour.

In policy terms, the recommendation appears clear. Disciplinary codes appear to help good government but they do so most effectively if supported by codes of ethics. These codes of ethics, in turn, get the best results of they are aspirational in focus (see also Trevino et al. 1999).

Our study faces a few notable limitations. First, we have focussed on central government institutions in two particular political systems. This means that we cannot know if the patterns we have revealed and the conclusions we have drawn are valid in other countries or at other levels of government. As noted, Brown and Stevulak (2008) find, in

contrast to this paper, that the disciplinary approach to ethics management is not effective. Given that this finding contrasts at least partly with ours, it poses questions about the extension of our conclusions to very different social, political, and economic contexts. Similarly, our conclusions may be different had we studied public service providers, who are famously very difficult to monitor and prevent from engaging in unwanted behaviour except in the fortunately frequent instances where they prefer to avoid it themselves (e.g. Brehm and Gates 1997).

Second, while taking the perspective of the individual official rather than the country in which she works is advantageous, it comes with a set of challenges. Our measures of corruption and the rule of law are not without problems. Because they have been designed to diminish social desirability bias, they are more indirect than we would ideally prefer. Furthermore, since both our independent and dependent variables stem from the same survey, our conclusions may suffer from common source bias, although as noted we do not consider common source bias a grave threat to our interactive estimates. Finally, due to the sensitive nature of the topics, missing data is an issue for our study. The statistical tools we have used to examine the issue indicate that it does not threaten our estimates but of course these tools rely on assumptions. Future research ought to examine the interplay between codes of ethics, disciplinary codes, corruption, and the rule of law using tools to handle sensitive questions without inducing non-response and social desirability bias.

Noting these limitations, we see our study as a step toward a deeper understanding of how organisational tools and their interaction can help contain corruption and foster the rule of law. Our findings are unlikely to be the final say on the matter but we are cautiously optimistic from their indication that the anti-corruption efforts and recommendations of the EU, the OECD, Transparency International, and others, though not always effective, can be effective given the right setting and the right mix of tools.

6   References

Anechiarico, Frank and James B Jacobs. 1996. The Pursuit of Absolute Integrity: How Corruption Control Makes Government Ineffective. Chicago: The University of Chicago Press.

Beeri, Itai, Rachel Dayan, Eran Vigoda-Gadot, and Simcha B Werner. 2013. "Advancing Ethics in Public Organizations: The Impact of an Ethics Program on Employees' Perceptions and Behaviors in a Regional Council." Journal of Business Ethics 112(1): 59-78.

Berman, Evan M and Jonathan P West. 2012. "Public Values in Special Districts: A Survey of Managerial Commitment." Public Administration Review 72(1): 43-54.

Bowman, James S and Claire Connolly Knox. 2008. "Ethics in Government: No Matter How Long and Dark the Night." Public Administration Review 68(4): 627-639.

de Spelville, Bertrand. 2010. "Anticorruption Commissions: The 'Hong Kong Model' Revisited." Asia-Pacific Review 17(1): 47-71.

Egeberg, Morten. "How bureaucratic structure matters: An organizational perspective." In B Guy Peters and Jon Pierre (eds.) The Handbook of Public Administration. London: SAGE Publications Ltd. Pp. 77-87.

Emrich-Bakenova, Saule. 2009. "Trajectory of Civil Service Development in Kazakhstan: Nexus of Politics and Administration." Governance 22(4): 717-745.

Frey, Bruno and Reto Jegen. 2001. "Motivation crowding theory." Journal of Economic Surveys 15(5): 589-611.

Garcia-Sanchez, Isabel, Luis Rodriguez-Dominguez and Isabel Gallego-Alvarez. 2011. "Effectiveness of Ethics Codes in the Public Sphere: Are They Useful in Controlling Corruption?" International Journal of Public Administration 34(3): 190-195.

Gingerich, Daniel W. 2013. "Governance indicators and the level of analysis problem: empirical findings from South America." British Journal of Political Science 43(3): 505-540.

GRECO. 2003. Second Evaluation Round - Evaluation Report on Poland. Strassburg: Council of Europe

Grigorescu, Alexandru. 2006. "The corruption eruption in East-Central Europe: The increased salience of corruption and the role of intergovernmental organizations." East European Politics & Societies 20(3): 516-549.

Hassan, Shahidul, Bradley E. Wright, and Gary Yukl. 2014. "Does ethical leadership matter in government? Effects on organizational commitment, absenteeism, and willingness to report ethical problems." Public Administration Review 74(3): 333-343.

Jakobsen, Morten, and Rasmus Jensen. 2015. "Common method bias in public management studies." International Public Management Journal 18(1): 3-30.

Klitgaard, Robert. 1988. Controlling Corruption. Berkeley: University of California Press.

Kwon, Illoong. 2014. "Motivation, Discretion, and Corruption." Journal of Public Administration Research and Theory 24(3): 765-794.

