Thesis submitted to the Faculté d'administration
as a partial requirement
of the doctorate in business administration (DBA)
jointly offered by the Université de Sherbrooke
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Remolding a company through a compliance program: the case of Siemens

Pierre Pawliw

This thesis has been evaluated by a jury composed of the following individuals:

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ABSTRACT

Since at least the 1980's, a growing number of companies have set up an ethics or a compliance program within their organization. However, in the field of study of business management, there is a paucity of research studies concerning these management systems. This observation warranted the present investigation of one company's compliance program. Compliance programs are set up so that individuals working within an organization observe the laws and regulations which pertain to their work. This study used a constructivist grounded theory methodology to examine the process by which a specific compliance program, that of Siemens Canada Limited, was implemented throughout its organization. In conformity with this methodology, instead of proceeding with the investigation in accordance to a particular theoretical framework, the study established a number of theoretical constructs used strictly as reference points. The study's research question was stated as: what are the characteristics of the process by which Siemens' compliance program integrated itself into the existing organizational structure and gained employee acceptance?

Data consisted of documents produced by the company and of interviews done with twenty-four managers working for Siemens Canada Limited. The researcher used QSR-Nvivo computer assisted software to code transcripts and to help with analyzing interviews and documents. Triangulation was done by using a number of analysis techniques and by constantly comparing findings with extant theory.

A descriptive model of the implementation process grounded in the experience of participants and in the contents of the documents emerged from the data. The process was called "Remolding"; remolding being the core category having emerged. This main process consisted of two sub-processes identified as "embedding" and "appraising." The investigation was able to provide a detailed account of the appraising process. It identified that employees appraised the compliance program according to three facets: the impact of the program on the employee's daily activities, the relationship employees have with the local compliance organization, and the relationship employees have with the corporate ethics identity.

The study suggests that a company who is entertaining the idea of implementing a compliance program should consider all three facets. In particular, it suggests that any company interested in designing and implementing a compliance program should pay particular attention to its corporate ethics identity. This is because employee's acceptance of the program is influenced by their comparison of the company's ethics identity to their local ethics identity.

Implications of the study suggest that personnel responsible for the development and organizational support of a compliance program should understand the appraisal process by which employees build their relationship with the program. The originality of this study is that it points emphatically that companies must pay special attention in developing a corporate ethics identity which is coherent, well documented and well explained.
RÉSUMÉ

La présente recherche porte sur les systèmes de gestion connus sous l’appellation de « programme de conformité » et « programme d’éthique ». Plus particulièrement, elle étudie le processus par lequel un programme de conformité a été mis en place au sein d’une entreprise multinationale allemande œuvrant au Canada : Siemens Canada Limitée. Elle propose un modèle qui décrit le processus par lequel cette compagnie a implanté un programme de conformité au sein de son organisation.

Dans le cadre de cette étude, un programme de conformité est conçu comme étant un système de gestion. Il s’agit donc d’un ensemble de processus, mis en place par une organisation, qui sont reliés ensemble et qui fonctionnent afin d’atteindre un même but. Dans le cas des programmes de conformité, ce but comporte deux volets : a) voir à ce que les individus travaillant au sein d’une organisation respectent les lois et règlements relatifs à leur travail, et b) énoncer un ensemble de normes d’ordre éthique et voir à ce qu’elles soient bien comprises au sein de l’organisation afin qu’elles puissent servir de guide lors de prises de décisions concernant des sujets possédant un enjeu d’ordre éthique.

L’historique des programmes de conformité remonte, selon Head (1997), à la fin des années 1940. Initialement, les programmes tenaient surtout compte des lois antitrust et se développaient à mesure que de nouvelles dispositions légales étaient adoptées par les gouvernements. Toutefois, ils ont pris des caractéristiques plus contemporaines à partir des années 1980 suite à deux événements. Le premier était la mise en place d’un programme développé par un groupe réunissant de trente-deux entreprises réunies sous l’appellation de « Defense Industry Initiative on Business Ethics and Conduct » (DII). La justification de ce regroupement était de promouvoir un programme servant à convaincre le législateur qu’il était inopportun d’adopter de nouvelles réglementations puisque les compagnies avaient pris les mesures nécessaires afin d’assurer la conformité de leurs agissements avec les lois. La deuxième était l’introduction des « U.S. Federal Sentencing Guidelines » ; un ensemble de règles constituant une procédure uniforme servant à déterminer la peine à imposer aux organisations reconnues coupables d’un crime. Ces règles ont, en quelque sorte, incité les entreprises à adopter des programmes de conformité.


Les études portant sur les programmes de conformité ou les programmes d’éthique sont rares. Les quelques articles sur le sujet décrivent très peu leur fonctionnement ou comment ils ont réalisé leur mis en œuvre. Cette situation de disette documentaire s’explique par la réticence des compagnies à accueillir une étude de leur programme. Elles ne se sont pas à l’aise avec l’idée qu’un agent externe, sur qui elles n’ont aucun contrôle, effectue un examen de leurs opérations, surtout celles ayant un contenu délicat. Une exception à cette tendance générale est la compagnie Siemens qui a accepté de participer à la présente étude portant sur son programme de conformité.
Le projet de recherche initialement proposé par le chercheur à Siemens visait à évaluer l’efficacité de leur programme de conformité. Toutefois, après examen de documents fournis par la compagnie, il s’est avéré qu’elle avait déjà effectuée une telle démarcher. Répéter cet exercice n’aurait servi qu’à infirmer ou corroborer les données qu’elle avait déjà en main. Au cours de discussions subséquentes avec le gestionnaire responsable de la conformité, ce dernier indiqua que la compagnie ne rencontrait aucun problème de gestion avec son programme. Sans problème managérial apparent, il indiqua qu’il serait tout de même intéressé à ce que le chercheur lui trouve quelque chose, une caractéristique ou une information, que la compagnie ignore à propos de son programme de conformité. Cet état de fait fut le point de départ de la présente recherche. Dans un premier temps, le chercheur proposa à la compagnie que la recherche porte sur le développement du programme de conformité. Toutefois, en cours de l’étude, le chercheur a dû modifier sa question de recherche en sa forme définitive et qui s’énonce comme suit : quelles sont les caractéristiques du processus par lequel le programme de conformité développé par Siemens a été intégré dans la structure organisationnelle existante et a gagné l’acceptation des employés ?

Pour répondre à cette question, la présente étude a été menée selon une orientation constructiviste, utilisant la méthodologie de la théorisation enracinée. Elle a examiné le processus par lequel un programme de conformité spécifique, celui de Siemens Canada Limitée, a été mis en œuvre à travers l’ensemble de son organisation. En conformité avec les préceptes de cette méthodologie, elle ne fut pas menée en concordance avec un cadre théorique précis. Elle a plutôt procédé en tenant compte de certains construits théoriques qui ressortaient de la littérature dans le domaine de l’éthique et de l’éthique des affaires. Ces construits ont été utilisés strictement en tant que points de référence et non pas en tant que cadre théorique.

Les données colligées au cours de l’étude provenaient de documents produits par l’entreprise et aussi des entrevues réalisées avec vingt-quatre gestionnaires travaillant pour Siemens Canada Limitée. Le chercheur a utilisé le logiciel QSR-Nvivo afin d’effectuer le codage des documents examinés ainsi que les transcriptions des entrevues. Le logiciel a également servi lors de l’analyse de l’ensemble des données. Quant à la triangulation, celle-ci a été effectuée en recourant à un certain nombre de techniques d’analyse et en comparant les découvertes (terme utilisé ici à la place de « résultats » afin de conserver le caractère qualitatif de l’étude) avec la théorie existante contenue dans la littérature académique.

La description du processus de mise en œuvre du programme de conformité fournie par le chercheur ne provient pas d’un modèle préconçu provenant de la littérature traitant soit de l’éthique des affaires, soit des programmes de conformité. Le vocabulaire utilisé pour décrire le processus correspond soit à des mots utilisés par les individus participant à l’étude, ou des mots choisis par le chercheur qu’il estimait pouvaient résumer les idées exprimées par les participants. Ainsi, le modèle descriptif et le vocabulaire utilisé pour l’expliquer émergent de l’analyse des données.

Le modèle descriptif du processus de mise en œuvre du programme de conformité émerge de l’expérience des participants et du contenu des informations trouvées dans les documents. Le vocabulaire utilisé pour désigner ce processus est celui de « remoulage » et représente la catégorie de base qui a émergé des données. Ce processus principal est composé de deux sous processus : le premier désigné comme étant de l’« embedding » (incrustation) et le second désigné comme « appraisal » (appréciation).
Le processus de remoulage intègre un nouvel élément structurel, le programme de conformité, dans la structure organisationnelle déjà existante. Toutefois, la particularité de ce processus est de parvenir à transformer la fibre constitutive de la structure organisationnelle sans modifier la structure en tant que telle. En quelque sorte, le « moule » initial est préservé, mais en le « remoulant », avec l'apport du programme de conformité, la compagnie se transforme.

Étant donné qu'il s'agit d'un remoulage par le biais d'un programme de conformité, le résultat de tout cet effort doit se manifester, d'une part, par l'adoption, par les employés, de l'identité éthique promue par la compagnie et, d'autre part, par leur utilisation efficace et constante des outils et des procédures rattachés au programme. Ce résultat à deux volets est atteint à la condition que les deux sous-processus, soit ceux d'« embedding » et d’« appraising », parviennent à persuader les individus à être favorablement disposé à agir de façon concordante.

Dans le cas de Siemens Canada Limitée, le processus de remoulage implique trois groupes distincts d'acteurs : le personnel corporatif mondial situé en Allemagne, le personnel canadien rattaché spécifiquement à la fonction de la conformité et, finalement, les employés à qui le programme a été présenté et qui doivent suivre les nouvelles procédures.

Le personnel corporatif mondial et le personnel canadien à la conformité sont les maîtres du sous-processus d’« embedding ». Le groupe corporatif mondial est impliqué au développement du programme, à sa transmission aux entités régionales, et à la surveillance de son déploiement. Toutefois, les données recueillies au cours de cette étude ne permettent pas de fournir une description plus détaillée de leur travail. Le groupe du personnel canadien à la conformité devait voir à la diffusion du programme à l'échelle du Canada. Il devait fournir une formation aux employés et fournir une rétroaction au niveau corporatif quant aux résultats. Dans leur cas également, les données ne permettent pas une description plus détaillée de leur travail.

Le troisième groupe d'acteurs, les employés, est principalement impliqué dans le sous-processus d’« appraising ». Ce groupe est composé de gestionnaires et de personnel non managérial qui ont reçu la formation sur la conformité et a eu à appliquer les nouvelles procédures.

La présente étude fournit une description détaillée du sous-processus « appraising ». Elle indique que les employés développent une appréciation du programme de conformité en considérant trois facettes. La première est en lien avec l’impact des changements apportés par le programme sur le quotidien vécu par les employés. À ce niveau, les employés apprécient le programme de conformité selon qu'il facilite leur travail ou qu'il le rend plus fastidieux. La deuxième facette est en lien avec la relation établie entre employés et le personnel rattaché à la conformité. À cet égard, les employés apprécient le programme de conformité selon le degré de collaboration et de confiance établi avec le personnel de conformité. La troisième facette identifiée est en lien avec l'identité éthique corporative.

L'étude a identifié qu'une des composantes du programme de conformité est l'identité éthique corporative. Celle-ci est contenue et transmise par divers outils : tels que le code d'éthique, la déclaration de la mission de l'entreprise, la déclaration de la vision de l'entreprise, et autres. Or, les employés développent également une appréciation de cette identité éthique corporative par rapport à un référent particulier : l'identité éthique locale. L'étude indique que cette appréciation se fait selon deux ensembles de qualités.
Le modèle décrit dans cette étude suggère qu'une société qui envisagerait de mettre en œuvre son propre programme de conformité devrait tenir compte des trois facettes du sous-processus « appraising ». L'étude suggère notamment que toute entreprise qui songe à développer un programme de conformité doit avoir un souci particulier quant à l'identité éthique de l'entreprise. Ceci est attribuable au fait que l'employé va s'identifier au programme de conformité et va l'accepter pourvu qu'il juge que l'identité éthique de l'entreprise et l'identité éthique locale s'accordent.

Les découvertes de la présente étude devraient intéresser tout le personnel chargé de l'élaboration et le soutien organisationnel d'un programme de conformité. Ce personnel doit comprendre qu'une mise en œuvre réussie d'un programme de conformité n'est pas seulement conditionnelle à une bonne planification et à une bonne exécution. Elle est aussi dépendante des trois facettes contenues dans le sous-processus « appraising », tout particulièrement l'identité éthique corporative.
# TABLE OF CONTENTS

LIST OF TABLES .......................................................................................................................... 17

LIST OF FIGURES ...................................................................................................................... 18

LIST OF ABBREVIATIONS, INITIALS AND ACRONYMS ................................................................. 19

LIST OF ANNEXES .................................................................................................................... 21

ACKNOWLEDGEMENTS ............................................................................................................... 22

INTRODUCTION .......................................................................................................................... 23

CHAPTER ONE BUILDING THE STUDY .......................................................................................... 27

1. WHY STUDY A COMPLIANCE PROGRAM? ........................................................................ 27

2. WHICH COMPLIANCE PROGRAM TO STUDY? .................................................................. 27

3. WHY STUDY SIEMENS’ COMPLIANCE PROGRAM? ........................................................ 29

4. WHY A SINGLE CASE STUDY? ......................................................................................... 34

5. SIEMENS AND ITS COMPLIANCE PROGRAM .................................................................. 35

6. QUESTIONS RELATING TO THE PROGRAM’S DEVELOPMENT ....................................... 37

7. UNDERSTANDING SIEMENS’ MANAGERIAL CONCERN IN REGARD TO THEIR PROGRAM .................................................................................................................. 39

8. THE STUDY’S ORIENTATION ............................................................................................ 43

9. CONCLUDING REMARKS AND FURTHER CLARIFICATIONS ......................................... 44

CHAPTER TWO CLARIFYING REFERENCE POINTS ..................................................................... 47

1. WHAT IS "ETHICS" AND "BUSINESS ETHICS"? .................................................................... 48

1.1. First observation: different definitions ........................................................................... 49

1.2. Second observation: different schools of thought .......................................................... 52

1.3. Third observation: different approaches (normative and empirical) ............................... 54

1.4. Fourth observation: different types of problems ............................................................ 56

1.5. Fifth observation: different ethical theories..................................................................... 60

1.6. Concluding remarks on ethics and business ethics .......................................................... 62

2. WHAT ARE ETHICS PROGRAMS? ...................................................................................... 63

2.1. The history of ethics programs ....................................................................................... 63

2.1.1. Legitimacy of the FSGO stance ................................................................................ 67

2.2. Ethics officers and their associations .............................................................................. 68
CHAPTER THREE SETTING RESEARCH METHODOLOGY .................................. 117

1. THEORETICAL REFERENCE POINTS (THEORETICAL FRAMEWORK) .......... 117
   1.1. Summary of the conclusions reached in the previous section .................... 117
   1.2. Research problem ....................................................................................... 118
   1.3. Conceptual references ................................................................................. 118
   1.4. Research question ...................................................................................... 120
   1.5. Paradigm positioning ............................................................................... 120
   1.6. Choosing an appropriate methodology ...................................................... 122

2. GROUNDED THEORY METHODOLOGY ............................................... 123
   2.1. Description of the various processes of grounded theory methodology ....... 125
       2.1.1. First-phase: data gathering (sampling and open sampling) ............... 126
       2.1.2. First-phase: Data analysis (open coding) ............................................. 126
       2.1.3. First-phase: Data analysis (categorizing) .......................................... 127
       2.1.4. Second phase: Data gathering and axial coding ............................... 128
       2.1.5. Third phase: theoretical coding (Glaser), selective coding (Strauss and Corbin) ................................................................. 128
   2.2. Wrap up: Comparing theory to experience .............................................. 129
       2.2.1. Additional consideration: Memo-writing ....................................... 131
       2.2.2. Additional consideration: Theoretical sensitivity ............................. 132
       2.2.3. In short: Literature review in grounded theory ............................... 132
       2.2.4. In short: The research question in grounded theory ....................... 133
       2.2.5. In short: Sampling in grounded theory ............................................ 134

3. STUDY STRATEGY ...................................................................................... 134
   3.1. Sampling .................................................................................................. 134
   3.2. Study methods ........................................................................................ 135
   3.3. Procedures ................................................................................................ 136
   3.4. Tool ......................................................................................................... 137
   3.5. Validity ..................................................................................................... 137
       3.5.1. Descriptive validity ........................................................................... 138
       3.5.2. Interpretive validity .......................................................................... 139
       3.5.3. Theoretical validity .......................................................................... 139
       3.5.4. Internal validity ............................................................................... 140
   3.6. Research Ethics ....................................................................................... 140
CHAPTER FOUR DATA COLLECTION, ANALYSIS AND FINDINGS ........................................... 142

1. FIRST ITERATION (ROUND 01) ................................................................................... 143
   1.1. Constant comparative analysis .............................................................................. 143
   1.2. Data collection ........................................................................................................ 143
      1.2.1. Pre-interview document analysis ................................................................. 143
      1.2.2. Sampling in Grounded Theory: theoretical grounds, sample population and logistics ........................................................................................................... 144
   1.3. Data analysis ............................................................................................................ 145
      1.3.1. Nvivo coding and analysis ............................................................................... 146
      1.3.2. Emergence of initial categories ......................................................................... 147
   1.4. Emerging results ...................................................................................................... 149
      1.4.1. Aftermath of round 01 .................................................................................... 149

2. SECOND ITERATION (ROUND 02) ............................................................................... 150
   2.1. Data collection ........................................................................................................ 150
      2.1.1. Second document analysis ............................................................................. 150
      2.1.2. Second questionnaire ..................................................................................... 151
      2.1.3. Second sampling ............................................................................................ 151
   2.2. Data analysis of first iteration .................................................................................. 152
      2.2.1. First technique: analysis using qualitative description (thick description) ...... 152
         2.2.1.1. Triggering event ....................................................................................... 153
         2.2.1.2. Company planned response ..................................................................... 154
         2.2.1.3. The compliance process .......................................................................... 154
         2.2.1.4. Compliance content ................................................................................. 156
         2.2.1.5. Individual and collective reaction .............................................................. 156
         2.2.1.6. Outcomes .................................................................................................. 157
      2.2.2. Second technique: triangulation with extant theory ........................................ 158
      2.2.3. Third technique: axial coding using the Nvivo feature of coding stripes .......... 158
      2.2.4. Fourth technique: analysis of incidents, events and happenings ..................... 160
      2.2.5. Fifth technique: diagrams and the analytical process ....................................... 161
   2.3. Emerging results: selective coding ........................................................................... 161
   2.4. Data analysis of second iteration .............................................................................. 163
      2.4.1. Emergence of second iteration categories ....................................................... 163
      2.4.2. First technique: analysis using qualitative description (thick description) ...... 164
         2.4.2.1. Theme 01: The scandal ............................................................................. 164
         2.4.2.2. Theme 02: The compliance program tools and procedures ....................... 165
2.4.2.3. Theme 03: Siemens and ethics ..............................................................169
2.4.2.4. Theme 04: The compliance organization .......................................179
2.4.2.5. Theme 05: The compliance program ..............................................180
2.4.3. Second technique: axial coding using the Nvivo feature of coding stripes ....181
  2.4.3.1. Analysis and the acknowledgment of reflexivity ................................181
  2.4.3.2. Analysis with Nvivo’s feature of coding stripes ..................................181
  2.4.3.3. Analysis of data according to categories ..........................................183
2.5. Emerging findings .........................................................................................184
  2.5.1. Aftermath of round 02 .........................................................................186
3. THIRD ITERATION (ROUND 03) .....................................................................187
  3.1. Data collection ............................................................................................187
    3.1.1. Third document analysis .......................................................................187
    3.1.2. Third questionnaire ...............................................................................194
    3.1.3. Third sampling .......................................................................................195
  3.2. Data analysis of the third iteration ...............................................................195
    3.2.1. Observations made during the interview process .................................195
    3.2.2. Emergence of third iteration categories ................................................197
    3.2.3. First technique: analysis using qualitative description (thick description) ...199
      3.2.3.1. Rule versus value based .................................................................199
      3.2.3.2. Compliance tools and autonomy of decision making ......................200
      3.2.3.3. The law and being ethical ...............................................................200
      3.2.3.4. Siemens Canada Corporate Ethics identity .....................................201
      3.2.3.6. General acceptance of the compliance program .............................203
    3.2.4. Second technique: interrogating the data ..............................................204
      3.2.4.1. Observations .....................................................................................206
  3.3. Emerging findings .........................................................................................209
4. SATURATION ......................................................................................................210

CHAPTER FIVE EMERGING MODEL ......................................................................212
  1. MODEL SUMMARY AND OUTCOME ..........................................................213
  2. THE MODEL’S CORE CATEGORY: REMOLDING .....................................214
  3. THE ACTORS INVOLVED IN THE PROCESS .............................................216
  4. THE MODEL’S SUBCATEGORIES: EMBEDDING AND APPRAISING ...........219
    4.1. The subcategory of embedding .................................................................220
    4.2. The subcategory of appraisal .................................................................227
9.1. For academia: relating to Kohlberg's model of moral development ..................... 258
9.2. For academia: relating to stages of ethics concern development or corporate moral
development ......................................................................................................................... 260
9.3. For the researcher: future possible enquiries ............................................................ 262

CHAPTER SEVEN EPILOGUE .................................................................................................. 264

BIBLIOGRAPHY ...................................................................................................................... 269

ANNEX 1 Compilation of ethics program activities synthesized from universal standards
...................................................................................................................................................... 288

ANNEX 2 Summary description of an ethics program ............................................................ 294

ANNEX 3 Ethics consent form ............................................................................................... 295

ANNEX 4 A Interview core questions for initial iteration ..................................................... 298

ANNEX 4 B Documentation core questions for initial iteration ............................................ 301
LIST OF TABLES

Table 1  Association of ethics officers ..........................................................69
Table 2  Example of emerging category themes out of coding first round interviews ....147
Table 3  Summary of the results obtained after coding interviews of round 01 ...............148
Table 4  Round 02 coding summary results .......................................................163
Table 5  Siemens compliance indicators .........................................................169
Table 6  Summary of coding results round 03 ...................................................198
Table 7  Process for determining questions used in round 03 ...........................205
LIST OF FIGURES

Figure 1 Schematic representation of ethics program headings ............................................. 78
Figure 2 Schematic representation of an ethics program ....................................................... 81
Figure 3 Hunt and Vittel model .............................................................................................. 87
Figure 4 Forsyth model .......................................................................................................... 89
Figure 5 Rest's model ............................................................................................................. 94
Figure 6 Jones et al. model of stakeholder culture continuum ............................................. 101
Figure 7 Jones et al. model of stakeholder culture ............................................................... 102
Figure 8 Researcher's representation of salient constructs .................................................. 103
Figure 9 Researcher's representation of relationships between conceptual references .... 119
Figure 10 Prévost and Roy figure of GTM ............................................................................ 130
Figure 11 Time periods of the present study .......................................................................... 153
Figure 12 Illustration of NVivo coding stripes ...................................................................... 159
Figure 13 List of players participating in the process ............................................................ 160
Figure 14 The remolding process ........................................................................................... 163
Figure 15 Listing of components appraised ........................................................................... 182
Figure 16 Listing of considerations referenced in appraisal .................................................. 183
Figure 17 Global corporate role in embedding ...................................................................... 185
Figure 18 Regional compliance role in embedding ............................................................... 185
Figure 19 Employees in the appraisal process ....................................................................... 186
Figure 20 Listing of facets appraised ..................................................................................... 188
Figure 21 Timeline of ethics genres ....................................................................................... 191
Figure 22 Appraising: two sub processes ............................................................................... 197
Figure 23 Secondary appraisal process ................................................................................ 197
Figure 24 Remolding process ............................................................................................... 214
<table>
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<tr>
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<td>FCPA</td>
<td>Foreign Corrupt Practices Act</td>
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<tr>
<td>FSGO</td>
<td>U.S. Federal Sentencing Guidelines for Organizations</td>
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<td>GHBER</td>
<td>Greater Houston Business Ethics Roundtable</td>
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<tr>
<td>GTM</td>
<td>Grounded Theory Methodology</td>
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<tr>
<td>LoA</td>
<td>Limits of Authority</td>
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<tr>
<td>NASDAQ</td>
<td>National Association of Securities Dealers</td>
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<tr>
<td>NYSE</td>
<td>New York Stock Exchange</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<td>OIG</td>
<td>U.S. Office of the Inspector General</td>
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<td>PCMB</td>
<td>Policy and Control Master Book</td>
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<td>PwC</td>
<td>Price Waterhouse Coopers</td>
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<tr>
<td>RCO</td>
<td>Regional Compliance Officer</td>
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<td>SA</td>
<td>Standards Australia</td>
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<td>SCCE</td>
<td>Society of Corporate Compliance and Ethics</td>
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<td>SD</td>
<td>Sustainable Development</td>
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<td>SEC</td>
<td>U.S. Securities and Exchange Commission</td>
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<td>SEOA</td>
<td>State Ethics Officers Association of New York State</td>
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<tr>
<td>SpoDoM</td>
<td>Sponsorship, donations and membership</td>
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<tr>
<td>SOX</td>
<td>Sarbanes Oxley Act of 2002</td>
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<tr>
<td>TPA</td>
<td>Trade Practices Act of 1974 (Australia)</td>
</tr>
<tr>
<td>ANNEX 1</td>
<td>Compilation of ethics program activities synthesized from universal standards</td>
</tr>
<tr>
<td>---------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>ANNEX 2</td>
<td>Summary description of an ethics program</td>
</tr>
<tr>
<td>ANNEX 3</td>
<td>Consent form</td>
</tr>
<tr>
<td>ANNEX 4A</td>
<td>Interview core questions for initial iteration</td>
</tr>
<tr>
<td>ANNEX 4B</td>
<td>Documentation core questions for initial iteration</td>
</tr>
</tbody>
</table>
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INTRODUCTION

This document is a Doctor in Business Administration (D.B.A) dissertation on a study that was done on one company's compliance program. Immediately, five questions come to mind: a) what is the history of ethics programs? b) what is a compliance program? c) what is a compliance program's purpose? d) what are the historical foundations of compliance programs? and e) how does a compliance program take root within an organization.

What is the history of ethics programs? Their provenance can be traced back to the 1990's. A study done by Joseph (2001) with 26 ethics officers of Fortune 500 companies found that, almost without exception, the U.S. Federal Sentencing Guidelines for Organizations, which became effective in 1991, constituted the key incentive to develop an ethics program. Half of the participants said that their company's decision to develop an ethics program coincided with a crisis involving an issue pertaining to ethics; the crisis bringing the company to face either a public scandal, legal actions or threatened government sanctions. The other half said the decision came on account of general ethics concerns in their industries, and on account of "close calls" which might have resulted in a crisis.

What is a compliance program? Concisely, in this study, it is conceived as a management system, which according to Karapetrovic (2002) is "a composite of interlinked processes that function harmoniously, share the same resources, and are all directed towards the achievement of set goals or objectives."

What is a compliance program's purpose? Concisely, according to Yuspeh et al. (1999) it: a) ensures that individuals working within an organization observe the laws and regulations which pertain to their work, and b) it articulates a set of "aspirational ethical standards that are well understood within the organization and become a practical guideline for organization members making decisions which raise ethical concerns."

What is the historical foundation of compliance programs? According to Head (1997), companies first started establishing formal compliance programs in the 1940s, after the end of the Second World War. At the time, compliance programs were mostly concerned with antitrust laws,
were limited in scope, and contained only several pages of explanations. Their initial development corresponded with the incorporation of new law provisions. However, compliance programs took on their more contemporary characteristics following two developments. The first was the introduction in the 1980s of a new program called the Defense Industry Initiative on Business Ethics and Conduct. The second was the introduction of the U.S. Sentencing Guidelines, in particular the Corporate Sentencing Guidelines. The former was intended to avert additional regulations by the Pentagon. The latter became an incentive for companies to introduce compliance programs into their organizational structure. Copeland (2000) summarizes that five factors led companies in adopting compliance programs: a) business and political scandals that occurred in the 1960s, 1970s, and 1980s, b) extensive media coverage, c) public reaction to unethical conduct, d) court decisions, and e) US federal legislation to curb unethical practices.

How does a compliance program take root within an organization? The impetus for undertaking this study was to seek out an answer to this question. The study delved into the process by which a compliance program takes hold within a company. What kind of answer does this study provide? It suggests a number of constructs to describe the process by which such a program is embedded within a company.

What does this document convey? It imparts how the enquiry into this specific topic came about and how it was undertaken. In order to provide a thorough disclosure of these points, it signals out a number of elements by: a) presenting the research field and the research topic, b) pointing out what is currently known about this particular topic, c) providing the conceptual reference points which enabled gaining some perspective in regard to it, c) indicating the methodology that was chosen to carry out the study, d) presenting the study's data, analysis process and findings, and e) offering its contribution to current literature. Consequently, in order to signal out these elements, the document will be divided into six chapters.

Chapter one starts by pointing out how the researcher came to identify business ethics as his field of interest, and what brought him to concentrate specifically on the topic of ethics and compliance programs. It then follows on to explain what brought him to focus upon the needs of one specific company, all while providing a general overview of its characteristics. The chapter
ends by rendering the researcher's reading as to what would constitute a managerial problem that the company would consider sufficiently interesting to justify its participation in the study.

Chapter two looks into a number of guiding beacons. First of all, it provides an overview of what is generally understood by ethics in general, as well as an overview of what is currently understood by the notion of business ethics. Secondly, it provides a literature review of what is known on the topic of "ethics program," and seeks to indicate its objectives and structure. Finally, the chapter looks at a number of constructs, which have been used in various studies pertaining to business ethics. These were considered as "sensitizing concepts"; which Bowen (2008) characterized as "interpretive devices" used as a starting point for a qualitative study. They were helpful in gaining perspective for the study.

Chapter three considers the managerial problem identified in chapter one and the background ideas provided in chapter two, and identifies the specific methodology used in undertaking the study. After stating the study's research problem, the researcher describes in quite some detail the characteristics of the methodology. These considerations lead next to remarks, which describe the operational specifics in carrying out the study.

Chapter four presents the whole process of how this study was carried out. It presents each iteration of data collection, data analysis and emerging findings. These served for the development of the model which describes the observed process by which the compliance program took hold within Siemens Canada Limited.

Chapter five submits the model which emerged out of the analysis of gathered data. It describes the process which was rooted out from the accounts participants gave of their experience with the compliance program introduced by the company.

Finally, chapter six develops four themes. First, it looks at the implications of the findings in regards to a number of constructs which have been developed in the organizational management literature. Second, it offers a number of insights in regards to the methodology used in carrying out this study. Third, it offers a number of insights in regards to how the company could improve its
existing program. Fourth, it looks at the limitations of the present study and considers what further inquiries the researcher would pursue in light of the present study's findings.

In all, this study does not provide a "how to" guide in setting up a compliance program, and it is far from proposing a general recipe that can be replicated in any which company. What it does, however, is bear witness to the fact that a specific company set up its compliance program in a certain way. It tapped into the particular dynamics which were set in motion by how it proceeded; if not in whole, at least partially. With this limitation, the study translates the accounts of many participants into a meaningful depiction of the dynamics which occurred, and are probably still playing themselves out. It does so by identifying various elements, which contribute to this particular process of organizational change.
CHAPTER ONE
BUILDING THE STUDY

The following chapter chronicles the many steps the researcher took leading to the formulation of the managerial problem of the research project. The narration starts with how the researcher came to choose a specific topic of interest as a field to investigate. It continues on how a particular company was chosen as a case story, and is followed by a general presentation of the company and its history in relation to the researcher's subject matter. The depiction of the company's history inevitably brought the researcher to ask a number of questions, which then led to a reconsideration of the research project's initial aim. This being the case, the researcher took a second look at the company's characteristics in order to formulate a managerial problem that it would consider of interest.

1. WHY STUDY A COMPLIANCE PROGRAM?

The origin of this research project stemmed out from a personal experience lived while working as a human resources manager for an American multinational company. At the time, the company had established an internal program reminding and reinforcing what it regarded as being its core values. As a manager, the content of the program was to be seen as a reference point when treating certain types of problems, such as interpersonal conflicts, for example. When just such a problem arose and being able to resolve it by referencing values, it ignited a further interest to see how values, and ethics in particular, could be used by managers.

With the objective of finding out how ethics can be used in an organizational context, the researcher learnt from the experiences of a specific category of managers who deal with the subject: ethics officers. Notwithstanding the difficulties in getting ethics officers to respond to his solicitation, the researcher could identify one particular theme that constituted one of their major concerns: evaluating the effectiveness of the programs that they set up within their organizations. This theme became the initial focal point of the research project.

2. WHICH COMPLIANCE PROGRAM TO STUDY?

In order to gain a better grasp of the challenge ethics officers faced, the researcher inquired into what constitutes an ethics program and into the reasons why the question of effectiveness
gained such prominence among their concerns. Considering the magnitude of their interest for the topic, the researcher was later astonished to learn along the way that, though ethics officers might be willing to talk about their need to evaluate the effectiveness of their programs, they were ever so reluctant to welcome such an initiative within their walls.

During his efforts to solicit companies to partake in his research project, one ethics officer, an administrator no less of the ethics and compliance officer association, had the kindness of accepting to talk about the project. Truth of the matter, he forewarned the researcher that it was a waste of time because it was highly unlikely any company would accept an outsider looking in on one of the sensitive topics in the corporate world. This explained why the over 40 solicited companies showed no interest in the study. Not deterred by this bleak picture, the researcher contacted a Washington based consultant, who had done work with organizations in regard to their ethics programs, in order to get help in approaching companies for the study project. The consultant explained that companies are very reluctant in accepting a study of their ethics and compliance program. From her own experience, she found that Fortune 500 or Fortune 1000 companies tend to become what she called "control freaks." She found that the lawyers in these companies break up activities which imply a study of their compliance programs, because of fear of loosing control. Even as a consultant hired and paid by these companies, she had very little latitude. For example, the companies that hired her insisted that the questionnaire she would use not take more than five minutes to fill out. In addition, she warned the researcher of the legal dangers he was exposing himself to in the event the company were ever be held to account for some of their wrongdoings in court. The researcher was putting himself in a situation where, because he would have gained knowledge about the workings of their program, he could be called to testify against it in court. He could potentially find himself in breach of the confidentiality agreement, and the company could sue him. All in all, her warning permitted the researcher to understand more clearly the reluctance that he was experiencing in getting companies to agree in carrying out an evaluation of their ethics program. From what the researcher could piece together, companies are uncomfortable with the idea of having an external agent who they do not entirely control looking at their operations.

Signs of this unwillingness to cooperate were not detected early on by the researcher who failed to perceive the aforementioned pattern. His initial understanding was that the lack of interest
to the research project was mainly motivated by companies not wanting to add to their normal workload by the presence of pestering graduate students. It was not until the researcher tried to validate his understanding of what constitutes an ethics program with various companies that he really became alarmed of their unwillingness to share or compare their program with the researcher's general characterization. Even companies which were awarded prizes for their programs, such as the American Business Ethics Award, were disinclined to share information about them.

All along the phases leading to the writing of the preliminaries of this study, the aforementioned situation put the researcher in a position in which he had to rely basically on second hand information in order to garner an idea of what his research object was. He was heavily reliant on information found on various websites and mostly in articles published in academic journals. Of the latter, very few, if any, were accounts of how ethics programs were operating within companies. This observation was also shared by Wulf (2011) who noted that there is limited empirical evidence concerning the implementation of corporate compliance programs or of ethical business practices. It, therefore, seemed as if the opportunities to establish firsthand that effectiveness of an ethics program constitutes a definite managerial problem or whether other concerns of importance may be research worthy were none.

3. WHY STUDY SIEMENS’ COMPLIANCE PROGRAM?

In the course of identifying companies that would be of interest to solicit in participating in the research project, one company caught the researcher's eye: Siemens. Weiss (2010) wrote an article in Bloomberg in which he mentioned how a bribery scandal brought Siemens to reduce its compliance violations from 18 % in 2007 to 9 % in 2009. As a show of transparency, this information was out of the ordinary. Up until then, the researcher had not identified a company that was willing to talk publicly about its ethics violations, even less of listing them, at least not since for a very long time. It brought him to contact the journalist and enquire how he obtained this information. His answer was quite simple: it was contained within the company's 2009 compliance report that was readily available from its website. This behavior on the part of a major company seemed to be very out of step with what the researcher came to expect from the corporate world. His next question was to know why the company proceeded to be so transparent.
He learned that in 2006, the law enforcement institutions of Germany and the United States made Siemens aware that it was implicated in a number of unethical problems. Part of the settlement reached in 2009; Siemens had to publish a Compliance Report that was to be handed over to a "Compliance Monitor." According to Koehler (2011), the Department of Justice (DOJ) monitors violations of the Foreign Corrupt Practices Act (FCPA) and instead of prosecuting the company; the DOJ enters into an agreement called a "Deferred Prosecution Agreement" (DPA). This agreement lasts approximately three years (in the case of Siemens; it was four). If the company complies with all its obligations during the term of the DPA, the DOJ will dismiss the criminal charges against the company. In this context, the Compliance Monitor ensures that the company adheres to the terms of the DPA, and has made the changes that it said it was going to undertake so that it will never again be subject to FCPA scrutiny.

Having a good idea of the company's background and the openness that it displayed by being transparent about its history and its compliance program, the researcher wondered whether Siemens would extend this openness to the point of participating in his research project. The answer turned out to be yes. Upon their acceptance to partake in the project, the researcher went to meet the Compliance Officer at Siemens' Canadian headquarters located near Mississauga, Ontario. It was during this meeting that he was handed a number of documents, most of them public, which permitted him to get a general idea of the composition of their program.

Does the simple fact that a company agrees to have its compliance program studied constitute a sufficient reason to justify it being studied? The evident answer is no. Then what would justify studying Siemens' compliance program? Would it be because Siemens' compliance program is a model program, in the sense that it stands out in some way?

Aviram (2005) pointed out that it is difficult to show how one program stands out from the other. He noted:

Compliance programs are quite commonplace, at least among large businesses. Over ninety percent of Fortune 500 companies and over seventy-five percent of other large companies report having an ethics code or a code of conduct. Compliance programs are, generally, voluntary operations. As such, they may take any form that the implementing firm desires. Thus, the firm is free to structure its compliance program
in the manner it believes is optimal to mitigate misconduct and assure employees, customers, suppliers, government or the public that it is mitigating misconduct.

With this comment in mind, was it possible to confirm ex-ante that Siemens Compliance is a program that stands out? To provide an affirmative answer required studying Siemens's compliance program and comparing it to some standard. However, the researcher did not find an academic study which had done so.

Sidhu (2009) further dispelled the idea that it was possible to assert that Siemens' program, or any company's program for that matter, be taken as a model.

[...] the compliance system of one corporation, Siemens AG, shall or must be the guide for all compliance organizations to come. Other organizations [...] also have the reputation of maintaining high standards in anti-corruptions programs. In addition, it goes without saying that the branch, size, countries of business activity, and history, of a corporation, among other factors, may require a different compliance system.

What then could justify a study of Siemens' compliance program? One criterion is that of its reputation. The researcher came across a number of possible qualifiers used in describing the reputation of Siemens' program: "benchmark," "best in class," "world class."

Sidhu (2009) described Siemens' program as a benchmark. "A thorough look at the cornerstones of Siemens' compliance is reasonable. Even if the compliance organization of Siemens may be considered as excessive, it does constitute a benchmark for the time being."

He also added that: "[...] Siemens will have a cognizable impact on the growing implementation of standards of US origin, in particular, whistleblowing and the employment of compliance officers."

A study of Siemens' compliance program could then be justified because it is a benchmark for other companies. In what way is it a benchmark? The answer provided by Sidhu (2009) is the sheer scale of the program. He points out the following features of the program:

- "...the amount of costs Siemens has invested in the improvement of its compliance system is outstanding to a discouraging degree." ( $ 1 billion for investigating and restructuring the company, and $ 150 million (at minimum) for setting up the compliance program);
“it has employed more than 500 full-time compliance officers worldwide” (to which one has to add a great number of employees who are known as Compliance Ambassadors);

“it has trained more than a third of its global workforce on anti-corruption, and renewed standard compliance measures, like anti-corruption guidelines and handbooks.” (which means approximately 120,000 employees have received training).

Choudhary (2013) mentioned that Siemens had voiced in 2005 the goal “of becoming the best-in-class in corporate governance, business practices, sustainability and corporate citizenship.” It did so by implementing the following measures:

- “Moratorium on Business Consulting Agreements, exceptions had to be approved in writing by a senior manager and Chief Compliance Officer;”
- “Introduced new guideline regarding anti-public corruption compliance;”
- “Created new policies regarding "retention of intermediaries who interact with the government on Siemens' behalf, compliance in M&A transactions, joint ventures and minority investments, and gifts and hospitality";”
- “Implemented a centralization of its cash and management systems;”
- “Established a corporate Disciplinary Committee to dispense with disciplinary measures for violation of law or company policy or misconduct;”
- “The company also adopted a global amnesty program for employees who voluntarily provided information regarding corruption. Senior Management was not eligible for amnesty;”
- “Additionally, 1,400 senior executives were trained regarding fighting corruption and antitrust laws. The company expected another 100,000 employees to complete its web based training regarding compliance.”

Choudhary (2013) added also that: “These changes and efforts of the new management team paid off as the company received the highest ratings possible for risk management, compliance and protection of shareholders' interests.”
Komori (2013) described Siemens' program as "World-Class" because it:

− "hired staff (approximately 600 compliance staff globally in 2003, vs. 173 compliance staff globally in 2007);"
− "appointed a strong chief compliance officer (externally recruited), who has duo direct reporting to the CEO and general counsel;"
− "delivered regular, repeated, and reinforced messages related to Siemens' values that are ethically driven (from C-suite and management board);"
− "created a robust compliance program built upon a "prevent, detect, respond" framework supported by expansive technology tools (i.e., 24/7 compliance help desk);"
− "reinforced the importance of integrity in all messages from the top;"
− "integrated individual compliance incentive compensation packages (represented 17 per cent of incentive compensation calculations for all executives in 2009)."

SNC-Lavalin (2015) described Siemens' program "best-in-class and a world standard." In fact, they hired Stefan Hoffmann-Kuhnt to build their own compliance program.

I worked for Siemens for 26 years. While I was there, I had the opportunity to work for Compliance under Andreas Pohlmann (now Chief Compliance Officer at SNC-Lavalin). We designed and implemented the company's compliance program, and today that program is regarded as best-in-class and a world standard. After the success at Siemens, I was looking for a new challenge.

Finally, Koehler (2012) pointed out the DOJ own evaluation of Siemens' program. "..the recognition and remediation efforts of Siemens have been extraordinary and have set a high standard for multi-national companies to follow." Koehler also adds: "In short, there is likely no other company in the world today than Siemens that has devoted as many corporate resources towards compliance."

The above indicates the reputation that Siemens has established for itself and for its compliance program. On the one hand, as Borsch (2004) pointed out, it has the reputation of being a responsible corporate citizen with modern governance structures. He characterized the company as a "flagship firm," one whose behavior would likely affect the behavior of other firms through demonstration effects. On the other hand, the company's program also has a strong reputation. It is one which other companies look up to as a point of comparison. These considerations imply that
this single-case exploratory study was justified on the basis that Siemens’ general reputation. In no way did studying Siemens’ compliance program constitute a consolation prize.

4. WHY A SINGLE CASE STUDY?

What is a case study? According to Yin (1981) it is a research strategy whose distinguishing characteristics are that it attempts to examine contemporary phenomena in its real-life context, especially when the boundaries between phenomena and context are not evident. According to Eisenhardt and Graebner (2007) it can take the forms of: a) a "rich empirical description of particular instances of a phenomenon" usually referring to a variety of data sources, b) a historical account, and c) a "contemporary description of recent events." According to Gibbert et al. (2008), it is "typically carried out in close interaction with practitioners, and they deal with real management situations. Case studies, therefore, represent a methodology that is ideally suited to creating managerially relevant knowledge."

Studying Siemens’ compliance program would definitely meet the criteria of dealing with a contemporary phenomenon providing a rich empirical description of a real management situation. However, is the study of one case sufficient or is the sample too small? According to Siggelkow (2007), a single case study is of interest if it meets three criteria: a) the case is a powerful example, not just a description of a particular phenomenon, b) it is representative, in the sense that inferences can be drawn from it, or that it permits to gain insights other organizations would not provide, and c) it concerns an organization whose endogenous features make it special. This said, a single case study which could not fulfill these requirements might still be justified if it could provide conceptual insight. This happens in three circumstances: a) when there is limited knowledge concerning a particular phenomenon and that theory emerging from data can inspire new ideas, b) it can "sharpen existing theory by pointing to gaps and beginning to fill them," and c) " it can be employed as an illustration. It permits the reader to see how a particular construct manifests itself in real life. Getting closer to constructs and being able to illustrate causal relationships more directly are among the key advantages of case research."

Ex-ante, the researcher initially did not want to allege that little was known about the phenomena. Though this was definitely his impression after having repeatedly gone through the
literature, it still was possible that it reflected his own ignorance and not the field's state of knowledge. However, Wulf's (2011) study corroborates that there is little empirical research on the subject. This being the case, it becomes difficult to compare Siemens' program to others. For example, does Siemens' program have a feature that other programs do not? To answer this question would require having a ground of comparison; something that empirical research does not provide at this moment. Additionally, as stated previously by Aviram (2005) it is difficult to show how a compliance program stands out from another because it is free to interpret as it wills what constitutes the best way to mitigate misconduct. Should this be indeed the case, it would add a degree of difficulty in making comparisons. So is Siemens program a description of a particular phenomenon, is it representative of others? Both questions necessitate comparisons, and for the researcher, an honest answer is that he cannot confirm or negate for lack of data. How about the question of having a special feature? Though again a comparison is not really possible, from what has already been said of Siemens' program, it would seem that it has the special feature of sheer scale; it is a big program. As noted by Koehler (2012), there does not seem that many other companies have devoted as many corporate resources towards compliance. In all, ex-ante, the researcher suspected that a study of Siemens’ compliance program was justified on the grounds it respected at least one of Siggelkow's criteria and as an empirical study, it would contribute to the general knowledge about the subject.

Ex-post, the researcher does argue that the study did provide conceptual insight. First of all, the study can be used as an illustration of some aspects of "modern governance structures" pertaining to a real-life company. The provided description gives ample information about the details of the program, and of the messages conveyed to employees. It also points out what could be interpreted as additional clarifications that the company should provide. Second, the study describes the organizational change process followed by the company and introduces new constructs in order to better describe the processes that contributed in the program taking root.

5. SIEMENS AND ITS COMPLIANCE PROGRAM

Siemens is a high-technology company that offers solutions to problems faced by many public institutions, either governments (state or municipal) as well as their diverse agencies institutions, such as hospitals. The company's 2011 Annual report made abundantly clear that its
products and services are geared to meet the infrastructure needs of governments or governmental agencies that develop varied social projects such as those found in the United Kingdom (London), Singapore, Brazil (Sao Paolo) and China. Their products, only to name a few, range from early diagnostic imaging systems, wind turbines, electric trains, toll systems, wastewater management systems, desalination systems, postal automation technology, baggage handling systems, fire detection systems, video surveillance technology, to high-voltage transmission systems.

In order to meet the various needs of its customers, in 2011 the company grouped its activities according to four sectors: Energy (with over 82,000 employees), Healthcare (with 51,000 employees), Industry, which group customer service, drive technologies, and industry automation (with over 103,000 employees), and Infrastructure & Cities, which include smart grid, rail systems, building technologies, mobility & logistics, and low & medium voltage (with over 87,000 employees). Since 2011, these groupings have changed, and probably continue to do so as the company adjusts its structure according to its targets and market needs.

The Siemens compliance program that we know today took hold in the years 2006-2007, a time during which the company invested a large amount of money in it. According to the 2008 sentencing memorandum, Siemens developed a compliance program that involved the participation of its Corporate Finance and Corporate Compliance departments. They also sought outside help from PriceWaterhouseCoopers. According to the memorandum, the total external cost to Siemens for the PwC remediation efforts has exceeded $150M for the support given by 75 PwC professionals.

Parallel to this undertaking, Siemens put together a compliance organization which at that time employed 500 full time compliance personnel worldwide. The Chief Compliance Officer reports directly to The General Counsel and the Chief Executive Officer.