Le Grand, Julian. 2003. Motivation, Agency, and Public Policy: Of Knights and Knaves, Queens and Pawns. Oxford: Oxford University Press.

Loskutovs, Aleksejs. Ethics, Integrity and Accountability in Public Sector: Practice and Lessons Learned in Latvia. Riga: Corruption Prevention and Combating Bureau

McKinney, Joseph A and Carlos W Moore. 2008. "International Bribery: Does a Written Code of Ethics Make a Difference in Perceptions of Business Professionals." Journal of Business Ethics 79(1): 103-111.

Meine, Manfred F. and Thomas P. Dunn. 2013. "The Search for Ethical Competency: Do Ethical Codes Matter?" Public Integrity 15(2): 149-166

Menzel, Donald C. 2012. Ethics Management for Public Administration: Leading and Building Organizations of Integrity. 2nd edition. London: Routledge

— 2015. "Research on Ethics and Integrity in Public Administration: Moving Forward, Looking Back." Public Integrity 17(4): 343-370

Palidauskaite, Jolanta. 2006. "Codes of Ethics in Transitional Democracies: A Comparative Perspective." Public Integrity 8(1): 35-48

Palidauskaite , Jolanta, Aive Pevkur, and Iveta Reinholde. 2010. "A Comparative Approach to Civil Service Ethics in Estonia, Latvia and Lithuania." Journal of Baltic Studies 41(1): 45-71.

Rubin, Ellen V and Andrew Whitford. 2008. "Effects of the Institutional Design of the Civil Service: Evidence from Corruption." International Public Management Journal 11(4): 404-425.

Six, Frederique and Alan Lawton. 2013. "Towards a theory of integrity systems: a configurational approach." International Review of Administrative Sciences 79(4): 639-658.

Stevulak, Catharine and M. Paul Brown. 2011. "Activating Public Sector Ethics in Transitional Society." Public Integrity 13(2): 97-111

Stewart, Debra W, Norman Sprinthall, and Renata Siemienska. 1997. "EthicalReasoning in a Time of Revolution: A Study of Local Officials in Poland." Public Administration Review 57(5): 445-453.

Transparency International - Delna. 2011. National Integrity System Assessment Latvia. Riga: Transparency International - Delna.

Trevino, Linda Klebe, Gary R Weaver, David G Gibson, and Barbara Ley Toffler. 1999. "Managing Ethics and Legal Compliance: What Works And What Hurts." California Management Review 41(2): 131-151.

Vachudova, Milada Anna. 2009. "Corruption and Compliance in the EU's Post-Communist Members and Candidates." JCMS: Journal of Common Market Studies 47(S1): 43-62.

Table 3: Model Estimates

	Kickbacks			
	Poland		**Latvia**	
	Model 1	Model 2	Model 3	Model 4
	non-interactive	interactive	non-interactive	interactive
Code of ethics	−0.036	0.295**	−0.089	0.158
	(0.048)	(0.133)	(0.066)	(0.203)
Disciplinary code	−0.089*	0.224*	−0.034	0.250
	(0.051)	(0.128)	(0.064)	(0.231)
Merit recruitment	−0.275***	−0.282***	−0.263***	−0.263***
	(0.044)	(0.044)	(0.050)	(0.049)
Gender	0.009	0.004	0.012	0.007
	(0.082)	(0.081)	(0.103)	(0.103)
Age (30-50) years	0.209*	0.237**	0.046	0.041
	(0.111)	(0.110)	(0.108)	(0.108)
Age (50 years or older)	0.296*	0.340**	0.206	0.196
	(0.158)	(0.158)	(0.193)	(0.193)
Tenure (5-10 years)	−0.103	−0.154	−0.130	−0.128
	(0.108)	(0.109)	(0.114)	(0.114)
Tenure (10-15 years)	−0.054	−0.097	−0.185	−0.187
	(0.140)	(0.140)	(0.155)	(0.155)
Tenure (more than 15 years)	−0.053	−0.091	0.025	0.031
	(0.160)	(0.160)	(0.160)	(0.160)
University education	−0.225	−0.216	−0.223**	−0.218**
	(0.170)	(0.169)	(0.095)	(0.095)
Code of ethics * Disciplinary code		−0.094***		−0.071
		(0.035)		(0.055)
Constant	3.451***	2.411***	3.566***	2.599***
	(0.269)	(0.473)	(0.307)	(0.814)
N	456	456	324	324
R-squared	0.147	0.161	0.141	0.146
Adj. R-squared	0.128	0.140	0.114	0.116
Residual Std. Error	0.842 (df = 445)	0.837 (df = 444)	0.771 (df = 313)	0.770 (df = 312)
F Statistic	7.689*** (df = 10; 445)	7.734*** (df = 11; 444)	5.156*** (df = 10; 313)	4.847*** (df = 11; 312)

*** p < .01; ** p < .05; * p < .1