According to Siemens' 2011 Annual Report, the "Compliance System," as it is known internally, focuses on three aspects: prevention, detection and responsibility. These guiding principles are to be adhered to by managers who are all expected to embody compliance and responsible decision-making.
In 2011, which was the third year working with the Compliance Monitor; Siemens received a report evaluating the sustainability of its Compliance Program. According to Siemens, the report states that the Compliance Program is reasonably designed and implemented. In its 2011 Annual Report, Siemens identified four compliance priorities: "a) optimize the effectiveness and efficiency of the introduced and proven compliance processes and tools; b) base compliance risks analysis more closely on the specific circumstances of their respective business areas; c) establish compliance even more strongly as an integral aspect of their business activities; d) intensify interaction with their internal and external stakeholders."

As for their compliance organization, according to Gibel and Leitao (2012), The US Justice Department hailed Siemens for its "extraordinary cooperation" and "uncommonly sweeping remedial action" in the 2008 sentencing memorandum, and today considers the company to be a model for corporate compliance.

6. QUESTIONS RELATING TO THE PROGRAM’S DEVELOPMENT

The very concise account given above of the events leading to the setting up of a compliance program, and the description of its general outlines, brought to mind a number of questions as to its development, evolution and results. There were at least three lines of questions that sprung up and which were meaningful in gaining a better understanding of Siemens' needs in relation to their program: a) the intent behind the program; b) the pace by which it was set into place; c) the consequences of actions taken.

The question that cropped up is one having to do with the intent of what was done. The portrayal of the history of the program might tempt one to think that the sole or main reason for which Siemens proceeded in introducing a compliance program was to evade financial penalties or to secure their access to further governmental contracts. This perception would be in line with an instrumental understanding of business ethics for which the only reason to do so is to secure survival. Though this line of thought might be justified on the grounds of the obviousness of the immediate gain to be achieved, there may also be a reason to shy away from this conclusion. The researcher wondered whether this way of depicting what Siemens had done truly revealed the intent that guided the company's pursuit. Without any doubt, they encountered a major crisis, one which
could be compared, by analogy, to a heart attack experienced by an out of shape individual. In the case of the individual, if he initiates a program that gets him back into shape, one could understand the energy deployed through his program as only instrumental if the person solely stays in shape in order to avoid another heart attack. The efforts are remedial, and the person stays essentially the same despite his attempts to get into shape. Even so, maybe the individual put forth all his efforts with something different in mind. It is possible that the individual decided that he no longer desires to be what he initially was. That the heart attack was an experience that had led him to change the ways by which he relates to food, exercise and relationships. Was the crisis Siemens faced only a remedial experience or was it something else? After having carried out this study, the researcher is of the opinion that the company's true intentions were to transform itself into something different from what it was at the outset in 2006. As to exactly what it intends to become, the researcher found that the company is still in the process of clarifying the message it communicates to the public; which may suggest the company has not as of yet conceived the program's end state.

But this was not known at the onset of the study, and the researcher pursued his reflection on the intent of the program. It led him to wonder what had the years since its inception accomplished. Had the years since the initial shock of 2006 been merely used to put forward enhanced managerial mechanisms to prevent and deter more ethical failings? It was at this point that the researcher asked himself if framing Siemens' experience as a development process would provide additional insight into the company's experience. If the company had really embarked on a developmental process, what was it about? Was it simply the pursuit of improved efficiency and the countering of villainy? Or was it something in the nature of a pursuit of a project, such as the company's or the employees' moral development? Was it about the improvement of the company's own compliance program?

One aspect that particularly intrigued the researcher was the pace at which everything had been put into place. For the outsider whom the researcher was, it seemed that he saw a company whose practices failed to meet certain ethical standards and then, poof, as in spontaneous generation, there was a world-class program operating quite smoothly. At this point, the researcher considered how Hammer and Champy (1993) might interpret the situation: as a reengineering strategy for organizational change.
At this juncture, the researcher realized that should this characterization of events be exact, then Siemens' experience would be of the outmost interest, perhaps even unique. For it would suggest that its experience went counter to models of ethical development, as reviewed by Roussouw and van Vurren (2003). They suggested that ethical development is an evolutionary process and could not be imposed. Could it be then, as first glance would suggest, that Siemens' experience bypassed an evolutionary account of intra-organizational ethical development? Because Siemens' model gave the impression that the program was jump-started, the researcher came to wonder if their feat truly flew in the face of existing models or whether it obliged to rethink them.

Another aspect that puzzled the researcher was in relation to the consequences of what had been accomplished. A number of enquiry points sprung up from this topic. Basically, the researcher wondered about the effects of such an initiative on the company's many stakeholders. Let's, for example, consider internal stakeholders such as employees. He could not ignore that a good many articles in business ethics have dealt with the constructs of ethical culture, ethical climate, and organizational commitment, even program commitment. These constructs point to the relationship between employee perception of programs and their actual striving to work towards its goals. With these relationships in mind, the researcher could not but wonder to what point Siemens' employees welcomed and adjusted to the program. A same line of questioning arose when considering external stakeholders. For example, he had to ask himself how the company's relationship with partners, such as suppliers, customers or perhaps whole markets, had evolved in light of the program's gist.

Considering how Siemens' compliance program was initially portrayed, and the question relating to its intent, plus the question of whether it went counter actual models of ethical development, also the question of the consequences of the program on employees and stakeholders, the researcher started to doubt that the initial of evaluating program effectiveness was pertinent. He came to doubt that it represented a genuine managerial concern at Siemens. Let us now look why.

7. UNDERSTANDING SIEMENS' MANAGERIAL CONCERN IN REGARD TO THEIR PROGRAM

Though the researcher explained from the outset why evaluation of program effectiveness may be a major concern for a great number of ethics officers, he came to think that it may not
necessarily constitute a managerial problem for all companies. Some companies may have their ethics program processes so well put into place that their outlook is elsewhere. This seemed to be Siemens' case with its compliance program. In fact, he came to consider that there are at least two reasons which would justify not pursuing the avenue of evaluating program effectiveness at Siemens.

First of all, it had already been done by the Compliance Monitor, who for four years got to know the various aspects of the program quite well. His assessment was that the program is properly structured and working well. And the company was implementing the changes that were recommended.

Secondly, even the people managing the program are confident in its soundness. This assessment was corroborated by the previous Siemens' Canadian Compliance Officer for whom the program worked well and showed no functional problem. It appears that this appraisal is substantiated by at least two points. Point number one: the company is capable of doing what it set out to do: detect and remediate problems. Let us refer to a relevant illustrative example. In July 2013, Siemens experienced a potential anti-trust issue in Brazil. When the researcher brought up the subject with the Compliance Officer, as an illustration of a weakness of the program, it was pointed out that it was just the contrary. Because the case was brought to public attention, and the company was cooperating with legal authorities to get at the heart of the matter, illustrated that the program was working well. They could detect the problem and remediate it, limiting whatever prejudice the incident might have brought the company. Point number two: because the company also proceeds to survey employee perception of the program, it, moreover, knows to what degree there is internal buy-in. This meant that the company had a good idea of how employees have been affected by the changes brought about. It would seem that they are supportive of the program in that they identify with it and are working toward its goals. And so, even though the researcher had earlier raised the question of employee commitment, which could signal a need to look at one particular aspect of program effectiveness, present company practices showed that this avenue was also a dead end for a research project.
Concluding that program effectiveness, though always a concern, is not a salient managerial concern at Siemens, the researcher found himself in the situation where he had to ask in what way a research project could contribute to Siemens' compliance program. While trying to answer this question he had to keep in mind a basic premise: the program had no operating problem. He, therefore, went back to Siemens to see what they would like to achieve through a research project. Their answer was quite simple: add value to the program. Without an additional lead to work from, his challenge was to propose an avenue that could be of interest. To do so, the researcher decided that he needed to have a better grasp of the company's corporate organizational ethics. He, therefore, sifted through many of the company's documents to see how they expressed themselves in regard to their compliance program in order to get a better idea. At this point in time, the researcher limited his enquiry to two documentary genres: the company's Sustainability Report, and the company's Compliance and Anti-Corruption guide, recognizing now that a completely comprehensive account would have required consulting many other documentary genres. Nevertheless, this permitted him to identify what seemed, at that stage of the research project, to be three characteristics of how the company viewed ethics.

First of all, by looking at their 2011 Sustainability Report the researcher came to sense that their focus was twofold: one was specifying orientations and the other was articulating priorities specific to the program. They state that they are committed to preventing violations, and to do so compliance has become a permanent and integral part of all their business processes. And though there is a compliance function, the people behind it are not the only ones to turn to. The ultimate responsibility for success remains with all managers who must assume a role-model function. As for the compliance program as such, it strives to attain a number of targets and respect priorities: a) optimize process efficiency and effectiveness; b) integrate a new compliance risk assessment system; and c) intensify interactions with internal and external stakeholders.

Secondly, the document also painted the picture of a company that seemed to be emboldened by a sense of mission. Siemens projects itself as a leader in a battle waged against international corruption. They have aligned themselves with business partners and international organizations in order to stamp out the scourge that has sapped the credibility and stained the reputation of so many in the business world. They even offer financial aid to outside organisations
that develop programs aligned with the company's aim. This general picture seemed to have been corroborated when the Canadian Compliance Officer pointed out that the company's efforts in promoting ethics give it a competitive advantage. In promoting their efforts and making them public knowledge, they are confident that existing and potential customers will feel secure. In short, by working with Siemens, clients need not fret that they will be implicated in a future scandal.

Thirdly, the very managerial and structured approach found in the Sustainability Report yields to a somewhat different one that the researcher sensed in their Compliance Anti-Corruption Guide. The document states what the company is trying to accomplish: create what it calls a "culture of compliance." Though they do not indicate precisely what they mean, they, nevertheless, point to certain behaviors they esteem reflect what is sought: a) have actions that are consistent with the law and company policies; b) report concerns and challenge suspect behavior; and c) being accurate and complete in record-keeping and documentation.

They are inspired and motivated; they are enunciating what has to be done; they are in the motion of articulating the image of what they wish to attain. This is what the researcher was deciphering from these elements of a partial reading of how the company viewed ethics. From his own understanding, he saw Siemens, as far as their compliance program was concerned, as still being in the midst of a process of structuration. Case in point: the Canadian Compliance Officer saw Siemens' program as having initially been rule-based and, to his account, in 2011 changed into being value-based. Such a depiction led the researcher to think that the program was in the midst of an evolutionary process. Conceivably, the first step required the setting up of a successful program by introducing a governance structure and that the first years of operation were used to tweak its functioning in order for it to be compatible with the rest of the company's activities. And possibly, by mentioning that the aim was to become value-based, he should understand that there is a second phase, maybe even a third or fourth.

This particular line of discourse, saying that the program was rule-based and transforming itself to value-based, seemed to suggest that the program was heading into being more of an ethics program than being strictly a compliance program. At least, this was how the researcher was interpreting the discourse at the time. This reading of the situation provided the researcher with a
justification for delving further into Siemens program; to catch and characterize this particular evolutionary process.

And so, the researcher was perceiving that much had been accomplished, and some elements might require reworking, as illustrated by the particular modifications that were mentioned. What the researcher, as an external observer, failed to perceive were the reasons for these modifications. He ignored what kind of internal dynamics within the company were working to bring on the changes deemed as being of outmost and pressing importance.

Additionally, with the limited information at his disposal, his understanding of their undertaking was limited to their talk of prevention and of them encouraging certain types of behavior. Undoubtedly, all this effort brought employees to rally in support of the program and to abide by the imperatives prescribed by the company. However, the researcher had not succeeded in depicting the more profound meaning or orientation of the endeavor upon which all had enlisted. In this context, it would appear to be suitable to highlight it further still.

8. THE STUDY'S ORIENTATION

All the preceding considerations led the researcher to the conclusion that the focus for the present research project should be reset from program evaluation onto focusing on the program's structuration process, and on the way they conceive what they are trying to accomplish, establish or attain. The researcher was of the opinion that by doing so he could contribute in adding value to the company's project in at least three ways.

First of all, the researcher considered that it would be worthy to ask what makes Siemens special? How had it succeeded in such an endeavor, in transforming a company's ethical bearings so hastily? What were the characteristics of their transformation process and what were their organizational learning patterns? By answering these questions, he considered it would be of interest to extract what could be learned from this particular experience and what lessons might be gained that would be relevant to other organizations who have already developed their distinct program or are considering setting up their program from scratch. What would be the added-value to Siemens? Let us not forget that the company transformed the initial shock of an ethical issue into
a learning experience through a process of moral development by introducing the structure contained in its compliance program. Sharing the lessons learned from their experience would contribute towards the success of their pursuit.

Secondly, by characterizing the pattern of activities presently observed within the company and determining whether these patterns reflect marked points of development, the researcher could also touch upon how other dimensions of organizational life, besides those of structural change, had also gone through changes of recognizable points of development. This kind of knowledge might alert Siemens of future pressure, threats and opportunities that may lie ahead, and prepare for them.

Thirdly, by focusing upon the nature of the company's moral development process the researcher also sought to describe their undertaking in regard to ethics, and to identify its stages. This would as well add value to the company because it could potentially help it understand their own experience, and identify the major lessons that it learned so that it can refer to them for further considerations when new situations or challenges arise.

All the preceding elements brought the researcher to sense that Siemens' managerial concern in relation to its compliance program could be understood in the following manner: what path had Siemens followed leading it in achieving the major organizational changes brought along to the organization, and where might the path lead if the company pursues it further? From this understanding of their interest, he came to express their managerial concern in the following terms: what can be learned from the way the company has modified its initial program structure to adapt to organizational, institutional and societal demands, and how can this information be used in the pursuit of its integration into the company's operations?

9. CONCLUDING REMARKS AND FURTHER CLARIFICATIONS

The researcher initially aimed at studying a diverse spectrum of ethics and compliance programs. However, the reluctance of companies to partake in such an endeavour oriented him to focus on a single exploratory case study: that of Siemens. In trying to convey Siemens' managerial
concern in this regard, his interests converged on the topic of the processes of moral development and of learning.

As a study which enquired on the aforementioned topics, it fell within a broad canvas of research which already put to the fore a good number of concepts. The following chapter will consider the concepts that previous research called attention to. Foremost among these is the term of ethics itself. Throughout this presentation, the researcher talked about ethics, basically assuming all readers have the same understanding as to what it is. Because this might not be the case, it is necessary to expound somewhat on what is meant by the term because, fundamentally, it is the starting point from which this whole research project evolved. The same can be said about the term's outgrowth: business ethics. Besides indicating in what way ethics applied to business differentiates itself from ethics in general, if at all, he needed to determine in which manner researchers have been referencing the term and what topics are covered in this particular field. There was also a need to highlight what was known as far as how companies have shaped their managerial practices in light of their appreciation of ethics applied to a business setting.

Though some of the general outlines of the company's compliance program have been described, the researcher has not as yet explained what is generally understood by the term. In order to highlight the uniqueness of Siemens' program, the researcher had to signal what was already known about such managerial practices. He needed to point out the components or fundamental characteristics of such programs. This line of questioning also applied to the term of moral development. Moreover, he needed to point out what this term designates and how researchers explain the process.

Finally, by stating this research project focused specifically on Siemens' experience; the researcher acknowledged that his particularly line of enquiry is known as a case story. Additionally, because he hinted his approach sought to unveil knowledge that is reflected by the activities of actual practitioners, he also acknowledged that his approach is in line with grounded theory. Both terms, case story and grounded theory, needed to be explained.
The following chapters probe into each of the terms that the researcher anticipated to reference during his research project.

REFERENCE POINTS NEEDING CLARIFICATION

What is ethics?
What is business ethics?
What is an ethics and compliance program?
What is moral development?
What is grounded theory methodology?
CHAPTER TWO
CLARIFYING REFERENCE POINTS

The line of enquiry pursued to this point led the researcher to consider characterizing Siemens's undertaking of setting up a compliance program. The expectation was that by doing so would permit him to gauge where it was heading and to foresee the challenges the organization might encounter along its trajectory. To convey a portrait of its distinguishable qualities or peculiarities required being cognizant of the features which might have been interesting to study. With this in mind, a literature review was undertaken in order to determine the concepts and constructs pertaining to this endeavor. At the outset, the researcher had not established a priori which concepts could be useful. He did, however, come to view certain sensitizing concepts, as defined by Bowen (2008), as being pertinent, such as: a) ethics and business ethics, b) ethics programs, and c) moral development.

The following sections serve to go through the business ethics literature in order to see what it had to say about the above identified concepts. In so doing, this review does not claim to furnish a definitive version of what is to be understood by these specific sensitizing concepts because, as remarked, many concepts or constructs have not reached a consensus as to their precise meaning. Therefore, the document's narration conveys mostly what is generally understood by the chosen concepts.

The first section deals with ethics and business ethics. The researcher went through the literature in order of clarify what is supposed to be understood by the term "ethics," and to consider the assorted theories proposed by experts within the field. Proceeding in this way led the researcher to call attention to the issue of the difference between "ethics" and "business ethics." It also led him to point out that individuals differ as to which ethical theory best represents their own way of evaluating situations. These differences account for why there are three main ethical schools, which are amply referenced in the business ethics literature. This being the case, managers position themselves, consciously or unconsciously, as to which school best represents their understanding of what is to be considered ethical.
The section on ethics programs highlights the practices organizations have put forth in order to elicit desired behaviors. It begins with a historical recounting of this kind of practice, with the goal of pointing out what influenced its growing adoption among companies. This led the researcher to look at who manages them, what they do, and what activities are related to these programs. The section ends by looking at how researchers have tried to characterize the nature of these programs, and have determined their intended ends. By looking at ethics programs, he comes to ask if such an undertaking really has the potential of influencing one's behavior and to ensure it is ethical. This question takes him to examine a particular model whose aim is to describe how an individual proceeds in making an ethical judgment which would lead to ethical behavior. This examination is done by describing an explanatory model and one of its related constructs. All this will bring about the realization that an ethics program's focus, for it to be meaningful, has to be on shaping the general conditions prevailing within an organization.

The final section deals in identifying the organizational factors which may influence individual behavior. It starts by looking at how individuals develop their competencies in dealing with ethical issues to learn that it is acquired in distinct stages. It continues by recounting the work of researchers who have found that organizational competency in dealing with ethical issues is also something that is developed. From there, the section ends by looking at a number of models researchers have proposed to describe the stages by which organizations go through in developing their competencies either with ethical issues or with other aspects having a bearing on ethical issues.

The concluding remarks of this introduction indicate that having delved into the three groups of sensitizing concepts, the researcher he has come to formulate his own conceptualization of what business ethics means and what ethics programs are. From there, he identifies the orientation that he gave to the study.

1. WHAT IS "ETHICS" AND "BUSINESS ETHICS"?

The researcher is definitely not the first to have expressed an interest in the field of ethics, and its offshoot of business ethics. However, he was naive in thinking that those who have already delved into the field would certainly have nailed the exact meaning of these terms. By looking through the literature about the topic, he noted that consensus was far from having been attained.
In fact, when going through the vast literature one observes a richness of information which manifests itself through a number of differences on a variety of themes. The following section highlights these many differences which make professing to provide a definitive portrayal somewhat perilous.

1.1. First observation: different definitions

To start, Byron (1977) explains that the concept of ethics in business is intertwined with four levels of meaning. First, a commonsensical grasp of ethics: referring to the idea that since childhood people have developed a commonsense appreciation of the notions of fairness, rightness, and oughtness. Second, a philosophical appreciation: ethics is concerned about the relationships of means to ends and with the discovery of choice and the most reasonable end. It is aided by reflecting on human experience, and by ethical principles derived from reason. Third, at the etymological level: starting from the word's root, "ethos." ethics would come to designate a person's orientation toward life. One can infer from this root that ethics deals with the building of a person's character. However, it is also pointed out that the Latin translation of "ethos" is "mos, mori" which give us the word "moral." In fact, Latin changes the emphasis from character to actions, acts, habits and customs. As for in English, "moral" describes that which is proper and good. In English, "moral" is associated with external acts, whereas "morale" is associated with one's inner disposition. Finally, the fourth level: the notion of religious ethics; that there is a direct relationship between a person's actions and his religious beliefs.

Byron (1977) adds that the concept of ethics can also be used either in a micro or a macro sense because it is interested in different types of relationships: person-to person, person-to-group, group-to-person, and group-to-group. Business ethics, for its part, will interest itself with all of these relationships.

Ricoeur's (1991) interpretation as to the difference between "ethics" and "moral" is to the effect that, though both refer to the notion of "mores," "ethics" puts emphasis on the point of what is considered as good, whereas "moral" puts emphasis on the point of what is imposed as an obligation. From this, it is to be understood that ethics designates that which aims a life of fulfillment carried out by actions esteemed as good; an idea developed by Aristotle (1999) in his
work the “Nicomachean Ethics.” In contrast, moral designates that which is mandatory, marked by norms, obligations, prohibitions characterized by both a requirement of universality and constraints, an idea developed by Immanuel Kant (2002) in his work “Groundwork of the Metaphysics of Morals.”

Another example of an attempt to define business ethics is that of Lewis (1985) who concludes, somewhat amusingly, that to do so is like nailing jello to a wall. For him, the task is nearly impossible and the very most one may expect to achieve is to arrive at an approximation. Let us here consider the reasons he gave to sustain such a position.

He undertook to research the general literature in business ethics in order to answer three questions: a) how is "business ethics" defined in the literature, and by business people, b) what are the points of agreement upon a definition of "business ethics," and c) can a definition of business ethics be synthesized from the available definitions?

The results he obtained from his review, and from his analysis led him to the following conclusions. As for question a), he notes that the definitions of business ethics allude to the rightness or wrongness of behavior, moral principles, rules, standards and codes. As for question b), he notes that there is no one definition upon which all agree. On the contrary, there is diversity in the definitions that are given. As for question c), he concludes that his data does not permit him to give a definition that synthesizes what was found. His best approximation is to say that business ethics is about moral rules, standards and codes, and principles that guide behavior.

Besides his somewhat pessimistic, or perhaps realistic, outlook as to the possibility of defining business ethics, Lewis’ (1985) research is also of interest for a different reason: the topics talked about in this literature. Out of his initial review, one can observe the great diversity of issues and topics examined by researchers. He synthesized the various issues into 10 categories: a) demonstrating that being ethical is good for business, b) indicating that the motives of business activity are not to be reduced solely to profits, c) describing how managers feel pressured to compromise on their own personal standards, d) signifying how competition may lead business people to ignore considerations related to ethics, e) showing how the person with a well-defined
code is more likely to act ethically, f) indicating how employees with an ethical superior tend to behave ethically, g) showing how ethical considerations are more prevalent with youngest employees and those in the final decades of their career, h) marking how pressure from superiors to achieve results can cause unethical behavior, i) denoting how identifying with the company increases loyalty and encourages personal responsibility for personal actions, and j) showing how interpersonal communications are related to personal ethics in organizations.

What is learnt from this listing? It shows that, though one is not provided with a definite grasp as to the nature of the subject matter, one does come to see that research into business ethics is much interested by topics such as the conditions leading to ethical behavior, and in demonstrating how business can carry out its activities in an ethical fashion without jeopardizing profitability. However, as interesting this observation might be, in that one can glimpse what concerns researchers might have as to the utility of the subject matter; it still does not provide a clear definition of what it is. One is therefore brought back to the starting point: what is ethics? To answer, the researcher will limit himself to three additional studies of the issue.

Vitell and Festervand (1987) reiterate what has already been pointed out. From their review of the literature, they also observe that there is no universally agreed definition. Nevertheless, they catalogued various definitions such as: a) ethics is the study of the nature and grounds of morality, where morality means moral judgments, standards, and rules of conduct, and b) ethics is a normative study of human behavior in that it prescribes what we should be as human beings. As far as business ethics is concerned, this would designate a field of study interested in: a) the impacts of business decisions on people and on communities, and b) the decisions made by individuals within organizational roles when faced with conflicting objectives and values.

Sauser (2005), faced with the same problem, concluded that ethics referred to how a person's behavior relates to society. In this sense, one arrives to determine a persons' ethicality by comparing his behavior to societal standards. Hence, business ethics are the standards and norms used by individuals and organizations to distinguish right or wrong behavior at work. Because present day research is concerned with the standards in business ethics, these would be related to
the law, organizational policies, professional and trade association codes, societal expectations, and personal moral standards; an interpretation which risks conflating ethical with legal.

The last example of an attempt to define business ethics considered here is that of Tsalikis and Fritzsche (1989) whose objective was to find some basis for the field of marketing ethics. Their attempt differed from Lewis' (1985) in that, instead of analyzing the general literature about the subject; they referred themselves directly to the writings of renowned philosophers who have probed into the topic, such as Beauchamp and Bowie, DeGeorge, Barry, and Taylor. Their approach led them to find that "ethics" and "morals" are two distinct concepts, but have often been used interchangeably. They found that "morals" is a concept that should be used to designate the morality of a conduct whereas "ethics" is a concept to be used to designate the study of moral conduct or the code one follows.

These three summaries show that researchers in the field of business ethics have experienced difficulty in providing a clear definition of what ethics is. Though the researcher could continue to give other examples of reviews on the subject, he deems best at this juncture to take his cue from Tsalikis and Fritsche (1989) and also refer to some renowned thinkers in order to see what light they may shed upon the matter.

1.2. Second observation: different schools of thought

The literature review as to how philosophers view ethics and business ethics brought the researcher to the realization that there are at least two schools of thought about the subject. Because DeGeorge (1999) articulates very well how one particular school understands the topic, the researcher here presents the main points of this particular outlook.

DeGeorge's account of ethics touches upon three dimensions: a) its subject matter, b) its objective, and c) its practices. As for its subject matter, he states that ethics studies morality under three facets. First, it studies what morality deems being right or wrong practices, and activities. Second, it studies the rules that morality puts forward to standardize the activities. Third, it studies the values that morality tries to integrate into the activities or those which are pursued through them.
As for the objective of ethics, DeGeorge states that it tries to make a systematic attempt in making sense of our individual and social experiences, which are shaped according to rules. It tries to determine which rules ought to govern human conduct, determine the values worth pursuing, and identify the personal character traits one should try to develop in life.

With regard to its practices, DeGeorge deems that it carries out its study in three ways. First, it may provide a descriptive ethic, by which it studies and describes the morality of a people, or a culture, and thereafter compares them. In this feat, it is somewhat related to anthropology, sociology, and psychology. Second, it may provide a normative ethic, by which it attempts to develop a coherent and well founded moral system. Third, it may provide a metaethic, whose object of study is the moral discourse in itself, and does so by analyzing and defining the meaning of the concepts which are used. For example, it may try to determine the meaning of terms such as good, bad, responsibility, moral obligation, and others. Alternatively, it may examine the logic of moral reasoning by clarifying and evaluating an argument's presuppositions, and by evaluating the validity of the argument.

According to DeGeorge, the preceding account describes what he calls general ethics. He adds that it is possible to investigate the morality of specialized areas of interest, such as medicine or business. As the study of the morality in the field of business, business ethics proceeds through five types of activity: a) it can look at particular cases that are experienced in business and then try to see how general ethical principles apply to the situation, b) like metaethics, it can look at concepts usually used to describe actions done by individuals and try to see if they can be used to describe organizational behavior, c) it can examine the presuppositions that justify business activities from a moral point of view. It can ask questions as to the morality of business activities, d) it can shed light on the ethical issues that might arise out of a complex business situation or problem. It can determine which issues are ethical, and which are not, and e) it can describe praiseworthy and exemplary actions.

DeGeorge's description of ethics and business ethics corresponds in general terms with the view of Velasquez (2002), another well-respected thinker in the field. To start, this thinker found that it is commonly used to designate: a) the principles of conduct that governs an individual's or a
group's action, and b) the study of morality, where ethics are seen as a kind of investigation. From these definitions, Velasquez asserts that ethics is foremost a discipline which investigates a distinct subject matter: individual moral standards or societal moral standards. He comes to say that ethics examine moral standards, then seeks to find how these apply in our lives, and then looks to see if they are reasonable or unreasonable. From this, Velasquez infers that business ethics designates the study of moral right and wrong by looking at moral standards as they apply to business policies, institutions and behavior.

For Velasquez, and many others, business ethics is a form of applied ethics, which investigates three types of issues: a) the systemic: questions about the economic, political, legal and social systems within which business operates, b) the corporate: questions raised about a particular company, and c) individual behavior.

A second school of thought disagrees with the idea that business ethics is a field of applied ethics. For example, Hartman (1996) considers that business ethics seeks foremost to describe the features of the good organization. It is not, as has been asserted, to study how principles are applied to a business setting. In fact, in his view, the term "business ethics" is solely a taxonomic device by which theoreticians, who interest themselves about questions of universal principles, and practitioners, communicate about a cluster of problems and practices.

Holding a similar view to that of Hartman (1996), Collier (1998) hints the term "applied ethics" would be a misnomer should it strictly refer to the use of philosophical ethical theory and methods to analyse moral problems in varied spheres of activity. She is of the opinion that the term “applied ethics" should not be understood as solely designating the application of universalistic moral principles to a particular domain of human activity. According to her, "ethics" in the general sense, and "applied ethics" do not have different methods, though they may have a difference of content.

1.3. Third observation : different approaches (normative and empirical)

For their part, Donaldson and Dunfee (1994) saw that there are two approaches to business ethics: the empirical and normative. The empirical approach examines concepts (such as motivation
or even accountability structures) that are used to explain what is happening in a certain situation. Researchers who take up such an approach look into the relationships between behavioral variables, and aim at developing an explanatory framework which can then be used to predict or understand ethical behavior. On the other hand, the normative approach deals with standards used to guide as to what should be done.

Building upon Donaldson’s and Dunfee’s (1994) distinction, Trevino and Weaver (1994) also saw that academic business ethics is divided into two approaches: a) the normative, which seeks to be prescriptive, and b) the empirical, which seeks to provide an explanation, a description or a prediction. The normative approach is mostly associated with philosophers and theologians. The empirical approach is associated with management consultants and business school professors. Each approach has different foci and methodologies.

Trevino and Weaver (1994) provide a more detailed account of the normative approach which reveals that it is interested in formulating a critique of corporate practices, and in presenting prescriptions. In order to do so, it proceeds in providing an accurate description of a distinct practice in order to determine the grounds of judgment. Once this is achieved, then the normative approach can proceed in formulating a prescriptive moral judgment. Individuals adopting the normative approach typically have a philosophical background and typically have no training in the research models employed in social science. Trevino and Weaver (1994) depict these individuals as having training in metatheoretical issues of other disciplines, by which the two researchers seem to refer to as conceptual assumptions. These individuals offer interpretations and critiques. And what they do is: a) interpret business behavior, b) prescribe business behavior, and c) provide criticism of the work of their social science counterparts.

The empirical approach differs in that it has mostly adopted what they call the functionalist paradigm when examining business ethics. In their opinion, the empirical approach is inspired by the natural science model and adheres to an objectivist view of the world. Members of the empirical approach typically have a background in psychology, sociology, and anthropology. Their focus of interest is with questions of how things work, not of how things should be. They will study how behavior is shaped by variables such as organizational policies, procedures and reward systems.
They answer their research questions by using the consensually agreed methodologies of their scientific training: historical analysis, observation, interviews, surveys, and experiments. Their results are used to describe a particular phenomena under study in an attempt to explain or predict it.

1.4. Fourth observation: different types of problems

Not being in the position to weigh in on the debate as to the nature of business ethics, whether it is applied ethics or not, the researcher here considers Klein’s (1985) proposal to look at the issue from a different light by considering the kinds of problems dealt with in business ethics. He found that it tackles two distinct types of problems. The first type presupposes that business people are morally conscientious and seek to determine what they should morally do or not do. This type of problem is of most concern to those who see the normative approach to ethics as the application of standards to a specific situation; ergo business ethics as applied ethics. They seek to determine which principle is to be applied when encountering a real ethical problem in business. Their perspective usually leads them to use one of two approaches in dealing with these problems: the utilitarian (whose well known proponents are Jeremy Bentham and John Stuart Mill) or deontological (whose best known proponent is Immanuel Kant.)

The prevalence of this tendency in business ethics is underscored by Derry and Green's (1989) research, which proceeded in surveying 25 leading business texts published from 1979 to 1989 in an attempt to determine which ethical theories were used in business ethics. They found that textbooks usually present theories under two headings: a) the consequentialist (or teleological); and b) the non consequentialist (deontological, such as Kant). Lewis and Speck (1990) describe these approaches in general terms. They explain that the teleological approach deals with consequences. It judges the rightness or the wrongness of an action according to the consequences of the action. In other words, you do not know a priori if an action is right or wrong. You can only state its rightness or wrongness by looking at the consequences. The second approach, the deontological, deals with the duties of individuals, which are independent of consequences. Therefore, to judge the rightness or wrongness of an action, one must seek to determine an individual's duties.
Lewis and Speck (1990) point out that both approaches include subsets of ethical theory. And their review of business ethics publications shows that the majority of researchers/writers do not recommend which ethical theory to employ. Instead, they see that business ethics deals with many ethical ideas, many issues and systems. They describe the situation as being a "smorgasbord of ethics."

The researcher does not seek here to provide an exhaustive account of cases in which other researchers classify standards according to certain categories. His sole intention is to illustrate the point made by Klein (1995) to the effect that, in business ethics, many individuals refer to ethics as the application of ethical principles to situations considered as ethically problematic. However, he also points out that there is another way of proceeding, of referring to ethics, what Solomon (1992) calls the third wave in business ethics. According to Klein (1995) business ethics may seek the sources of business amorality and immorality, with the objective of finding how business may become morally acceptable. He contends that the person who adopts this approach tends to pursue what is known as the "good life": to live one's life according to human ideals, an approach that Bragues (2006) notes has its roots in Aristotelian ethics, to be found principally in his works entitled "Nicomachean Ethics" and "The Politics". In framing the problem in these terms, business ethics is then perceived as determining the basic ideals or values that a person, or for that matter, an organization should pursue. As Weaver (2006) puts it, this approach is developmental in that it posits some end for human activity, and subsequently, it looks to assess how well a person's character has developed in achieving that end.

This approach is usually known as virtue ethics or virtue-based ethics. As for the term "virtue," according to MacIntyre (1984), it has historically been used to designate one of three things: a) a quality which will permit an individual to uphold his social role, b) a quality that lets an individual progress towards the attainment of a "telos", which may be either human, naturalistic or supernatural, and c) a quality whose utility is to attain terrestrial or celestial success.

As for virtue-based ethics, Chun (2005) points out that it has traditionally been seen as only "complementary" to the deontological or teleological approaches discussed earlier. In fact, interest in this approach has only started to take hold since the late 1990s, whereas before that period, it
was little referenced in the business ethics literature. Perhaps the slow adoption of this approach may be explained by an observation made by Arjoon (2000): with an initial emphasis on decision making, business ethics was less interested in virtue ethics, whose main representative is Aristotle, because it is an approach that lacks clear-cut rules and principles for use in decision making, and this might make its application more difficult. However, by changing the sole emphasis from decision making to defining the ideals by which business is to abide, the virtue-based approach gains in pertinence. It is recognition that lifestyle and basic values mould character, which in turn is reflected in the decisions taken by individuals.

From the information gathered up to this point, it is understood that virtue ethics refers not to standards but to concepts such as character, virtue, and values; concepts which require further explanation as to their meaning.

First of all, note is taken of Wright and Goodstein's (2007) observation that concepts of character, virtue and values have been loosely used, and often used as if they were interchangeable. On account of this observed variance, the use of these concepts in social science research presents a challenge.

This said; let’s start by enquiring into the meaning of the concept of "character." According to Wright and Goodstein (2007), it is a concept which is not easily definable and many before them who have tried to use the term in the social sciences had not provided a satisfactory definition. So then how does one define "character"? To answer this question they first referred themselves to a basic definition which describes character as what is pertaining to a person's features and traits, more precisely in regard with the person's moral qualities, ethical standards and principles. From this basic definition, their review of the literature led them to conclude that character comprises three elements. The first element is the notion of "moral discipline," defined as a person's ability to inhibit one's passions, desires, and habits within the limits of a moral order. In this sense, character refers to a person’s ability to restrain his appetites, with the objective of seeking the greater good. The second element is the notion of "moral attachment," defined as a person's commitment to a larger community. This presupposes that individuals adhere to the ideals of the community. The last element, one particularly developed by Immanuel Kant, is that of "moral autonomy." This term
is defined as the individual's capacity to freely establish by oneself the rules by which to determine
the appropriation course of action to take in a particular situation.

In trying to provide a definition of "character," they found that virtue has been used to
designate conformity of one's life to moral and ethical principles or to designate good or admirable
qualities seen in a person or an aspect of personality. An example of this tendency to conflate both
concepts is seen in Chun's (2005) paper in which she defines "virtue" as “ethical character," and
adds that a virtuous person exhibits character traits in conduct and in compliance with principles.

This said, then what is the difference between "character" and "virtue"? To answer, Wright
and Goodstein (2007) referred themselves to Peterson and Seligman (2004) whose research
measured the strength of character. They found that to demonstrate virtue, one must display
strength of character through psychological processes or mechanisms such as persistence, integrity,
and many others. From this, Wright and Goldstein (2007) concluded that character designates the
qualities found within an individual, and by extension within an organization that constrains and
leads to desire and pursue personal and societal good.

As for the construct of "values," they remark that it did not appear in the English vocabulary
until after World War II\(^1\). They also note that the most recognized definition of the construct in the
social sciences is the one given by Rokeach (1968) for whom it designates a belief that a mode of
conduct or an end-state of existence is desirable. It involves an individual's opinion about what
should be or is desirable. They also point out that values are situationally determined in that they
are devoid of any strict adherence to a particular moral code or set of standards. And this is,
according to Wright and Wright (2001), what differentiates "values" from "virtues": values are
standardless, whereas virtues are based on an adherence to a moral standard or code.

\(^1\) Davis and Rasool (1988) found that the earliest reference to the concept of "values" dates to 1871. In reviewing the
literature where values are used in research, they found that though there are minor differences in definition, its global
meaning is generally consistent. From their review, values designate: a) that which is desirable, b) desirable end states,
c) abstract ideals representing a person's beliefs, d) beliefs that guide actions and judgments, and e) global beliefs of
desirable end-states.
1.5. Fifth observation: different ethical theories

With the great diversity of ethical theories to consider, research in business ethics has referred to them in order to gain a better understanding of phenomena observed in the workplace. Let's take corruption as an example. In order to have a better understanding of this phenomenon, or behavior, one can ask why some individuals partake in corrupt practices while others restrain themselves. In seeking such an explanation, Waldman (1974) claimed that individuals did not all have the same perception of these practices. On the contrary, people tend to see international corruption from one of four stances which he defined in the following manner: a) the moralist, who opposes corruption because it violates the moral code of the society to which he belongs, b) the antagonist, who condemns corruption on the basis that it might not be in society's best interest, c) the revisionist, who condones corruption on the basis that it might be in society's best interest, and d) the pragmatist, who views corruption as a necessary and unavoidable cost.

The divergence between each of these stances is grounded upon a difference of perspective as to how an individual looks at the phenomenon, in this case corruption, and on the way he weighs what is good. On this, each perspective is inspired by one of four ethical theories: a) the teleological, b) the deontological, c) the existentialistic, and d) the relativistic.

The teleological theory looks at the phenomenon from the perspective of the consequences of the action taken and weighs its worth on the good and evil that it may beget. The deontological theory, as explained by Waldman (1974) looks at the action from the perspective of the rules proposed by society and weighs its worth according to the facts that have been collected. The existentialist theory, as explained by Waldman (1974) looks at the action from the perspective of what men decide is right, not according to some a-priori rule. In this perspective, that which is considered right cannot be universalized to all humanity. Finally, the relativistic theory looks at the action from the perspective that the notion of what is right cannot be generalized to all societies. Therefore, one cannot justify the ethicality of an action in a universal manner. It is specific to one society.

A second case of referring to ethical theories is given by Pauchant et al. (2007) These researchers wanted to illustrate the vast heterogeneity of ethical theories to which business people
tend to reach out to when judging of the morality of an action. Though they mention that their list is not exclusive, they signalled out ten theories which they deemed showed this great diversity. The theories they identified are: a) Milton Friedman's neoliberal position, b) J.S. Mill's utilitarianism, c) Deontology, d) Rawls' egalitarianism, e) Freeman's Stakeholder Theory, f) Confucius' just behavior, g) Habermas' discourse ethics, h) Eleanor Roosevelt's human rights tradition, i) Rachel Carlson's ecology tradition, and j) Rigoberta Menchu Tum's aboriginal tradition.

In the above, the researcher showed that there have been attempts in business ethics research to catalogue how individuals perceive ethics according to certain ethical theories. The same has been done with virtue ethics where researchers tend to classify virtues, values and character according to categories.

For example, Miesing and Preble (1985) contend that one can categorize business acts by undertaking a values clarification exercise. This entails that one identifies the values held by business people, and then find a correspondence between these and an ethical theory. Miesing and Preble (1985) propose five ethical theories they consider encompass the prevailing values in business: a) Machiavellism, b) Objectivism, c) Social Darwinism, d) Ethical relativism, and e) Universalism. However, though their approach seems interesting, in light of Wright and Wright's (2001) assertion that values are not related to a particular code, standard or moral, its soundness is questioned.

Another example is that of van Warrewijk (2004) who contends that it is possible to classify organizations according to their value systems, defined as a way to conceptualize reality. He contends that business organizations can be categorized as displaying one of four value systems: a) the compliance-driven, with an emphasis on order, b) the profit-driven, with emphasis on success, c) the care-driven, with an emphasis on the community, and d) the systemic-driven, with an emphasis on synergy.

In all, the above account seems to illustrate one of the objects of ethics alluded to by DeGeorge, that of providing a descriptive ethic. By categorizing individuals and organizations
according to how their outlook is related to a certain ethical theory; business ethics researchers have tried to provide a descriptive ethic.

1.6. Concluding remarks on ethics and business ethics

The researcher's foray into trying to corner the precise meaning of ethics and business ethics, had one particular bias: it was done from the perspective of a manager who has to deal concretely with these topics. Going through the literature, the researcher became cognizant of a number of considerations. First, there is a great diversity of ways of describing the subject matter. Second, there are a great many theories which may be referenced when talking of ethics. And finally, there are a variety of approaches which can be used in evaluating a situation. These considerations have led the researcher to articulate a tentative definition of ethics in the following terms: ethics is a concern which arises when an individual encounters a situation which necessitates having to determine how to behave knowing that another person may be affected either positively or negatively. Though different individuals encountering the same situation may deal with it in different ways, they all try to determine which action to take in a situation.

As a corollary to this definition is the following tentative definition of business ethics: business ethics deals with situations that manifest themselves within an organizational setting which have the potential of affecting individuals, within or outside of it, either positively or negatively. Individuals within the organization who encounter these situations try to determine which action is best for the organization and the individuals involved, and lends itself to justifications to others. Considering also the researcher's bias towards a manager's perspective, business ethics deals with three issues: the norms which can serve as guidelines for decision making and behavior; this includes making judgments as to what is good or bad, and considering values such as justice, truth and well-being, b) the motivational factors which must be taken into account in order to kindle the behaviors which match selected norms, and c) the managerial practices which have to be put into place in order to create the dynamics which will harmonize behaviors with norms. For the manager, solely deliberating on the norms which should guide an organization would be theoretical. Once these have been identified, the organization must seek to translate them into actions. Therefore, it is necessary for the manager to be knowledgeable about the factors which can bring employees to adopt the selected norms. Once the manager has identified the desired
norms and the factors which influence behavior, she must continue to put forth structures and policies conducive of the kind of organization sought from the outset.

DEFINITION OF BUSINESS ETHICS

Business ethics deals with situations that manifest themselves within an organizational setting which has the potential of affecting individuals, within or outside of it, either positively or negatively. Individuals within the organization who encounter these situations try to determine which action is best for the organization and the individuals involved, and lends itself to justifications to others.

The typical manager having to deal with business ethics faces the situation where she must decide upon the orientation to take without knowing which is best. This situation is characterized by Donaldson and Dunfee (1994) as "bounded moral rationality." In this, they mean that though concepts pertaining to morals lend themselves to rational analysis, the manager has a limited capacity to comprehend and consider all details relevant to an analysis of its ethics. One clearly comes to see that managers face a distinct challenge when dealing with matters of ethics. This challenge surely manifests itself when the organization sets up an ethics program. In order to have a better understand of what is implied, the next section will focus precisely on the meaning of the term "ethics program."

2. WHAT ARE ETHICS PROGRAMS?

The means by which organizations today generally proceed in order to implant ethics into their activities is through what are called ethics programs. In this section, the researcher provides a comprehensive picture of what these are. He will indicate why they exist, who manages them, their typical practices, and their objectives. On this last point, looking at their objective will lead him to talk about their very nature. Doing so will bring him to glimpse briefly at the constructs of institutionalization and of desinstitutionalization, also at institutional theory and structuration theory.

2.1. The history of ethics programs

The practice of setting up ethics program has its historical origins in the United States, dating to the 1980s. According to Rasberry's (2000) account, the country at that time experienced
a grand scandal involving improper billing practices in the national defense industry. Responding to the situation, 32 companies operating in this industry founded in 1986 the Defense Industry Initiative on Business Ethics and Conduct (DII). Within this framework, these companies adopted and implemented a set of principles upon which they found common agreement. This first initiative gave impetus to other industries to follow. This was especially the case following the 1991 enactment by the U.S. Congress of the U.S. Federal Sentencing Guidelines for Organizations (FSGO) which strongly encouraged companies to develop ethics programs. The main incentive to encourage setting them up was the provision that companies which did so would be offered a reduction of the fines they would incur in the event of a lawsuit in relation to the FSGO. This incentive, therefore, primed companies to devote human resources in setting up the programs.  

Later, in the 2000s, organizations faced another incentive to establish an ethics program when the U.S. Securities and Exchange Commission (SEC) adopted the Sarbanes-Oxley Act of 2002 (SOX). The additional incentive was to be found under Section 404 of SOX, which required organizations to set up a system of internal controls for the preparation of their financial reports. Among the elements of the control system required by SOX, managers had to take steps to ensure two points: a) make explicit that compromises of personal integrity or values would not be tolerated, b) demonstrate through words and actions that they are totally committed to high ethical standards. All in all, the fulfillment of these requirements compelled organizations in setting up an ethics program.

Up to this point, one can see that the legal framework established by SOX and FSGO constituted the initial guidelines companies could follow in setting up their ethics program. Eventually, other resources came along helping companies in structuring their ethics programs. For example, in the United States, the Office of the Inspector General (OIG) of the Department of Health Human Services (DHHS) developed in the 1990s a list of separate guidelines for the implementation of voluntary compliance programs applicable in the various health sectors. Another example, the electronics industry adopted a code of conduct which includes a provision requiring of companies adhering to the code to implement a management system for ethics and compliance. The terms of the program were to be included within the code.

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2 The researcher follows up on this theme in the following sub-section (2.2.1.1).
Though these examples show that the nascent momentum for developing ethics programs came from the United States, it was not limited to that country. As Lincoln (1998) and Demise (2005) reported, in the 1990s, Japan experienced several scandals of unethical behavior. To remedy the situation, Japanese companies started adopting codes of ethics and conduct. Some companies also embraced the Keidanren charter for good corporate behavior proposed by the Japan Federation of Economic Organizations (1996). However, as noted by Taka and Davis (2000), they had no frame of reference that they could use to develop a management system of ethics and compliance until The Centre for Economic Studies of Reitaku University proposed one in 1998. Known as ECS2000, the non legally binding standard could be referenced by companies wanting to establish an ethics and compliance program.

Another example is the Australian experience which resembles what happened in the United States. As reported by Carroll and McGregor-Lowndes (2001) and (2002), in the late 1980s, the Australian government had begun to reform laws and regulations related to the economy and showed an interest in the idea that industry should self-regulate itself. Companies had started to adhere to codes of conduct adopted by their respective industrial sectors, but they experienced difficulty in establishing a system of compliance management. This created a great deal of discomfort on account of they all still had to comply to the requirements of the Trade Practices Act 1974 (TPA) for compliance, without knowing what structure to adopt. To answer industry needs, in 1998, Standards Australia (SA) published AS3806-1998 compliance program (AS3806) which is a standard for the development and management of compliance systems within an organization. Although it is a guide in the sense that no law requires companies to adopt it, AS3806 is the Australian benchmark relating to compliance. It was updated in 2006 by the introduction of AS3806-2006. Carroll and McGregor-Lowndes (2002) point out that though companies are not required to establish a compliance program, it is prudent to do so even if AS3086 does not specify which steps need to be taken in order to establish a compliance program. The Australian Competition and Consumer Commission, the government agency responsible for enforcing the TPA has made it clear that companies which operate without a compliance program do so at their own risk, a stance somewhat similar to that of the U.S. Sentencing Commission.
Besides the case of the United States, where public companies or those belonging to certain industrial sectors should establish an ethics and compliance program, the case of Australia, where companies subjected to the TPA are strongly encouraged to establish a compliance program, and the case of Japan, where companies are developing an ethics program on a voluntary basis, our literature review did not reveal much information about other countries where such programs were mandatory or voluntary. As far as Europe is concerned, Walker (2006) noted that the Competition Commission of the European Union had contemplated the idea of imposing legal compliance programs, so far without following up on the idea. In the case of Italy, Bevilacqua (2006) informs us that it adopted in 2001 the Legislative Decree number 231. This legislation, modeled on the American FSGO, foresees that a company which has adopted a compliance program may be eligible for a penalty reduction if it infringed the law. Our research into the practice of penalty reduction, which in itself raises an issue of procedural justice, has not permitted us to state that it is observed elsewhere besides Italy and the United States. Finally, Janin (2007) informs us that the Directive on markets in financial instruments (MiFID), adopted by the European Commission, came into force in November 2007. The adoption of MiFID affects European financial companies in that it requires of them to have a separate function dealing with compliance.

Concluding the literature review of the history of ethics programs, the researcher has two last observations. First, non-US companies dealing within the US tend to comply with American legal requirements, such as SOX, FSGO or requirements specific to certain economic sectors, and establish ethics and compliance programs. Second, U.S. companies apply their ethics programs to their international subsidiaries. The reasons for this, as suggested by the U.S. Department of Commerce (2004) are twofold. One is on account of the potential reach of the U.S. Foreign Corrupt Practices Act (FCPA). As noted by Choudhary (2013), violations of the FCPA has the potential of crippling a company; if it is prosecuted, which is not very often (3 cases in 2002, 27 cases in 2007). A second is that the US is a signatory of the "Convention on the fight against bribery of foreign public officials in International Business Transactions" of the Organisation for Economic Cooperation and Development (OECD). As a signatory, the U.S. government has to encourage U.S. companies to be cautious with their international operations. As noted by Walker (2006), U.S. multinational companies are probably more willing to extend their ethics program to their
subsidiaries to avoid criminal or civil proceeding in the U.S. for actions that their subsidiaries may take abroad.

2.1.1. Legitimacy of the FSGO stance

What is the rationale of the stance taken up by the FSGO? To understand the answer requires looking in on some points of legal doctrine. One aspect is the idea known as "respondeat superior." This tort concept holds that an employer should be liable for the actions its employees take in the scope of their employment. But should an employer be held responsible for violations of law by its employees if it has taken steps to prevent them? This question is raised by what is known as the "due diligence defense," and its corollary, the "compliance defense." According to the former, a company should not be held liable for a violation of its employees, or to a lesser extent, if it has: a) "established procedures, which would reasonably be expected to prevent, and detect violations by employees, and b) the company used due diligence to prevent the commission of the offense by the employee" (Dervan, 2011). As for the latter, Koehler (2012) explains that it considers a company's pre-existing compliance policies and procedures and its good-faith efforts to comply with law as relevant when dealing with violations against the law committed by an employee. It holds that doing so incentivizes more robust compliance programs, and reduces improper conduct.

The FSGO stance seems to have been persuaded by the "compliance defense." However, doing so raises the question of a double standard; in that the law is applied asymmetrically or, stated otherwise, not applied evenly regardless of who committed the act (a question of procedural and distributive justice.) Is this ethical? Is this just?

Koehler (2012) holds that the "compliance defense" doctrine is legitimate and refers to Siemens as an example to illustrate his idea. He points out that Siemens has been the most blatant violator of the FCPA in history. Nevertheless, since 2008 it has "undergone a substantial compliance transformation." Even "the DOJ recognized that the reorganization and remediation efforts of Siemens have been extraordinary and have set a high standard for multi-national companies to follow." Part of the settlement with the DOJ in 2008 was that Siemens be "subject to
a five-year probation period during which it shall not commit any further crimes and comply with the compliance and ethics program set forth in its plea agreement."

Unfortunately for Siemens, three of its managers working in Kuwait bribed high-rankings individuals in 2011. Should the DOJ prosecute Siemens under "respondeat superior" for the conduct of its managers despite all the efforts that the company has put forward with its compliance program? Should the DOJ ignore Siemens' good faith? Would the DOJ act unethically if it did so? The decision model suggested by Cavanagh et al. (1981) would ask the following questions: a) does the situation respect the canon of justice? and b) are there factors that justify the violation of a canon of justice?

In light of the Siemens example, the researcher acknowledges that an answer to these questions has real world implications, should be devoid of bias, and not be taken heedlessly. To provide an adequate answer goes beyond the scope of this study, but merits keeping in mind.

2.2. Ethics officers and their associations

According to Rasberry's (2000) account, the first ethics office was established in the U.S. in 1985 following the scandal in the national defense industry involving improper billing practices. The promulgation of the FSGO in 1991 encouraged companies to commit the personnel needed to deal with the issue. A year later, in 1992, these individuals, up to then known as "ethics consultants," came together to form the "Ethics Officer Association." As of November 2011, the association had at least 1200 members, of which approximately a hundred were from outside the United States. From the information gathered by the researcher, it is clear this association has the largest membership of ethics officers, though it is not the sole one. He also identified the "Greater Houston Business Ethics Roundtable" and the "Society of Corporate Compliance and Ethics," and it is likely that there are other groups of ethics officers within the U.S. Though one can see that the US has the greatest number of ethics officers, the function is not exclusively American, as the existence of associations outside the US attests. The information that was gathered, mostly from the Internet, and that is presented in table 1, gives an idea of their international distribution.

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3 The researcher ignores the actual outcome to the case.
<table>
<thead>
<tr>
<th>Association name</th>
<th>Country</th>
<th>Number of members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conference Board of Canada (Corporate Ethics Management Council)</td>
<td>Canada</td>
<td>47</td>
</tr>
<tr>
<td>Ethics and Compliance Officers Association (ECOA)</td>
<td>United States</td>
<td>1320</td>
</tr>
<tr>
<td>Ethics Institute of South Africa</td>
<td>South Africa</td>
<td>200</td>
</tr>
<tr>
<td>Greater Houston Business Ethics Roundtable (GHBER)</td>
<td>United States</td>
<td>18</td>
</tr>
<tr>
<td>Society of Corporate Compliance and Ethics (SCCE)</td>
<td>United States</td>
<td>Not available</td>
</tr>
<tr>
<td>State Ethics Officers Association (SEOA) of New York State</td>
<td>United States</td>
<td>Not available</td>
</tr>
</tbody>
</table>

As far as the situation in Europe is concerned, the researcher’s preliminary investigation has led to conclude that the continent has one major association, the European Business Ethics Network, which groups 20 different national associations, such as the German Business Ethics Network, and the "Cercle des Affaires" (France). His understanding is that Ethics Officers working in Europe have the possibility of joining one of the associations related to the network dedicated to business ethics.

2.3. What Ethics Officers do

Morf et al. (1999) researched on the general profile of individuals working as ethics officers. Their findings permitted them to say that ethics officers have job descriptions and mainly work on improving ethics. Now according to Izraeli and BarNir (1998) the main responsibility of ethics officers consists of improving what they call the "organization's ethical performance."\(^4\) They meet the requirements of this responsibility in the following manner: "advising management on the development of codes, preparing ethics training programs, monitoring compliance with the codes, taking remedial actions in case of inappropriate behavior by members of the organizations." For his part, Joseph (2002) found that the main responsibilities of ethics officers consisted in:" overseeing the ethics function, collecting and analyzing relevant data, developing and interpreting ethics-related policy, developing and administering ethics education and training materials, and

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\(^4\) The authors do not provide a definition of what they mean by "ethical performance." It would have been advised that they use the term "organizational performance in regards to ethics management". This would have corresponded to their reference of elements such as developing codes, ethics training programs, monitoring, remedial actions. Their original formulation insinuates an evaluation, which implies criteria.
overseeing ethics investigations." Because they participate in investigating breaches of ethical behavior, they collaborate with a number of departments such as human resources, auditing, legal and security. Smith (2003) defines ethics officers as individuals who oversee ethical conduct of all employees. In more concrete terms, they: a) communicate values and standards of ethical business conduct to employees, b) inform employees of company policies and procedures regarding ethical business conduct, c) establish company-wide processes to assist employees in obtaining guidance, and resolve questions regarding compliance with the company's standards of conduct, d) provide leadership for ethics activities and provide a safety valve for employees, and e) work on the prevention, detection and investigation of any illegal, unethical acts or violation of company policies and the adjudication of appropriate discipline in a fair and consistent manner." As for their function, Smith (2003) identified four distinct types of functions: a) one who acts as a confessor, corporate conscience, investigator, enforcer and teacher, b) one who promotes ethical business practices, c) one who investigates alleged violations of law, evaluates the company's adherence to formal ethics code, advises top management as to moral and ethical issues, and d) one who initiates, coordinates, channels, advocates, facilitates, and mediates. Finally, for Llopis et al. (2007), an ethics officer's main responsibility consists of seeing that an appropriate code of organizational ethics is observed within a company. To do so, the ethics officer's role lies in the "technical application" of the ethics program. This last observation begs the question of what precisely is an ethics program.

2.4. Defining an ethics program

The literature review that was undertaken has shown that not everyone agrees what an ethics program is. No agreement has been found as to exactly how they are constituted nor what they seek to accomplish. The next sections will shed some light in regard to these two issues; however, without claiming to provide a definite answer.

2.4.1. Ethics program as a management system

From the gathered information, ethics programs appear as a management system composed of a variable number of processes or activities, which can be grouped under three headings: a) develop its foundations (guidance, content and structure), b) disseminate and implement, and c) to
monitor activities. The preliminary investigation of websites dealing with our subject permitted to identify several main components of an ethics program:

- Planning;
- Risk analysis;
- Drafting and updating organizational documents with an ethical content;
- Training;
- Communication;
- Management of ethical breaches;
- Management of resources (internal and external);
- Audit and monitoring.

It has been found that the above are the principal activities most frequently associated with ethics programs, when they are conceived as a management system. Seen as a system, this representation is akin to how Redinger and Levine (1998) picture a health and safety management system which, for them, has three chief headings: a) program conceptualization, b) program implementation, and c) audit and monitoring. It is also close to Jonker and Karapetrovic’s (1998) representation of a management system. For them, such systems also comprise three headings: a) objective, b) process management, and c) resources management. Of course, the raison d'être of such a management system is, as Copeland (2000) reminds us, is to emphasize putting "values such as honesty, fairness, integrity, and concern for other into practice in daily business relationships."

**DEFINITION OF ETHICS PROGRAM**

A management system composed of a variable number of processes or activities whose justification is putting values such as honesty, fairness, integrity, and concern for others into practice in daily business relationships.

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5 A company may use various communicational genres in order to diffuse its messages which refer to ethics. The ones generally associated with ethics are: the mission statement, the vision statement, the code of ethics, the annual report, the sustainability report, and managerial statements. Other communication genres may be added to the list, such as flyers, posters, pamphlets, guides, and so forth.
2.4.2. Validating this representation in light of international standards and concrete cases

Because the researcher’s initial representation of an ethics program mainly came from information gathered from websites, he tried to validate it in order to determine whether it corresponded to reality. To do so, he proceeded in two steps. First, he examined a number of standards proposed by various institutions as well as guidelines proposed by practitioners. Listed below are those which were found:

1) U.S. Federal Sentencing Guidelines for Organizations;
2) U.S. Office of the Inspector General;
3) Ethics Management Standard ECS2000, developed by the Reitaku Center for Economic Studies, Reitaku University, Japan;
4) Electronic Industry Code of Conduct;
5) AS3806, developed by Standards Australia;
6) Open Ethics and Compliance Group.

The information collected from the various standards provided the information as to which activities ethics programs should implement. The list of these activities are provided in annex 1, which could be more or less considered as the portrait of a "virtual" or "ideal" ethics program. However, the list should not be considered as a definitive framework as to how companies do or should proceed in setting up their programs.

The researcher, nevertheless, proceeded to see to what point this compilation and his representation of an ethics program did correspond to what was being done within large corporations. To this end, he consulted the "Society of Financial Service Professionals" (USA) which every year honours three companies for their outstanding ethics programs. He asked this association to provide him with a copy of the ethics program of the winning companies for the year 2007. The association supplied him with the ethics programs of two companies. He also pursued his research on the Internet which permitted him to find company documents that describe their ethics program. For example, he consulted the ethics programs of companies that were acclaimed at the "OK Ethics Compass Award" of 2007 given out by the "Oklahoma Business Consortium." Among the ethics programs consulted were those of Boeing, Enterprise Rent-a-Car, and The Bama Coppermark Company and Bank. He was also able to find the documents relating to United
Technologies Corporations ethics program from a case study written by the "Business Roundtable Institute for Corporate Ethics." Finally, he also found a number of public documents related to the ethics programs of Bombardier, Molson Coors, and Smuckers. His examination of these various documents corroborated his general representation as to what an ethics program is and its related activities. It also showed that not all companies put forth the exact same activities. As could be expected, there were variances in what companies did.

Finally, after examining the requirements of international standards and examining the ethics programs of a certain number of companies, he proceeded to validate his representation "viva voce." To this end, he succeeded to speak to four managers of ethics programs. Prior to his conversation, he sent them the document included in annex 2 and asked them specifically if his description of an ethics program corresponded to what they do. The four managers with whom he spoke confirmed that their ethics program was consistent with his representation, even though there were some minor variations. These conversations had the additional benefit of providing the information that ethics officers in the United States tend to structure their programs according to the FSGO requirements.

In light of the researcher’s consultation of international standards, of public documents presenting company ethics standards, and of telephone conversations with ethics officers, he concludes that it is fair to say that an ethics program is a management system composed of a number of managerial activities, which a company put into place as to ensure that daily business is conducted according to practices judged morally good.

2.5. Ethics program objectives

Having identified the activities that compose an ethics program, he sought to determine which were the outcomes aimed by these practices. He began with a review of what scholars had said about ethics programs, and then he returned to the international standards to identify the main gist of what an ethics program should achieve.
2.5.1. According to academic texts

While researching into the objectives pursued by ethics programs, he came to realize that the goals identified differed among academics on account of their conceptions of what these programs are. For example, Argandona (2004) describes ethics programs as a management system designed with the objective of enabling the monitoring, standardization and auditing of certain processes. He pursues by saying that, an ethics management system has three objectives: a) identify the activities within the company, b) identify the stakeholders and their representatives, as well as issues arising from the decision-making relationships maintained between the company and the stakeholders, and c) publicly identify the company's ethical commitments and the policies it adopts for itself in regard to stakeholders and in regard to society. This said, the present the researcher agrees that an ethics program is a management system which enables monitoring, standardizing and auditing processes, he finds that equating the mechanics of the system with its objectives excludes the possibility for an organization to pursue a distinct purpose.

A second conception is seeing ethics programs as compliance programs. Indeed, it is common to find in the literature the terms "ethics program," "compliance program" and "ethics compliance program," and they seem to be used interchangeably. What is one to make of this, and is there really a difference? At this point, it is pertinent to refer once again to the FSGO to find an answer. Ferrell et al. (1998) and McKendall et al. (2002) explain that a compliance program, which aims to prevent and detect violations of the law, implies that a company defines its own compliance standards and should ensure its employees comply. This assertion begs the question of why should a company set its own compliance standards? Thorne LeClair et al. (1997) explain that a compliance program is unique to the organization that sets it up. Where does this specificity reside? These researchers explain that every company must deal with legal and ethical issues that are specific to the sector of economic activity (industry) to which it belongs.

Let's take the pharmaceutical sector as an example. The laws that pertain to this sector are not necessarily the same as those governing the food industry. And at the ethical level, people working for pharmaceutical companies may experience some issues possibly dissimilar to those which arise in companies working within the food sector. Then again, another possibility is that two companies working in the same industry may encounter distinct ethical issues on account of
their internal organization (the company's culture, its size, its financial situation). Consequently, because each company has its own specificity, each must understand the factors that contribute to poor decisions with the potential of breaching the laws governing a particular company.

According to Thorne LeClair et al. (2000) a compliance program is a management system with two objectives: a) to comply with existing laws and b) to prevent illegal behavior. However, it does not solely expect that employees respect the laws. It also wants employees to comply with standards that the company gives itself. At first glance, this may seem strange and make one wonder why a company would make the great effort to give itself standards not required by law. After all, as Izraeli and Schwartz (1998) explain, the FSGO does not require of companies to adopt practices that would call their employees to go beyond what the law expects. Then why do so? These researchers suspect that the answer is to be found within the overall objectives of the FSGO. By setting up an effective compliance program, the company seeks to secure a reduced or mitigated sentence if ever it’s found guilty of breaching the law.

Even so, the company is still not rewarded if it requires its employees to go beyond the law. Its sentence will not be reduced or mitigated if it requires more than what is foreseen in the law. This consideration led the researcher to reiterate the question as to what would make a company adopt standards to go beyond the law, to comply with ethical standards? What would the incentive be? His preliminary investigation has not found any. He did, however, find that some believe that the laws are not enough to make a workplace ethical. For example, Dalton et al. (1994) considered that the normative standards adopted by a company must reasonably be capable of reducing the possibility of illegal behavior. According to them, legal compliance, while necessary, alone does not provide sufficient normative standards to govern the behavior of a modern organization. This is because a company can act legally on all dimensions without any consideration for ethics and social responsibility. Regan (2006), another researcher skeptical of the effectiveness of laws to govern behavior efficiently, underlines that lawyers are capable of finding schemes that can eliminate or circumvent legal obstacles faced by their clients when benefits are greater than costs. He, nevertheless, believes that ethical rules may discourage lawyers to breach the law if they find that the additional adopted rules are legitimate and of value. According to this line of reasoning, a company that adopts ethical standards will require lesser monitoring of employee compliance.
because these consider the standards as being legitimate. Promising as this position sounds; it should be validated by a meta-analysis on the subject.

In all, these explanations lead to the following conclusion. In the narrow sense, a compliance program refers only to compliance with applicable laws. In a broader sense, it means compliance with laws and ethical standards. This said, it has been noted that this distinction is not always made in the literature. Rather, one often finds a reference to a distinction made by Paine (1994). According to this researcher, ethics programs adopt a "compliance approach" when its primary intent is to prevent, detect and punish violations of the law. It adopts an "approach based on values" when its aims to define organizational values and encourages employees to commit to "ethical" aspirations.

One comes to see that in the literature on ethics programs, according to the author considered, the notion of compliance may designate one of two things. It may strictly refer to compliance with laws and legal standards. Or it may refer to a program of compliance with legal standards, which may also include ethical standards. For his part, the researcher considers the distinction made by Paine (1994) to be more accurate in that it removes any ambiguity as to the meaning to impart to the concept of compliance. It is noteworthy though to remark that all authors have not adopted such a distinction and merits that we be vigilant as to how they and practitioners use the term.

So when Ferrell et al. (1998) say that an ethics program takes into account both company values and its legal obligations, it should be understood that they refer to both ethics and compliance. The equivalent reference is found when Yuspeh et al. (1999) say that a compliance program has two objectives: a) to ensure that all employees obey the laws related to their work, and b) to articulate ethical standards within the organization to be used by the individuals who take decisions. It is the same with Felo (2001) who says that ethics programs have one or more of the following objectives: a) improve the ethical climate within the company, b) institutionalize the existing ethical climate, and c) comply with FSGO stipulations.
All the elements that have been pointed out fit perfectly with SOX, New York Stock Exchange (NYSE), and National Association of Securities Dealers Quotations (NASDAQ) requirements for listed companies. In all three cases, one finds references to ethical standards and legal compliance obligations. In the case of SOX, Walker (2004) explains that it requires of ethics and compliance programs to include the following elements: a) written policies dealing with legal and regulatory requirements, and a code of ethics (which are compliance and ethics objectives), b) employee training (which are compliance and ethics objectives), c) audits into breaches of law and of internal company policies (which is a compliance objective), d) the setup of communication channels that allow employees to denounce wrongdoings (a compliance objective), e) the development of risk controls (a compliance objective), and f) all of which is to be managed by a person responsible for the entire program (a compliance and ethics objective). For its part, the NYSE requires that companies adopt a code of ethics which addresses the following points: a) conflict of interest, b) corporate opportunities, c) fair dealings, d) the protection and proper use of company property, e) confidentiality, f) compliance with laws and regulations, g) compliance with laws regarding insider trading, and g) reporting of illegal or unethical behavior. Finally, NASDAQ requires that listed companies adopt a code of ethics applicable to officers and employees, which covers the following points: a) conflict of interest, b) compliance with laws and regulations, c) full and public disclosure, d) an implementation mechanism, e) whistleblower protection, f) clear compliance standards, and g) a fair and just process to review complaints.

In all, this review indicates that companies which set up an ethics program are required to adopt normative standards, which are dictated either by laws or institutions. These normative standards are then included in the company's code of ethics, which it adopts either voluntarily, or because it is part of a particular business environment.

2.5.2. According to international standards

The researcher previously referred himself to a set of international standards in order to determine the activities which compose an ethics program. He now returns to these standards in order to see what they consider an ethics program is supposed to achieve. Though he could just list the pertinent information according to each standard, he tries here to provide a synthesis in order to construct a composite picture of what an ethics program should achieve, as proposed by all the
standards. Of course, the reconstruction is idiosyncratic, in that it remains a personal interpretation of what a "virtual" or "ideal program" may seek to achieve. He, nevertheless, considers it may offer a reference point when looking at these programs.

To proceed in his undertaking, the researcher was inspired by Leeuw (2003) and Rossi et al. (2004) who worked on the topic of program evaluation. Having found that it is not always clear from the outset what a program is supposed to achieve, they propose one can approximate its objectives by tracing the program's logic, by looking at its fundamental suppositions. By looking at what goes into the program and the links between its elements, one may see more clearly where it is heading. And this may be done by giving a schematic representation of the program as illustrated in figure 1. The researcher’s reconstruction of an ethics program uses five categories that he identifies as follows: a) the nature of the program, b) the means used, c) the conditions, d) the general results, and e) the anticipated consequences.

Figure 1
Schematic representation of ethics program headings

<table>
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<tr>
<th>An ethics program</th>
<th>Will predispose to:</th>
<th>When</th>
<th>Which entails</th>
<th>Consequences</th>
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To characterize the nature of the program means one seeks to describe its general features. On this point, SOX, FSGO and AS 3806 ascribe similar traits: a) for the FSGO; it refers to the organization's internal mechanisms of employee self-regulation and control, b) for SOX; it is a system of internal control applied to the communication of financial information, c) for ECS2000; it designates internal structures securing a higher level of integrity and transparency, and d) for AS3806; it is a self-regulating system. This information led to interpret that an ethics and compliance program, as understood by these managerial standards, designates a system of self-regulating mechanisms.

The second heading describes the means by which a program should attain its objectives. From the standards, the following means were identified: a) employees committing themselves to
comply with rules and laws (OIG), and b) individuals taking responsibility for the processes they manage and for the tasks they perform (SOX).

The third heading describes the conditions that are necessary in order for the means in the previous heading to materialize. Looking at the standards, the following conditions were identified: a) the company deals with issues related to laws in a diligent fashion (FSGO), b) the company promotes a culture of ethics and compliance (FSGO, Yuspeh et al. 1999), c) senior management supports efforts to establish the ethics and compliance program (FSGO, SOX, AS3806, Yuspeh et al., 1999, d) the company makes available the financial, material, and human resources required to set up the ethics and compliance program (FSGO), and e) the process is well managed (SOX, AS 3806).

The fourth heading describes the main results to anticipate when the conditions are set in place. From the standards, the following three results were identified: a) organizations will seek fair and constructive problem solutions (ECS 2000), b) individuals will act in accordance with an organization's expectations (Yuspeh et al., 1999), and c) individuals will not compromise their integrity (Yuspeh et al., 1999).

As for the last heading, the consequences, it was found that researchers who contributed to the academic literature considered that the objectives of an ethics program are similar to those set forth by governmental agencies. For Agandona (2004), ethics program objectives are to: a) identify the company's activities, b) identify stakeholders and their representatives, as well as the decision-making issues arising from relations between the company and its stakeholders, c) make public the company's ethical commitments toward stakeholders as well as its internal policies. According to Ferell et al. (1998), who looked closely at the FSGO, a compliance program is designed to prevent and detect breaches of the law. Yuspeh et al. (1999) said that the program has the following objectives: a) to ensure that all employees obey the laws in regard to their work, b) to articulate the organization's ethical standards upon which individuals may base their decisions. Finally, Felo (2001) said that an ethics’ program objectives are: a) improve the ethical climate within the company, b) institutionalize the existing ethical climate, and c) comply with the FSGO.
As for SOX, two sections have a special bearing on ethics programs: sections 805 and 404. Section 805 indicates that the FSGO should be amended to ensure that there are sufficient deterrents in order to punish criminal misconduct in organizations. While Section 404 requires of public companies to disclose within their annual report their internal control system, including: a) an assurance from senior management that the control system is adequate, b) an assessment of the internal control system. In all, this section seeks to restore investor and public trust in financial information disclosure. The ethics program role in this effort is to ensure the integrity of employees who provide information for the annual report and who prepare them.

As for the FSGO, an ethics and compliance program has three objectives: a) prevent and detect criminal conduct in order to mitigate or reduce the guilt of an organization convicted of an offense, b) deter criminal misconduct, and c) facilitate compliance with applicable laws.

As for the OIG of the DHHS, it prepared several compliance guides (at least twelve) that apply to various sectors of health in the United States. The investigation was limited to the guide applicable to pharmaceutical companies, considering it is representative of the other twelve in that it shares the same main elements. According to the guide, a compliance program has the following objectives: a) reduce fraud and abuse, b) improve operational functions, c) improve the quality of services, and d) reduce the cost of services. In addition, a compliance program contributes to: a) demonstrate to employees, and the community in general, the company's commitment in maintaining honest and responsible corporate behavior, b) increase the likelihood of preventing, or at least detecting, illegal and unethical behavior, and c) minimize financial losses.

According to the ECS2000, an ethics and compliance program has four objectives: a) gain confidence and market acceptance, b) create a healthy market, c) help the company to acquire a competitive advantage, d) take account of stakeholders demands that the organization behave ethically, and e) create a workplace which allows employees to develop and be proud to be associated with.

Lastly, the Australian, the Australian Consumer and Competition Commission (1999) (ACCC) attributed two goals for compliance programs: a) prevent, identify and respond to
violations of laws, regulations and organizational codes, and b) assist the organization to become and remain a good corporate citizen.

Synthesizing all the information contained in our five headings, the researcher proposes to represent an ethics and compliance program according to figure 2, as illustrated below.

**Figure 2**
Schematic representation of an ethics program

2.6. Organizational input in shaping the ethics program

How should one now understand what an ethics program is? From the above presentation, one may be left under the impression that it is nothing more than a response to outside pressure. This is normal, since the review did, in fact, highlight the many external pressures or requirements organizations must take into account in shaping their ethics and compliance program. The review was consistent with Rasberry’s (2000) account by which organizations adopt ethics programs in response to outside pressure. It also generally corresponds to Driscoll and Hoffman’s (1999) account where they identify four external factors that brought organizations in the USA to adopt ethics programs: a) adoption of the FSGO with its system of penalties, b) a greater awareness by board directors to the effect that they may be held liable for failing to have such programs, c) industry groups designing their own programs instead of waiting for government regulations, and d) the general growth of the business ethics movement. However, for their part, Trevino et al. (2006) found, in fact, that what motivated them to do so were, of course, outside pressure, and also pressure from within the organization. By signalling this out, the researcher came to realize that though organizations must consider what is expected of them in their environment, they still ultimately control the shape of their programs. They determine its processes and orientations. For example, recalling Paine’s (1994) classification, they can orient their programs to take either: a) a
legal compliance, control, and discipline approach, or b) a values and counseling approach. Or again, according to Weaver and Trevino (1999), and Trevino et al. (1999), they can: a) orient the program towards satisfying the expectations of external stakeholders (such as customers, the community, suppliers) in order to improve their public image or relationship with these stakeholders or b) orient it to protect top management from blame in the event of any legal or ethical improprieties; it is seen as a way to provide employers with deniability in the event that there is a problem (the blame falls on the employees who are seen as having messed up the situation).

Aside the question of program orientation, it is emphasised that ethics and compliance programs can be seen as management systems composed of a number of processes and activities which serve to put values such as honesty and concern for others into practice in daily business relationships. Some contend, such as Weaver et al. (1999), that are solely control systems whose main purpose is to control behavior. Other contend they are mechanisms by which an organization institutionalizes ethics.

2.6.1. Institutional theory and institutionalization of ethics

The above account as to the nature of an ethics program repeatedly made reference to the term of institutionalization. The contention that an ethics program is a mechanism by which an organization institutionalizes ethics brings us to clarify what is meant by this. To do so will require looking at institutional theory, the construct of institutionalization, the construct of deinstitutionalization, and briefly glimpse at structuration theory.

To start, Scott (1995) says that there is no consensus as to the meaning of the construct of "institution." Nevertheless, he assesses that in general an "institution" designates structures composed of cultural, normative and regulative elements, which provide stability and meaning to social life. As for "institutional theory" itself, it is a theory which seeks to explain how organizations develop their structures. However, Scott (1987) points out that there are several variants of the theory: a) institutionalization as a process of instilling values, b) institutionalization as a process of creating reality, c) institutional systems as a class of elements, and d) institutions as distinct societal spheres. The first version, as a process of instilling values, is associated with
Selznick (1957), who viewed that organizational structure was shaped by commitments of participants and constraints from the external environment. He considered that to institutionalize consisted of infusing value. Doing so, the organization does not merely have an instrumental utility, it also promotes stability. The second version, institutionalization as a process of creating reality, is associated with the work of Berger and Luckerman (1967) who were interested by the question about the nature and origin of social order. For them, social order is an ongoing process by which individuals act, interpret their action, and share their interpretations with others. This repeated process is defined as institutionalization. The third version, institutional systems as a class of elements, sees that institutional belief systems "constitute a distinctive class of elements that can account for the existence and/or elaboration of organizational structure." This version is inspired by the work of Meyer and Rowan (1977) who considered that organizational structure is not solely explained by "relational networks" but also involves shared belief systems. What is novel in this version is that organizational structure is seen as shaped by cultural elements such as symbols, cognitive systems, and normative beliefs. By conforming to these beliefs, the organization gains increased legitimacy, resources and survival capabilities. Researchers adopting this view see institutionalization not as a distinct process but more as a variety of processes that bring institutions to change. The work of DiMaggio and Powell (1983) developed the best-known classification of these processes: a) coercive, b) mimetic, and c) normative. Finally, the fourth version, institutions as distinct societal spheres, sees social institutions as systems of social beliefs and socially organized practices related to distinct spheres of social activity.

Coming back specifically to the issue of "institutionalization of ethics," Levitsky (1998) pointed out that the concept of "institutionalization" has been used in two different meanings: 1) institutionalization seen as value infusion, and 2) institutionalization seen as behavioral routinization. For those of the first persuasion, value infusion occurs when organizational actors cease to perceive the organization as a means for their ends and start seeing the organization as a source of personal satisfaction. Feeling that they have a personal stake in the organization, they want to preserve it. This way of referring to institutionalization has been influenced by the work of Selznick and seems to be how Sims (1991) uses the concept. For him, the institutionalization of ethics consists in introducing values, standards and principles into the organization. Ferrell et al. (1998) tend to see it in the same way. Referring back to the FSGO, they claim that these guidelines
compel organizations to institutionalize ethics by incorporating the values and company moral foundations in order to prevent legal violations. Those of the second persuasion see institutionalization as a process by which behaviors are shaped through rules and practices. Fitting into this second interpretation is the work of Crossan et al. (1999) who see institutionalization as a process of organizational learning. For them, systems, structures, procedures, and strategy contribute towards the process by which actions are routinized. Weber (1993), and Singhapakdi and Vitell (2007) concur, defining "institutionalization of ethics" as the incorporation of ethics into an organization's decision-making processes. For them, Jose and Thibodeaux (1999) show that there are two methods of how this is done: a) the implicit method, which uses culture, leadership, reference groups, top management support and communications channels, and b) the explicit method, which uses organizational systems, such as codes of ethics, training, ethics offices, hotlines, reward and performance evaluation. From this enumeration, one sees that ethics programs have characteristics of both the implicit and explicit forms of institutionalization.

2.6.1.1. Deinstitutionalization

Oliver (1992) characterizes institutional theory as putting emphasis on legitimation processes and the taking for granted of organizational structures and procedures. What creates value congruence between organizational members is force of habit, history and tradition. Though she acquiesces that institutional theory does explain how an organization develops its structure, she considers that it does not look at the factors which bring an organization to challenge or discard institutionalized practices. To account for this phenomenon, she proposes to use the construct of "deinstitutionalization." It designates the process by which the legitimacy of institutionalized practices either erode or discontinue. More precisely, "deinstitutionalization" delegitimates established organizational practices on account of either organizational challenges or inability to reproduce legitimated organizational actions.

Misangyi, Weaver and Elms (2008) also use the construct of "deinstitutionalization" in order to explain the process an organization must undergo in order to cease corrupt practices. Building on the work of Rao et al. (2000) and DiMaggio (1988), they approach the problem by saying that one should look at the factors of organizational culture, structure and cognition. For them, ending corruption requires bringing change to institutional orders: a) its symbolism, by
creating a new organizational identity which morally frames actions in a different way and changes the institutional logic, and b) its substance, by developing non corrupt habits and practices.

Martin et al. (2009) also borrowed the construct of "deinstitutionalization" with the objective of warning that organizational change may lead to conditions favorable to the rise of corrupt practices. However, instead of drawing upon "institutional theory," they refer to Giddens' "structuration theory." In Barley and Tolbert's (1997) opinion, the construct of "institution" is similar to that of "structure" used by Giddens. Turner (1986) explains that "structure" designates: a) rules, procedures that agents use as formulas for behaving in social systems, and b) resources, the material equipment at the actor's disposal. These rules and resources are used by actors during their interactions. For Martin et al. (2009), organizational change reconfigures organizational processes, which may "deinstitutionalize" the normative control system, meaning it may erode, even regress.

2.7. Final remarks on ethics programs

In the above were described some of the practices associated with what are called ethics programs, which can vary from one organization to the next. What objective is sought by investing resources in such programs? The answer to this question, as seen above, may be varied: compliance with legal norms, monitoring behaviors, complying with a hodgepodge of objectives set out by various international standards, institutionalization or deinstitutionalization tools. Perhaps one should seek the answer within each organization. It may be considered that the specificities of a given ethics program varies along the lines of an organization's understanding of what outcomes such a program should produce. This is the perspective that the researcher will develop in the following section.

3. EXPLAINING INDIVIDUAL ETHICAL BEHAVIOR

The basic implicit assumption behind company efforts to establish an ethics program is that it will contribute to make people who work inside organizations more ethical. There has been much research done on the topic of what brings an individual to act ethically. This section will examine one explanatory model that has generated much interest among a great number of researchers.
3.1. The Hunt-Vitell Model

Hunt and Vitell (1986) proposed a model which describes how an individual evaluates an ethical problem and arrives at a certain type of behavior. The model depicts the process as going through basically five steps. First, the process begins with the perception of a problem having an ethical content. Second, the individual then proceeds to identify the alternative behaviors which may allow for the resolution of the problem. Third, the individual proceeds in evaluating these alternatives, and this is done through two types of evaluations: a) the deontological, by which the individual looks at the rightness or wrongness of the behaviors implied by each alternative, and b) a teleological evaluation, by which the individual estimates: (1) the consequences of each alternative, (2) the probability of how each stakeholder may be affected by the alternative, (3) the desirability or non desirability of each consequence, and (4) the importance of each stakeholder. Fourth, having evaluated the alternatives, then the individual proceeds to make an ethical judgment, though it does not determine intention, may impact it. Fifth, the individual's intentions, construed as meaning the likelihood of choosing any particular alternative, are cleared up. Sixth, the individual engages in behavior. Reproduced below in figure 3 is Hunt and Vitell's (1986) representation of the process.
3.2. Ethical Ideology

According to Barnett et al. (2001) "ethical ideology" is a construct developed by Forsyth (1980) whose sources are the ethical philosophies of teleology, deontology, and ethical skepticism. The construct is used by researchers who wish to explain why different individuals make different ethical judgments. For example, the construct was used by Hasting and Finegan (2011) to explain why different individuals reacted differently to injustice. Henle et al. (2005) used it to explain why different individuals reacted differently in regard to workplace deviance. Barnett et al.'s (2001) research was in regard to differences in how individuals reported peer's wrong doings, whereas
Steenhaut and van Kenhove (2006) researched to see what explained consumer choices. These are only a few examples of the use of the construct.

Two observations brought Forsyth (1980) to develop the construct. First, not all individuals rely on universal moral rules to make a moral judgment, or they rely on these rules to differing extents. This comes to mean that certain individuals may be highly relativistic, while others rank lower. Second, not all individuals consider that the "right" action will always obtain the most desirable consequences. This comes to mean that some individuals may be highly idealistic, while others may rank lower on this dimension.

From these observations, Forsyth (1980) asserted that moral judgments fall within four categories. A first category is that of the situationist, which Forsyth considers highly relativistic, and highly idealistic. He explains that it is inspired by ethical egoism, which considers that there are many different ways of looking at morality and is critical of anyone who does try. A notable proponent of this position is Joseph Fletcher. A second category is that of the absolutist, considered lowly relativistic, but highly idealistic. This position is more aligned with the deontological stance of rejecting the use of an action's consequence to make a moral judgment, preferring to refer themselves to a moral rule or a moral principle. Among the best known philosophers associated with this position is Immanuel Kant. A third category is that of the subjectivist, seen as highly relativistic, but lowly idealistic. This position is described as referring to personal values to make appraisals. David Hume and Baruch Spinoza are among the philosophers associated with this position. The last category is that of the exceptionist, described as being lowly relativistic and lowly idealistic. This position is more in tune with a teleological approach and judges the morality of an action from the viewpoint of the consequences of its actions. Among the philosophers associated with this position are Jeremy Bentham and John Stuart Mill. The figure below illustrates Forsyth's representation of his four categories.
3.3. Ethical ideology and ethics program

As Barnett et al. (1996) explained, people with different ideologies have different sensitivity levels towards wrongdoings. Furthermore, different ideologies will affect the way people process information about ethical issues and will influence moral judgment, as was seen in Hunt and Vitell's (1986) model.

Figure 4
Forsyth model

<table>
<thead>
<tr>
<th>RELATIVISM</th>
<th>IDEALISM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Situationist Ethical Skepticism</td>
</tr>
<tr>
<td></td>
<td>Subjectivist Ethical Egoism</td>
</tr>
</tbody>
</table>

Source: Forsyth (1980) adapted by P. Pawliw

From what has been explained above, the researcher has come to see that an individual's decision to act ethically, or not, is influenced by his "ethical ideology." However, what remains unclear is to what point an ethics program influences or even changes an individual "ethical ideology." On this point, the research done by Douglas et al. (2001) indicates that ethical culture and ethical ideologies are distantly related, in that culture may have an effect on the dimension of idealism, but not on relativism. Their conclusions seem to indicate that, for the time being, research has not shown that an ethics program, which tries to shape ethical culture, is the best tool to influence ethical ideology. Moreover, for the time being, research has not shown that one can utilize the construct of ethical ideology to categorize an organization. However, the construct of stakeholder culture, which will be discussed further in this document, refers to most of the same theories as ethical ideology does and can be referenced to categorize an organization.
4. INSTITUTIONALIZING ETHICS WITHIN AN ORGANIZATION

Having pondered over the nature of ethics programs, seeing them either as a means to control and learn behavior or as a means by which values are communicated to employees in order for them to integrate as being their own, has inadvertently also brought up the issue of how individuals come to act morally. This is, after all, at the heart of the issue. It would seem quite intuitive that if organizations want their employees to act morally, then they should structure their efforts according to the ways by which individuals come to act according to norms, obligations and prohibitions. Depicting the situation in this manner implicitly suggests that the process of organizational moral development may be influenced by the company's ethics program. It is conceivable that, despite both processes not being identical, they may have some kind of linkage. Therefore, in order for managers to shape their programs with this linkage in mind, they need to know, as Verbeke et al. (1996) point out: a) "what dimensions of the organizational environment affect decision making?" and b) how to change these dimensions so that ethical decision making can be nurtured. If this is indeed the case, then one needs to look more closely at a number of topics, such as: a) moral development, b) moral reasoning, and c) ethical decision making. However, it must be pointed out that by delving into these topics, one embarks on questions that are not the exclusive focus of ethical theory but are also very much the preoccupation of developmental and organizational psychology.

4.1. Moral development

As soon as one undertakes a literature review on the question of moral development within the field of business ethics, one comes to see the preponderant importance of the work of Lawrence Kohlberg. As Trevino (1986) points out "Kohlberg's Cognitive Moral Development theory has become the most popular and tested theory of moral reasoning, and it remains among the most cited work in behavioral science." Though not everyone completely agrees with him, researchers amply refer to him and either try to distinguish themselves from him or add to his work. As for the concept of moral development itself, Kohlberg and Hersh (1977) explain that it originated in the work of Jean Piaget. Kohlberg's work brought him to see the concept as designating the transformations in a person's structure of thought. He considered that these structures were not culturally bound but reflected a universal phenomenon to be found across cultures. His research led him to assert that moral reasoning develops over time in six stages of cognitive development, where the concept of
"stage" refers to the structure of a person's reasoning. Development has at least two characteristics: a) a person progresses forward from one stage to the next, there is never a backward movement, and one does not skip a stage, and b) each stage comprehends and integrates lower stages of thinking.

They further explain that the six stages of development can be categorized according to three levels: a) one, the pre-conventional level includes stages 1 and 2, b) the conventional level includes stages 3 and 4, and c) the post-conventional, autonomous or principled level, which includes stages 5 and 6. At the pre-conventional level, a person responds to cultural rules of good and bad in terms of the hedonistic consequences of actions (punishment, reward). A person at stage one tends to avoid punishment and is deferent to power. A person at stage two tends to satisfy one's needs and occasionally those of others. Fairness, reciprocity, and sharing are interpreted in terms of what one gets back in return of a favor. At the conventional level, the person's attitude is not only of conformity to external expectations, such as family, group, and nation. They are valuable in their own right and one tries to support and maintain this order. A person at stage 3 tends to act with the intent of pleasing others, and one is appreciated on account of being nice. A person at stage 4 tends to do what is required of one's duties as determined by authority and fixed rules. At the post-conventional level, a person tends to deploy an effort in defining moral values and principles whose validity does not depend solely on the group. A person at stage 5 tends to see the right action in terms of rights and standards. The person has a markedly legalistic point of view, but with an opening towards the changing of laws for the social good. Finally, a person at stage 6 sees the right action as one which corresponds to self-chosen ethical principles.

4.2. Organizational moral development through stages

What Kohlberg's work showed is that a person's ability to justify one's actions through moral reasoning is related to the stage of moral development they have attained. From this basic framework, some researchers see that it is possible to make parallels between individual learning and organizational learning. In fact, they posit that organizations also go through stages of moral development. This assertion is based upon the findings of similarities between individuals and organizations. For instance, Sridhar and Camburn's (1993) literature review of the subject found at least two such similarities. They noted researchers had found that: a) individuals and organizations
possess similar information systems, and b) both individuals and organizations learn by "encoding their inferences from history into routines that guide behavior." In organizations, they come up as standard operating systems. This said, they also add that organizational learning and development processes do not depend on individual actors and survive when there is personnel turnover.

For their part, Logsdon and Yuthas (1997) drew parallels between organizational moral development, and each level and stage of Kohlberg’s model. They contend that an organization which finds itself in the pre-conventional level is exclusively self-focused. At stage one, the organization complies with rules just to avoid sanctions. If sanctions do not exist, then the organization centers on its own interests. At stage two, the organization realizes that it may be advantageous to conform to external demands. Its motivation is still self-centered, but sees the needs of others as being instrumental in the pursuit of their own interests. At the conventional level, organizational actors internalized externally validated norms. At stage three, good behavior is determined by referent peer groups. Individual actors try to conform to expectations of others. At stage four, individual actors start using external rules and social norms to determine the right action. At the post-conventional level, organizations start to adopt behaviors exceeding peer and legal norms. At stage five, organizations have an appreciation for social values and, therefore, are predisposed to participate in dialogue when there seems to be an issue related with value conflict. At stage six, an organization tends to have behaviors consistent with universal moral principles. It tries to ensure that these principles guide its activities.

By asserting that organizations pass through stages of moral development, one might be tempted to ask how one proceeds in identifying a specific organization's stage. Reidenbach and Robin (1991), who developed a model, say that it is possible by looking at a certain number of variables, such as: a) management philosophy and attitude, b) evidence of ethical values manifested in the organization's culture, and c) existence and proliferation of organizational cultural ethics and artifacts (such as codes, ombudsmen, reward system). Their contention is that if one observes actions taken by an organization, it is possible to deduce differences in its moral development.
4.3. Moral development and moral reasoning

Though the concept of moral development has been explained in some detail, it is appropriate at this point to contrast it with the concept of moral reasoning in order to further one’s understanding. Derry and Green (1989) give a general definition of moral reasoning, defining it as “a process by which individuals deal with moral conflicts.” The process progresses in two steps: a) define and frame the problem, and b) evaluate and resolve the problem. In contrast, Blasi (1980) gives a more pointed definition and sees moral reasoning as the cognitive process by which an individual: a) searches for the criteria which will allow to distinguish right from wrong, b) compares different criteria, and c) tries to determine their validity in terms of correctness and truthfulness. This last definition is of particular interest for it permits us to understand Trevino's (1992) characterization of Kohlberg's development theory which she relates to Rest's model.

Interested in explaining what produces moral behavior, Rest (1984) proposed a model which identifies four contributing processes, the first concerning recognition. An individual sees who are involved in a situation, looks at possible lines of action, and determines how each party to the problem may be affected by each line of action. He explains that this particular process involves perception, role taking, imagining consequences, and constructing mental scenarios. The second consists in assessing competing moral claims, prioritizing certain considerations, and determining which moral directive to use. The third consists of acting on the decision taken during the second process. Finally, the fourth process consists in self-regulation. The figure 5 gives a visual representation of Rest's model.
Trevino (1991) considers that Kohlberg’s model reflects what goes on during the second process of Rest's model. In her opinion, the six stages of Kohlberg's model are to be understood as a search for criteria. Every stage uses different criteria, the first stages being somewhat elemental and the latter stages as being based on either consequentialist or deontological stances. The
implication of this for Rest's model is that one's tendency to act ethically is at least contingent on one's stage of moral development.

This section concludes by pointing out, just as Jones (1991) did, that Rest's model is but one of many to explain how ethical decisions are taken. In fact, Glover et al. (1997) noted that the various existing models use one of three approaches in explaining ethical decision making: a) the individual approach, wherein the models emphasize individual factors as determinants of ethical behavior, b) the situational approach, wherein the models emphasize factors related to organizational life as determinants, and c) an interactive approach, wherein the models see that ethical behavior is the result of the interaction between individual and situational factors.

4.4. Moral development and ethical climate

Reidenbach and Robin (1991) formulated a model of organizational moral development stating that it is determined by an organization's culture. From this premise, they base their model on the construct of "ethical climate."

As Martin and Cullen (2006) explain, the construct of "ethical climate" designates a type of "work climate," a construct developed by Schneider (1975) designating "psychologically meaningful molar descriptions that people can agree characterize a system's practices and procedures." Inspired by Schneider, Victor and Cullen (1988) developed the construct of "ethical climate" to designate developed perceptions about moral obligations in organizations, more precisely their: a) prescriptions, b) proscriptions, and c) permissions. For them, the construct refers to how people within an organization typically decide what are right or wrong behaviors, and corresponds to the normative system that an organization develops. As they note, the construct is very similar to that of "moral atmosphere" developed by Higgins, Powers and Kohlberg (1984) which designates the prevailing norms within a group. "Ethical climate" differs in that the organization's normative system is institutionalized, and that there is a good consensus among organizational members about the organizational norms. Their work led Cullen, Victor and Stephens (1989) to identify five types of organizational ethical climate dimensions: a) caring, b) law and codes, c) rules, d) instrumental, and e) independence.
Using these five ethical climate types, Reidenbach and Robin (1991) used three classificatory variables by which to categorize an organization’s moral development: a) management philosophy and attitudes, b) ethical values manifested in the culture, and c) organization ethics artefacts, such as codes, reward system, etc. These classificatory variables led them to identify five levels of moral development: a) amoral, b) legalistic, c) responsive, d) emergent ethical, and e) ethical. They add that their model is based on Kohlberg’s, but with a number of caveats that are here pointed out. First, not all organizations go through all five stages; a) some organizations do not undergo development. They remain stalled at a certain stage, and b) an organization can begin its development at any stage. It is not bound to start at stage one. Second, corporate moral development is not always a linear continuous process. Regression is possible, especially at times when the organization faces difficulties and economic values take precedence.

4.4.1. Organizational culture and climate, ethical climate and ethical culture

The previous section started by introducing the constructs of "organizational culture" and "ethical climate" without pointing out the differences. This sub-section looks precisely to shed light on the matter. Wallace et al. (1999) remarked that the constructs of "organizational culture" and "organizational climate" are frequently used synonymously in the literature. Despite their overlap, they mention that there are differences. Referring to the work of Pettigrew, Schein, Sackman, and Hatch, they come to describe organizational culture as designating a “collection of fundamental values and belief systems which give meaning to organizations.” For example, Pettigrew (1979) saw culture as a system of meaning adopted by a group at a given time which permits individuals to interpret their situation to themselves. Culture manifests itself through mechanisms such as symbols, language, ideology, belief, ritual and myth. And Schein (2004) defined culture as "a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration."

Wallace et al. (1999) found a number of differences in the literature between "organizational climate" and "organizational culture." The two main distinguishing characteristics are: a) "organizational climate" refers to elements such as behavior and attitude, which they claim are empirically more accessible than the value and belief system of culture, and b) "climate" is constituted by shared perceptions, whereas culture is made of shared assumptions. With these
explanations in mind, one is compelled to see what differentiates the constructs of "ethical climate" and "ethical culture."

What is the difference between the constructs of "ethical culture" and that of "ethical climate"? Trevino et al. (1998) tried to answer this question while noting that both constructs refer to a same specific aspect: organizational context. This "phenomenon" as Trevino et al. (1998) call it, or rather the way that this phenomenon is understood seems to be at the heart of the difference between the two constructs. Denison (1996) defined "organizational context" as "the internal social psychological environment of organizations and the relationships of that environment to individual meaning and organizational adaptation." What "ethical climate " and "ethical culture" do is try to describe the relationship between the context within an organization and employee's behaviors and attitudes. According to Denison (1996), the "climate" view is de-situated: meaning "[…] individuals do not need to share the same social setting to experience the same perceived climate". Whereas the "culture" view is "radically situated": meaning "no valid generalization can be made outside of a particular setting."

From this initial difference, Trevino et al. (1998) further refined their construct by saying that "ethical culture" refers to an organization's formal and informal control systems, such as rules, rewards systems, and norms. Later Kaptein (2008) came to understand the construct as designating the aspects of the broader organizational culture which stimulate ethical conduct.

Despite the conceptual differences, Trevino et al's (1998) found that there was some overlap between the two constructs and that the "measures of ethical climate and ethical culture were almost interchangeable in their ability to predict employee attitudes in both code and non-code organizations." On account of this overlap, Trevino et al. (1998) thought that perhaps the construct of "moral climate," proposed by Vidaver-Cohen (1998), would be more precise than those of both "ethical climate" and "ethical culture." This said, a review of the literature on this subject did not show that this last construct has been frequently used by other researchers. For that matter, it seems that the construct of "ethical climate" has been used more frequently in research than that of "ethical culture." In fact, Kaptein (2008) noticed that the latter construct has still been underdeveloped.
4.5. Alternate ways of looking at an organization's development

Up until now, the focus of this present section has been to see how an organization can be categorized according to the stage of moral development it has reached. This was of notable interest on account it led to understand that it would be possible to look at the processes put forward by an organization at a certain point in time, after which one could infer that it has attained a particular stage of development. This approach was initially deemed of interest in carrying out the present study in that it would have permitted contextualizing a company's undertaking in regard to ethics. In short, by looking at the activities of the ethics program, it would have been possible to say that they had reached, for example, stage x of moral development, and then foretell what activities needed to be put forward to reach the next stage. However, because this is not the only way that literature describes the progression of an organization, this approach was not used in this study. The following sub-sections present four other model which could have been used to categorise or describe progression.

4.5.1. Development as managing ethics

Rossouw and van Vuuren (2003) found that the stages of an organization's moral development may be described otherwise than on basing them on Kohlberg's work. Instead of looking at how organizations develop morally, they look at how they evolve their mode of ethics management strategies. For them, a mode of managing ethics refers to the strategy the organization adopts at a given time. They posit that there are five modes of managing ethics, each having qualitative and quantitative properties that reflect the organization's strategy. Each mode may be described according to four variables: a) its nature, b) its primary purpose, c) its predominant strategy, and d) its typical challenges. The fives modes of managing ethics are: a) the immoral mode, when unethical conduct is accepted and is cynical towards business ethics, b) the reactive mode, when unethical conduct still prevails and the level of commitment towards business ethics resembles that of window dressing, c) the compliance mode, which is basically a rule-based approach to ethics, d) the integrity mode, when there is an internalization of ethics standards and the company is proactive in promoting ethical behavior, and e) the totally aligned mode, where ethics is seen as an integral part of the company.
4.5.2. Stakeholder theory

Two models which describe the institutionalization of ethics within an organization and the progression of managerial practices pertaining to ethics have so far been examined. The following sections will consider the stages which organizations go through as far as corporate social responsibility, corporate citizenship, and sustainable development. Why delve into these topics when the main concern of this research project is ethics programs? There are two reasons. First, simply because some of the information sought in relation to ethics may be found in organizational documents relating to these latter topics. Second, the efforts deployed by an organization towards ethics in general may be influenced by the way it defines itself as a corporation and defines its relationship with the groups affected by its operations.

The development models considered here refer to stakeholder theory. In order to gain a better grasp of these models requires examining exactly what stakeholder theory means. This account begins by signaling that it was developed in order to provide a balance to a prevailing view held in business: that a firm's sole concern is to provide profits to its shareholders.

According to Boatright (1996), the understanding that shareholder wealth is the firm's objective finds its origin in the work of Ronald M. Coase (1937) who viewed the firm as a series of interconnected contracts among corporate constituencies. For him, shareholders invest in the firm, provide it with capital, expecting to benefit from the reduction of transaction costs, and therefore, assuming the risks related in doing so. Boatright (1996) further explains that "the argument for shareholder primacy is usually completed by contending that only residual risk bearers have the appropriate incentives for making discretionary decisions that maximize the creation of wealth by a firm." He adds, in fact, that, according to this view, all other stakeholders are best served in this way.

In contrast to the contractual theory of the firm, which agency theory is an integral part, stakeholder theory was proposed by Freeman (1984) who argued that managers should arrange an organization's activities in such a manner as to satisfy the interests of those who are affected by them. This, therefore, means that an organization's activities should address the interests of shareholders as well as those of employees, customers, suppliers and community groups. As
Philips, Freeman and Wicks (2003) point out, this theory alerts managers to the idea that maximization of shareholder wealth should not be their sole concern.

Kaler (2003) points out that since Freeman proposed stakeholder theory there have been many different versions. What is generally agreed upon is that: a) the purpose of an organization is to serve the interest of the parties identified as stakeholders, b) the pursued objective is an equitable distribution of the benefits incurred by the organization among shareholders and non-shareholders, c) the path to follow in order to attain the objective is by taking greater care of non-shareholder interests, not uniquely focusing on shareholders, and d) capitalism should be reformed in order for it to ensure greater equity and not solely focusing on owner's interests. The points for which there is no general agreement are: a) who can be considered as a legitimate stakeholder, and b) the extent to which stakeholder's interests are required to be served relative to shareholders.

For their part, Donaldson and Preston (1995) hold the view that stakeholder theory holds three aspects: a) it is descriptive, because it describes the organization as a "constellation of cooperative and competitive interests possessing intrinsic value," b) it is instrumental, because it "establishes a framework for examining the connections, if any, between the practice of stakeholder management and the achievement of various corporate performance goals," and c) it is normative, because it means an organization adheres to the idea that stakeholders have legitimate interests in regard to its activities, and that stakeholder interests have an intrinsic value and merit consideration for its own sake and not because of its capacity to influence what happens to the corporation.

4.5.2.1. Stakeholder culture

Jones et al. (2007) proposed the construct of "stakeholder culture" to designate the aspects of the broader organizational culture which provide managers with guidance as to how to balance the organization's self-interest with traditional moral principles. They say that stakeholder culture consists of shared beliefs, values, and evolved practices pertaining to how an organization deals with stakeholder issues. For them, "stakeholder culture is grounded in ethics and is based upon a continuum of concerns for others that runs from self-regarding to other-regarding." According to them, organizations differ as to the extent and nature for their moral concern in regard to their stakeholders. These variations, they state, is linked to different moral philosophies, though it is not
sure whether managers are aware that they subscribe to a particular moral philosophy. The figure below illustrates the continuum described by Jones et al. (2007).

![Figure 6](image_url)

**Figure 6**  
Jones et al. model of stakeholder culture continuum

*Source: Jones et al. (2007) adapted by P. Pawliw*

Having as its antecedents "ethical climate" and "ethical culture," stakeholder culture differs from them in two ways: a) its focus is strictly on what concerns corporate stakeholders, and b) it represents a continuum of concern for stakeholder interests. This continuum of concern has led the researchers to posit that there are five categories of corporate stakeholder cultures: a) amoral culture, where managers pursue their own self-interest despite corporate and stakeholder interests, b) corporate egoist, firms that stress short-term profit maximization and who take into account stakeholder interests only if it serves the company, c) instrumentalist, where the firm will take into account stakeholder interests if it helps shareholder's interests, d) moralist, firms which have a concern for all stakeholders and stick to their moral principles despite economic temptations, and e) altruist, firms where moral principles trump all other decision making criteria. The figure 7 shows how Jones et al. (2007) represented their model.
The above description mentioned three constructs: ethical climate, ethical culture, and stakeholder culture. In order to express how they are related to our main subject of ethics program, the researcher proposes the following representation in the figure 8.

### Figure 7
Jones *et al.* model of stakeholder culture

<table>
<thead>
<tr>
<th>Moral Foundations</th>
<th>Amoral</th>
<th>Corporate Egoist</th>
<th>Instrumentalist</th>
<th>Moralist</th>
<th>Altruist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilitarianism</td>
<td>Not relevant</td>
<td>Rule utilitarian-market efficiency</td>
<td>Rule utilitarian-market efficiency</td>
<td>Act utilitarian-consider interests of all affected</td>
<td>Act utilitarian-consider interests of all affected</td>
</tr>
<tr>
<td>Kantian Principles</td>
<td>Not relevant</td>
<td>Honor accepted contract only with shareholders</td>
<td>Honor accepted contract only with shareholders</td>
<td>Treat stakeholders as ends as well as means. Adherence to principles important and rarely contingent of consequences</td>
<td>Treat stakeholders as ends as well as means. Adherence to principles imperative and rarely contingent of consequences</td>
</tr>
<tr>
<td>Rawlsian fairness</td>
<td>Not relevant</td>
<td>Not relevant</td>
<td>Not relevant</td>
<td>Veil of ignorance relevant. Adherence to difference principle desirable</td>
<td>Veil of ignorance important. Adherence to difference principle important</td>
</tr>
<tr>
<td>Rights</td>
<td>Not relevant</td>
<td>Shareholder rights only</td>
<td>Shareholder rights only. Rights of others only if instrumentally advantageous</td>
<td>Prime facie respect for stakeholders rights – violate only when good moral reasons</td>
<td>Stakeholder rights of primary importance</td>
</tr>
<tr>
<td>Ethics of care</td>
<td>Not relevant</td>
<td>Care for shareholders</td>
<td>Care for shareholders, instrumental care for other stakeholders</td>
<td>Genuine care for normative stakeholders</td>
<td>Care for normative stakeholders is primary</td>
</tr>
<tr>
<td>Virtue ethics</td>
<td>Instrumental virtues only (persistence, alertness, prudence, dependability)</td>
<td>Some moral virtues (loyalty, reliability, diligence, and dependability)</td>
<td>Virtues of corporate egoist plus instrumental virtues (cooperativeness, wisdom)</td>
<td>Moral virtues of corporate egoist plus honesty, sincerity, truthfulness, trustworthiness</td>
<td>Moral virtues of moralists plus benevolence, altruism, selflessness, forgiveness</td>
</tr>
<tr>
<td>Integrated social contract theory</td>
<td>Selective adherence to local norms</td>
<td>General adherence to local norms</td>
<td>General adherence to local norms: instrumental concern for the authenticity and legitimacy of norms</td>
<td>Genuine concern for the authenticity and legitimacy of norms: compatibility with hypernoms important</td>
<td>Adherence to legitimate norms only – must be compatible with hypernoms</td>
</tr>
</tbody>
</table>

Source: Jones *et al.* (2007) adapted by P. Pawliw
The above representation suggests that there is some link between an ethics program and the various forms of stakeholder relationships. The nature of these links, to the researchers understanding, still require additional research. Though acknowledging that the question is of interest, it went beyond the scope of the present study. What the researcher took away from delving into this construct was that stakeholder culture implies that the ethical stance held by a company influences its relationships towards its stakeholders. This was further underlined by Kaptein (2010) who stated that “the ethics of an organization can be deduced from the extent to which the legitimate interests of stakeholders are realized.”

4.5.3. Development through corporate social responsibility

Before talking specifically of corporate social responsibility, the notion of "responsibility" should be cleared up. According to Newton (2008), one of the many meanings of the term is that of a concern and compassion for others. A responsible person is one who is willing to imagine the consequences of the actions taken on others, and who acknowledges one's role in taking the action. To see things from a "responsibility perspective" is to recognize that one has the power to harm others and act in order to avoid such harm.
Maon et al. (2010) presented their model by which corporate social responsibility develops within an organization. Though the objective of this section is to present their model, it warrants being set into context. To embark on the question of corporate social responsibility means that one seeks to determine what a firm's role in society consists of. Doing so, one comes across a plethora of points of views.

According to Swanson (1995), there are two main orientations in business: a) an economic perspective, and b) a duty-aligned perspective. The economic perspective sees the firm as possessing an inviolable responsibility to provide society with goods and services. It considers that society is best served when it lets individuals pursue their self-interest freely and autonomously through economic activity. It does not see any particular negative effects on individuals because its economic analysis does not consider factors such as ill-will towards others and exercising power over others. Benevolence or duty-based morality is not required, and managers need not be moral agents because their activities are already circumscribed by public policy and laws.

The duty-aligned perspective seeks to formulate rules for corporate moral behavior and conveys them in terms of obligations or duties. To do so, it takes two approaches: a) rights, and b) justice. The rights approach may either point out negative rights, the importance of protecting entitlements and ensuring that no harm is entailed by a firm's activities, or positive rights, such as the importance of permitting the firm to pursue activities that generate profits. For its part, the justice approach considers that liberty, equality, and fairness of opportunity should be protected. If unfair distribution of harms and benefits occurs, they need to be justified on logical grounds.

This dichotomy of orientations tainted the development of corporate social responsibility. As Carroll (1991) points out, interest in the notion of social responsibility started at least as far back as the 1930s. Subsequently, the 1960s saw a debate held between those who saw corporate official's responsibility as strictly related to making money for shareholders and those who saw corporate activities as affecting stakeholders and society at large, and needing to be governed by ethical principles. From there, the term of social responsibility has been conceptualized in many different ways, such as: a) profit making only, b) going beyond profit making, c) going beyond economic and legal requirements, d) voluntary activities, e) economic, legal, voluntary activities,
f) concern for the broader social systems, and g) responsibility in a number of social problem areas.
His review of the issue brought Carroll (1991) to propose that organizations have four responsibilities: a) economic, it must, at profit, produce goods and services desired by society, b) legal, it must fulfill its economic mission within a society's legal framework, c) ethical, those which are codified into law as well as those that are not but are expected from society, even if what these are is not clear, and d) discretionary, which designates voluntary activities such as philanthropic contributions.

As noted by Garriga and Melé (2004), Dahlsrud (2008), and Maon et al. (2010), there are a great many definitions of the construct of corporate social responsibility. For his part, Labelle (2005), who proceeded to classify the various definitions in a chronological order, found that the meaning of the construct has evolved from one era to the next, which accounts for the various definitions given. For Maon et al. (2010) what differentiate these various definitions are questions relating to the nature of CSR commitments and the identification of the groups for which an organization should be responsible. Nevertheless, by and large, CSR relates to social expectations found in an organization's environment. And discounting Friedman's (1970) position to the effect that a businessman's responsibility is to act in the interest of stockholders by maximizing their value, CSR implicitly seems to acknowledge the stakeholder perspective, which considers that organizations face a diversity of competing interests.

This said, after reviewing a number of development models, Maon et al. (2010) proposed their own pertaining to CSR based on the construct of stakeholder culture, and which assumes that organizations have different levels of acceptance of CSR principles at different points in time. They start with the assumption that "an organization's CSR development state reflects certain characteristics of its cultural, moral, strategic and organizational features." According to their model, CSR development goes through three phases: a) CSR cultural reluctance phase, which has one stage of development (dismissing). Here the organization displays no motivation for CSR principles, and their interaction with stakeholders is strictly contractual, b) CSR cultural grasp phase, which has three stages of development (self-protecting, compliance-seeking, and capability-seeking). Here the organization's "sensitivity to CSR issues increases, and acknowledgment of CSR concepts and rationale progressively emerges," and c) CSR cultural embedment phase, which also
has three stages of development (caring, strategizing, transforming). Here organizations "extend their CSR-related know-how, deepen their internal resources to address CSR-related demand from their environment proactively."

4.5.4. Development through Corporate Citizenship

Lodsgon and Wood (2005) explain that the construct of "Corporate Social Responsibility" has been attacked by neo-classical economists on the idea of non-economic obligations. This criticism has given executives a justification to concentrate their efforts on satisfying investors and ignoring stakeholders, or addressing their concerns only if it satisfies shareholders. In contrast, the construct of "Corporate Citizenship" has not been tainted by this debate because it is usually used in a more constrained manner. It is generally used to focus on philanthropic contributions and corporate community relations.

Though the construct of Corporate Citizenship is more limited, it still remains related to Corporate Social Responsibility, as pointed out by Maon et al. (2010). This is, in fact, reflected in Maingan et al.'s (1999) definition of the construct which for them designates both the activities and processes an organization adopts to meet its social responsibilities. What these responsibilities are, as has previously been seen, is a matter of debate and researchers have not come to a consensus on this matter, as Matten and Crane (2005) show in their review of the construct. They found that the construct has generally been used according to two different perspectives: a conventional view and a limited view. The conventional view is to see Corporate Citizenship as a discretionary activity by which an organization makes a contribution to the community, usually in the form of charitable donations and community action. In this case, philanthropic activities, which in essence are supposed to be an expression of generosity, are distorted and interpreted as strategic and motivated by self interest. In contrast, the limited view conflates Corporate Citizenship with the construct of Corporate Social Responsibility. Inspired by Carroll (1991), it sees Corporate Citizenship as designating four aspects: economic, legal, ethical, and philanthropic.

Of course, what makes the construct problematic is the reference to "citizenship." Why "citizenship"? Matten and Crane (2005) explain that the concept is taken from political science where it implies a set of individual rights: a) civil, which protects one from interference in one's
activities from others, such as governments, b) social, which permits one to participate in society and claim access to services such as education and health care, and c) political, which entitles one to participate in the process of collective will, such as political activities. From these characterizations, one is to understand that citizenship is in relation to a State. However, Matten and Crane (2005) point out that it would be a mistake to understand Corporate Citizenship to mean that corporations, being part of a community, are entitled to rights and duties. Instead, they contend that corporations take up the role of the State when the latter fails to serve ordinary citizens.

Aware that the meaning of the construct of Corporate Citizenship varies, Mirvis and Googins (2006) nevertheless propose a model which describes a way by which it might develop within an organization. For them, the development of Corporate Citizenship goes through five stages: a) elementary, where activity is episodic and programs are undeveloped because the organization either does not understand the concept, management is not interested, and there is scant interaction with external stakeholders, b) engaged, where the company basically adopts a new way of looking at its role in society, c) innovative, where the organization realizes that it is responsible to both stockholders and stakeholders, d) integrated, where the organization progresses from coordinating towards collaborating in its efforts, and e) transformative, where the organization fuses their citizenship and business agenda, their stance in regard to citizenship is included in its mission. Each stage distinguishes itself from the other along seven dimensions: a) the way the organization defines the concept of "corporate citizenship," b) the strategic intent, what it tries to achieve through citizenship, c) support given by top leaders to citizenship activities, d) management structure devoted to citizenship, e) how a company proceeds in addressing citizenship issues, f) how the company engages stakeholders, and g) transparency in regard to the organization's financial, social, and environmental performance.

4.5.5. Development through sustainable development

Axelrod (1998) found that multinational companies have started to make public their environmental performance, considering this practice as a form of good Corporate Citizenship because it helps interested stakeholders to know more about the issues companies face in regard to the environment. And Rondinelli and Berry (2000) found, through analyzing multinational
performance reports, companies saw their environmental practices as "a form of Corporate Citizenship that contributed to sustainable development…"

Rondinelli and Berry (2000) also found that companies used the terms "sustainable development," "corporate citizenship," and "corporate social responsibility" to describe their environmental and management policies. This does not mean that the terms are interchangeable, as Streurer et al. (2005) point out. They remark that there are three differences between "corporate social responsibility" (CSR) and "sustainable development" (SD): a) CSR is an approach by which stakeholders play a prominent role, b) the temporal scope of CSR does not go as far as that of SD, and c) historically, CSR put emphasis on social issues such as human rights and working conditions, whereas SD started out from an environmental perspective, though this historical difference is less prominent today. This said, what then are we to understand by the term "sustainable development"?

Buchholz (1998) saw that sustainability represents a shift of concern from solely protecting human interests to recognizing humanity as part of a natural global ecosystem which also must be protected. It is also a recognition that meeting the needs of the present should not compromise future generations’ capability of meeting their needs. For her part, Newton (2008) defines sustainability as “the ability to continue a profitable practice indefinitely without having an environmental limit suddenly appear to end it." As for the term "sustainable development," Hopwood et al. (2005) found that its main gist reflects the recognition of a relationship between humanity and nature; a relationship which points to a link between environmental problems and socio-economic issues such as poverty, inequity, and humanity's future. They also note that the term has also become a sort of catch phrase used to mean different things to different people. They recall that O'Riordan (1989) tried to categorize the different views about sustainable development saying that they varied in that some were more ecocentric, tending to support social and economic equity and redistribution, while others more technocentric, tending to support an economic and political status quo. Wanting to expand on his categorization, Hopwood et al. (1989) proposed that the disparate views vary along two separate axes: a) the socio-economic axis, which indicates the level of importance attributed to human well-being and equality, and b) the environment axis, which indicates the level of concern for the environment.
Within the scope of the work done by Cadieux and Roy (2012) on sustainable development, Dion (2012) points that an organization's commitment to this endeavor also goes through a number of developmental stages, and this can be seen by looking at its ethics practices in regard to stakeholders. He posits that public organizational documents pertaining to its mission, vision, and values reflect the degree to which an organization integrates different stakeholder’s interests. He states that the information contained within these documents reflects the degree of importance an organization holds for five types of concerns: a) profitability, b) employees, c) consumers, d) social causes, and e) the environment. The variations that were observed in regard to these concerns brought him to discern that organizational commitment to sustainable development progresses along five levels, each level characterizing an organizational type: a) the organization which is unconcerned or slightly concerned with stakeholder's interests, b) the reactive organization, which is in large part concerned with profitability, c) the accustoming organization, which begins to express an interest in stakeholder concerns though still chiefly aligned on profitability, d) the proactive organization, which begins to take a strong interest in stakeholder concerns, and e) the generating organization, which has a real interest for stakeholder concerns.

5. PORTRAYING ETHICS PROGRAMS

The researcher took the stance that to talk of business ethics means that one considers three aspects: a) the normative, b) the behavioral factors, and c) the managerial practices set forth by an organization. From this perspective, one comes to see that an ethics program translates norms through managerial practices by affecting the factors which potentially will influence behavior. The researcher’s account of the literature on ethics programs identified a number of factors which do so. But it falls flat of indicating which norms are to be referenced in guiding behavior. It also falls short of providing a definitive portrayal of an ethics program. Regardless of the insufficiencies of what the literature had to say on the topic, in order to minimize theoretical bias, the researcher stated how he positioned himself in regards to ethics programs prior to undertaking the study. The following section focuses on this point.

5.1. Characterizing ethics programs

The conceptual reference points which have been considered above have led the researcher to entertain the idea that it is possible to characterize ethics program as contributing to some type
of development process, such as: a) organizational moral development, b) organizational
development of ethics management practices, and c) the development of organizational
relationships towards stakeholders.

Assuming that there is a developmental process begs the question of how are ethics
programs supposed to evolve? To what end? These same questions were implied by Driscoll and
Hoffman (1999) when they asked: "How will we know when we get to where we want to be?" They
were well aware that much had been done since the beginnings of ethics programs. But they ignored
where it will end, basically because the task is never finished.

Is one then to conclude from their pronouncement that ethics programs transcend all
portrayals? Such an assumption would go counter Robin and Reidenbach's (1987) characterization
of them as an instrument that fosters an enculturation process by which an organization instils its
core values into each individual. Their claim was based on the example of General Dynamics' ethics
program, which manages company seminars, policies, and training as vehicles by which so-called
core values are transmitted to employees. For these researchers, the enculturation process takes
many years, and may have no end as long as new employees are added to a company. The present
researcher considered their depiction of an ethics program as somewhat static, in that the desired
goal is known in advance and leaves little place for development. It did, nevertheless, highlight the
idea that it has no end. It is an ever going process.

Another possibility would be to characterize an ethics program as a learning process. But
should one endeavor to do so would require characterizing the process. What kind of learning
process would it be? To answer such a question would require considering the typology of
organizational learning processes. For example, Dimovski (1994) and Siebenhuner and Arnold
(2007) identified three types of learning processes: a) single-loop learning, concerned with
changing behaviors while maintaining policies. Organizational values and culture stay the same, b)
double loop learning, which involves changing organizational values, policies, and culture, and c)
deutero learning, aimed at improving the processes of organizational learning. Whereas Skerlavaj
et al. (2007) pointed out that there are two others: a) generative learning, and b) strategic learning.
From this typology, one can surmise that an ethics program may be considered as an effort to rear
a double-loop learning process. Though such a categorization is instructive, to conceive an ethics program as a double-loop learning process does not answer the question of where it is headed, nor what the organization is supposed to learn. It does not say which values are to be changed, nor what kind of culture is to be nurtured. What is seen, however, is that an ethics program does imply learning.

Perhaps one could characterize ethics program still in another way, as a kind of quest. Moore (2005), inspired by the work of MacIntyre (1984), tried to apply the concept of "quest" to the context of business ethics. To say that an organization embarks upon a quest would mean that it is driven to orient its practices according to some notion of what is good, even though this notion is not "adequately characterized." Still, despite the absence of a clear objective, there must be an underlying notion of telos because, if absent, as MacIntyre (1984) points out, a moral life would be quite arbitrary, and it would be impossible to determine what is to be pursued. This said, looking at this type of characterization from a managerial perspective, it would seem difficult to convince board members, for example, that the money invested in an ethics program is for the pursuit of some undefined arbitrary end. This would seem to suggest that managers behind the program have no inkling as to what they seek to achieve, a conclusion they would surely dispute. On the other hand, the researcher does not want to presuppose that they do have an exact idea of what they want to accomplish. Though uncomfortable in suggesting that an ethics program is some sort of undetermined quest, the researcher did consider that it might imply an underlying telos pursued by management.

The last characterization considered here is to depict the ethics program as a management system which contributes in shaping the relationships between an organization and its various stakeholders, internal as well as external. As Dunfee (1991) Wood and Jones (1995) and Labelle (2005) point out, these relationships influence the normative foundation which members of the organization will espouse and use to guide their behaviors. In this, one can see that some form of moral development is implied. From this, one then comes to see that an ethics program connects the two aspects of business ethics, as outlined by Donaldson and Dunfee (1994) (the normative and

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6 According to Berenbeim (2010) it cost Siemens $1 billion to proceed in investigating and restructuring the company following corruption and bribery charges which were laid against it.
the empirical). It does so through the norms it identifies and through the processes put forth so that
organizational members learn and develop an appreciation for them. The researcher did not go so
far as Gauthier (1977) who suggested these relationships constituted a social contract, nor as Di
Norcia (2002) who said they describe a moral community. The researcher found it premature to
characterize the relationships, in one way or another, without having studied them first.

With all these considerations in mind, the researcher reiterates the definition which he has
previously given: an ethics program is a management system composed of a variable number of
processes or activities whose justification is putting values such as honesty, fairness, integrity and
concern for others into practice in daily business relationships. The processes involved are ever
going, involving learning, and shaping relationships; which contribute to organizational moral
development.

6. REVIEW OF CHAPTER TWO

The present study dealt in studying a compliance program put forth within a specific
organization: Siemens Canada Limited. Doing so, the researcher was cognizant meant dealing with
three distinct issues: ethics, business ethics, and ethics program.

The researcher has come to see ethics as a concern arising when an individual encounters a
situation which necessitates determining how to behave (either by concrete actions or by the display
of a certain attitude), considering that another person, or group of persons, may be affected either
positively or negatively. From this, the first characteristic that he attributes is that ethics deals
foremost with certain types of problems. Secondly, individuals come to deal with these problems
in different ways: a) by reasoning (which is not the same as simply applying predetermined rules),
b) by seeking guidance, in that one strives to live a life according to some idea of what a good life
is, and c) by constructing how one is to relate to others. These characteristics do not equate ethics
with the metaphorical representation of a watchdog who barks either when someone runs afoul of
a certain way of behaving or when some kind of threat is detected. Because individuals do not
constitute a flock of sheep, in that each person has the capacity of agency and is capable of
evaluating a situation to determine what suits her best, the watchdog metaphor does not fit what
ethics is about. Individuals make their own moral judgments. However, as Forsyth (1980)
highlighted with his construct of ethical ideology, not all individuals proceed to make moral judgments in the same way. Individuals differ from one another as to the extent to which they rely on moral rules to make judgments. What they have in common is they try to determine which action solves the problem and lends itself to justification to others.

In the context of this study, the researcher did not suggest that ethics implies one must state adherence to one of the four ethical ideologies described by Forsyth (1980). In addition, the researcher did not deem his own ethical ideology bias an issue during the study. Instead, he considered that individuals who work for organizations seek to work out problems at hand and may consider a number of ethical orientations in doing so, a line of thinking inspired by American pragmatists such as Henry James, John Dewey, Charles Sanders Pierce, and by Johnson (1993) and to a certain extent, Werhane (2002). Haig (1995) claims that "the influences of American pragmatism on grounded theory methodology are manifolded." This would mean that this inclination, or bias, would be compatible with a subjectivist and constructivist positioning, such as understood by Guba and Lincoln (2001).

By not acknowledging the pre-eminence of one particular a priori guiding principle (be it consequentialist, sceptical, egotistical or deontological,) the researcher came to see that individuals learn their preferred stance from the actions put forth. The individual learns from the results obtained, whether the solution found to a problem is sufficient or deficient. In a certain sense, he came to see ethics as learned through one's action. In this, as Kohlberg (1981) has shown, it is acquired through a number of developmental stages.

Part of the interest in business ethics in recent decades stems from an anticipation, or hope, that it will stave off certain behaviors, which of late have tarnished the reputations of companies and business sectors alike. With such expectations, it has easily been associated with having the duties and functions of a warder. As for the researcher, he has already taken the position that ethics engages in addressing particular types of issues, and that the way individuals cope with them is acquired through a learning process. By extension, he considers business ethics as a way of dealing with certain types of problems which manifest themselves within an organizational setting. Therefore, he considers business ethics as being more than just an organizational sentry; it
moreover, deals in helping to solve problems. Doing so, it involves reasoning, guidance and the construction of relationships. Related to ethics in general, the distinguishing characteristic of business ethics then is not so much to be found in the issues encountered, nor by the types of activities pursued by organizations themselves, but by the complexity of the setting in which the issues are encountered. Problems faced by organizations have the potential of engaging a vast number of players, from managers to board members, to employees, customers, etc.

As previously stated, business ethics deals with problems whose solutions require considering three dimensions: the normative, the factors affecting individual behavior, and management structures, procedures and policies. One cannot solely equate a manager's job in dealing with ethics as that of identifying a guiding principle that solves a particular problem that pops up within an organization. The manager must also find the proper ways by which other organizational members align their behavior with such a position. On this point, Griseri (1998) has found business ethics very much resembles applied psychology. To modify behavior the manager may very well be required to review structures, policies, and procedures. Once such a feat is accomplished, she must still verify whether, in fact, the problem is solved or has transmuted into another concern. Hence, the researcher sees managers as seeking to solve problems that may impede the organization from fulfilling its mission.

Individually, managers may be inclined towards one particular ethical orientation. Of course, on certain occasions, problems faced by these organizations may be solved by referencing a single guiding principle. However, on other occasions, these same solutions may also have the potential of generating other problems, perhaps some not foreseen. An organization seeking to solve a problem by referencing a guiding principle only to generate another set of problems, may experience frustration instead of closure. To consciously realize the riskiness of relying on a sole guiding principle may require that the many individuals who comprise the organization go through a lengthy process by which they learn to deal effectively with issues related to a dimension of ethics.

In the above, the researcher considered ethics as dealing with problems involving a choice in regard to a particular line of action potentially affecting individuals, which then entails dealing
with the fundamental issue of right and wrong. He also stated that business ethics deals with such issues that present the additional challenge related to a highly complex context. In such an environment, ethics programs, as management systems concerned with an organization's moral development, are part of the effort which prepares in dealing with the vast number of issues encountered, all while taking into account ethical considerations.

The literature review has shown there is scant information as to how an organization's moral development progresses in light of the presence of an ethics program which fosters it. In fact, the researcher has not found a particular model which stands out and adequately accounts for how the process unfolds. This observation permitted him to understand that the present study did not offer a hypothesis to test, as would be the case if it were deductive in nature. Instead, he came to see that he was in the presence of a research situation which was worth investigating. As McGhee et al. (2007) would put it; we are left with a topic of interest that can provide data from which it would be possible to develop relevant ideas. One, therefore, sees that the study was inductive in nature.

7. WHERE TO GO FROM HERE?

With the accumulated information provided by the literature review, the researcher had to decide as to how he would orient his study. The orientation that he took had two influences. His first influence came from considering that managers have to contend with how individual employees view ethics; hence the interest of taking into account how it is derived. On this topic, he acknowledges being particularly inspired by Kohlberg's (1981) research concerning the stages of an individual's moral development. Kohlberg (1973) explains that his theory rests on the assumption of Piaget's (1971) notion of stages; which have the following characteristics; a) stages have differences in structure (mode of thought), b) stages follow a succession in development, and c) each mode of thought forms a "structured whole", meaning that it is a way of organizing thought. Basing his inquiries on these assumptions, Kohlberg's research led him to find that an individual's moral development passes along six different stages, grouped into three levels: pre-conventional, conventional, and post-conventional. His second influence came from considering that ethics programs affect organizations and the individuals within; which signifies an interest of development within organizations. On this topic, he recognizes being influenced by the works of Reidenbach and Robin (1991), Sridhar and Camburn (1993), and Maclagan (1996) who recognize
a parallel between Kohlberg's conception of moral development and management development. Both influences led the researcher to the following initial primary orientation: the study could rivet around the theme of the stages of organizational moral development as they are impacted by an ethics program. He estimated that the results obtained would surely provide useful information for an organization in its efforts to monitor, orient and structure the strategies, activities and behaviors related to its concerns with ethics.

Before actually undertaking the study, the researcher was of the opinion that his provisional questions with which he had set out remained pertinent: a) what are the characteristics of organizational moral development, b) what learning patterns contributed to this development, and c) how has this development impacted other organizational dimensions? These preliminary questions took him to consider that his main research question could be stated as follows: what are the stages of organizational moral development that a company goes through once it has introduced a compliance program? A more specific formulation could have been stated in the following terms: what stages of organizational moral development has Siemens gone through since the inception of its compliance program?

FIRST ITERATION OF RESEARCH QUESTION
What stages of organizational moral development has Siemens gone through since the inception of its compliance program?

In formulating the research question as indicated above, the researcher was nevertheless cognizant of Yin's (2003) forewarning that a study's data may not take the researcher to the anticipated conceptualization. And he was also aware of the comment made by Chiovetti and Piran (2002) that a research question may further be shaped by the collected data. In the case of this study, this is exactly what happened. The researcher was definitely enquiring about Siemens' compliance program, anticipating that it would provide him with insight as to the company's moral development. Even so, data brought him to a somewhat different path. The study did succeed in depicting the company's compliance program and its implementation. It also led the researcher to a better understanding of the processes and dynamics of how a compliance program is integrated by an organization and its employees into existing organizational structures.
CHAPTER THREE
SETTING RESEARCH METHODOLOGY

This chapter describes how the study was carried out in light of the managerial problem proposed by the researcher and his initial research focus. This is done by expanding on three topics. First of all, it provides a clear summary of the researcher's theoretical reference points by expounding on a number of related issues. Secondly, it offers a detailed description of the proposed methodology. Lastly, it renders a detailed account of the operational specifics in carrying out the study.

1. THEORETICAL REFERENCE POINTS (THEORETICAL FRAMEWORK)

Miles and Huberman (1994) considered that a conceptual framework can somewhat be likened to a researcher’s representation of the subject matter he intends to study. The representation considers the relationships between key factors, concepts, and variables. In a certain sense, it resembles a model of what the researcher plans to study and of what is going on. Maxwell (2013) added two more issues that a theoretical framework could take into account. The first being the research question, by which the researcher explains what it is he wants to know about a certain subject. The second concerns the researcher's paradigm from which he intends to explore the subject. This section takes account of these various concerns as a preface to the description of the methodology deemed appropriate for this research project.

1.1. Summary of the conclusions reached in the previous section

In the previous section, the researcher took the stance that to talk about business ethics one must take into account three issues: a) norms, which consider what is good and what is bad, that serve as guidelines for decision making and behavior, b) behavioral motivational factors, and c) managerial practices that create the organizational dynamics that can harmonize behaviors with norms. From this stance, he came to explain how each of these distinct issues relates to the general topic of business ethics. With this as his foundational background, he looked at the issue of how ethics evolves within an organizational context. This brought him to look at a number of models that were somewhat related to his domain of interest, but still did not provide him with a theory by which he could describe the evolution. First, he came to define ethics programs as a management
system composed of a variable number of processes or activities whose justification is putting values such as honesty, fairness, integrity, and concern for others into practice in daily business relationships. Second, he considered them as a continuous process; which implies learning on the part of those affected, and implies the shaping of relationships. Finally, he came to suspect that ethics programs themselves may evolve in stages.

1.2. Research problem

All the previous considerations ensued from what he first set out to achieve. He recalls that his initial focus was to study Siemens' compliance program in the perspective of providing the company with some insight on a topic of concern. However, he came to understand that his outlook was not aligned with how the company conceived the aim of such an inquiry. This brought him to concentrate on what the company wants its program to accomplish, looking at how the process has unfolded, and at what it has learned along the way. This repositioning on his part calls to show the conceptual reference points that inspired the researcher in the course of this study.

1.3. Conceptual references

On the one hand, the researcher’s previous account of an ethics program provided him with the various components that one is likely to find when studying a specific program. It also provided him with a number of possible objectives that it might pursue. However, it failed to provide a conceptual framework as to how it develops.

On the other hand, he found a number of theories that have been used in this particular field of study. First, institutional theory suggested that ethics programs could stir up processes which inevitably result in organizational change. Second, structuration theory suggested that these changes possibly affect organizational structures, such as rules and procedures. Third, Kohlberg's Cognitive Moral development theory suggested parallels with organizations, that as individuals pass through a number learning stages of moral development, this might also be the case for organizations. Fourth, a number of constructs may affect these stages, of particular note are ethical climate, ethical culture, and stakeholder culture. Each of these constructs seem to suggest a capacity to affect the relationship held with various stakeholders, and to shape an ethics program.
By synthesizing these varied theoretical considerations, the researcher came to view ethics programs as a form of organizational change, the processes of which possibly progress in stages by affecting diverse structures. These processes interact with a number of constructs that designate various kinds of relationships within the organization. The ethics program shapes these relationships, and in turn is itself shaped by these stakeholder relationships. He has already presented in section 5.5.2.1 of the previous chapter a figure which illustrates the researcher's initial understanding of these relationships. It took into account how the ethics program possibly interacts with the constructs of ethical climate, ethical culture, and stakeholder culture. Inspired by that figure, the researcher shows his initial representation of the dynamics occurring within an organization that has set up an ethics program. The figure 9 illustrates how the researcher thought the various constructs might interact in the context of this study: how a compliance program may interact with various elements in the organizational environment.

Figure 9
Researcher's representation of relationships between conceptual references

It must be underscored that the object of the study did not consist in validating this representation. These conceptual references only served as a useful perspective in guiding the study, and in approaching the research field. They are disclosed solely because they could have affected data collection, data analysis and theorization. In fact, these conceptual references only served as a useful perspective in guiding the study, and in approaching the research field. Stating
the researcher’s knowledge at the outset of an inductive is done to minimize the impression of a priori theoretical bias.

1.4. Research question

Review of research done in the field of business ethics, and particularly on the subject of ethics program, came to outline three failings: a) it did not provide a specific theoretical model as to how and ethics program develops and progresses over time within an organization, b) it did not provide information as to how individuals claim ownership of what is proposed to them, and c) it did not provide an empirically based insight as to how individuals come to understand their relationship with various stakeholders. These three failings were considered as gaps of interest for a study to fill. This led the researcher to an initial formulation of his research question as follows: what stages of organizational moral development has Siemens gone through since the inception of its compliance program. However, once the researcher undertook the study and commenced collecting and analyzing data, a new type of gap emerged: it concerned the specifics of the interactions between the process of implementing a compliance program and employees integrating it into their functions. As the researcher collected additional data, it appeared obvious that he was learning more about this particular gap. This is what brought the researcher to reformulate his research question in the following terms: "what are the characteristics of the process by which Siemens' compliance program integrated itself into the existing organizational structure and gained employee acceptance?"

SECOND ITERATION OF RESEARCH QUESTION

What are the characteristics of the process by which Siemens' compliance program integrated itself into the existing organizational structure and gained employee acceptance?

1.5. Paradigm positioning

Having stated the research question, a description of the methodology which was used to carry out the study is provided. However, before doing so, a researcher should take heed of Guba and Lincoln's (1994) comment that the question of method is secondary to that of paradigm. Accordingly, the paradigm which was adopted in carrying out this study is stated here. It is done
in line with Guba and Lincoln, though the researcher is aware of Burrell and Morgan's (1979) work on the topic.

Guba and Lincoln (1994) define a paradigm as a belief system or worldview that a researcher uses as a guide during inquiry. By a "worldview", one designates the presuppositions held by the researcher as to nature of the world, and to the nature of the relationship an individual holds in regard to it. These presuppositions are beliefs, in that their ultimate truthfulness cannot be established. At the very most, they may be well argued. For Guba and Lincoln (1994), a paradigm implies three sets of presuppositions: ontological, epistemological and methodological.

The ontological question relates to the nature of reality, and concerns issues such as: what is found in "reality" and how do they work (their basic mechanisms or processes.)

The epistemological question has to do with the relationship between the individual and that which can be known. According to Guba and Lincoln (1994), research has been carried out following one of four paradigms, which are described very briefly here: a) positivism, which presupposes that there exists an objective reality which can be known without influencing it, b) postpositivism, which presupposes that an objective reality exists. However, knowledge of it is flawed on account of the intellectual mechanisms humans possess; c) critical theory, which presupposes that what is considered as reality has been shaped, by a number of human factors, into structures taken as real, and d) constructivism, which assumes that what one considers as reality is a mental construction which is socially and experientially based.

Having previously stated that the researcher’s approach is pragmatic, the basis of his paradigm positioning are a number of practical issues. The first is in relation with the research question. The researcher was aware that in order to address it he must come to understand and reconstruct how individuals within Siemens have integrated the compliance program into their daily activities. To proceed in such a fashion, according to Guba and Lincoln (1994), falls within the constructivist paradigm. The second is in relation with the recognition that knowledge about the process should accumulate through a number of reconstructions that would become more sophisticated as data was acquired. Third, he recognized that the quality of the information would
depend less on external validity and objectivity, and more on its trustworthiness and authenticity. His stance on these issues indicated, according to Guba and Lincoln's (1994) classification, that he falls within the constructivist paradigm. Hence, epistemologically, he recognized that the findings of the research came about from the interactions held between the investigator and the individuals who are part of what was investigated. Methodologically, he recognized that consensus as to the nature of the social construct could only be elicited by comparing and contrasting data through dialectical interchange with the individuals. For Guba and Lincoln (1994) they are dialectal because the constructions are obtained through the interactions between the investigator and respondents.

1.6. Choosing an appropriate methodology

The preceding section indicated that scientific literature on the subject of ethics programs provided very little information as to its direction and its evolution. It also pointed out that there is scant theory available which would permit to depict and understand a specific program, such as the one Siemens has elaborated and experienced for several years. The researcher has neither come across a theory or an explanation of how an ethics program is expected to evolve, nor whether it passes through distinct stages. He also does not know what processes take place within the organization which may signal such stages, should they exist.

These observations led him to the realization that in order to provide some light as to how an ethics program unfolds; it becomes necessary to study at least one case, which would provide information on the matter. Such an undertaking required that the researcher look into the processes put forth by the individuals entrusted with the responsibility for such an endeavor, and also look into the processes stemming from the interactions among the individuals within the organization having to integrate its requirements into their operations. It means that the researcher had to identify the issues raised by the individuals who had to deal with the new expectations, and the ways by which the organization responded and integrated these concerns in further shaping the program. It was expected that the gathering of such information would lead the researcher in providing a theoretical basis for the progression of an ethics program.

His representation of the kind of knowledge sought by such a study led him to consider that it is fertile soil for using the methodology known as grounded theory. He found that this claim is
supported by Charmaz's (1996) depiction of this methodology, specifically when she says it is
designed to study processes, their changes and development. According to her, "Grounded theory
methods are suitable for studying individual processes, interpersonal relations and reciprocal
effects between individuals and larger social processes." This said, the following will describe how
such a methodology is carried out.

2. GROUNDED THEORY METHODOLOGY

What is grounded theory? The answer, in a nutshell, as characterized by Charmaz (1996),
it is a set of data collection procedures, which are organized in such a manner that it is conducive
to the development of theory. The procedures have a qualitative nature, in that the researcher starts
by gathering information concerning aspects such as individual cases, incidents and experiences.
Next, from the information gathered, the researcher proceeds to synthesize categories, which group
the data. These categories subsequently help explain what is contained in the data and identify the
relationships underlying between the various data elements. This then leads the researcher to
establish what is relevant in the domain under study.

Grounded Theory is the brainchild of two sociologists, Barney G. Glaser and Anselm L.
Strauss at a time when qualitative research was relegated by quantification and the logico-deductive
model of research. According to this model, research is to be carried out by starting from a
developed theory, and then it goes on to gather data for evidence to verify it. They challenged the
then prevailing view that qualitative research was only good for descriptive case-studies, and not
for developing theories. They proceeded to provide written guidelines for conducting qualitative
research, which contained a distinctive set of analytic procedures and research strategies.

As stated by Walker and Myrick (2006), the core of grounded theory resides in the data
analysis process. To their understanding, the method was developed by combining two data
analysis processes. The first consists in coding all data that is gathered in order, afterwards, to
proceed in analyzing the attributed codes. In the second process, a researcher continues by
inspecting the data in order to identify the properties of the categories which have been attributed.
This second process should then lead to the development of theoretical ideas. What Glaser and
Strauss proposed was to combine these two processes. This was done by proceeding to a constant
comparison of both, and on account of this, grounded theory became known as the method of constant comparison.

According to Walker and Myrick's (2006) version of events, grounded theory spread along these lines for a number of years until the co-originators went their separate ways. In 1967, Strauss and Corbin published a book with the intent of providing a straightforward guide to using grounded theory. Glaser differed with Strauss and Corbin’s approach, and gave the reasons why in the book he published in 1992. This divergence as to how grounded theory is carried out has led researchers (those that base their methodology on grounded theory) to specify whether they adopt a Glaser or a Strauss approach. In this text, the researcher may, on occasion, allude to the differences between both approaches. His focus is mainly on providing a systematic presentation of the methodology by describing its components and how it can be carried out. As for the differences between the two, he recognizes that Walker and Myrick (2006) offer a very good presentation of what distinguishes the Glaser approach from the Strauss and Corbin approach. The reader interested in this issue should consult their paper. Without getting into specifics, in general they point out that both continue to use the same language and reference the same processes. However, they diverge in their explanation as to how these processes are to be carried out. One example that illustrates the difference between the two is related to the topic of the place of literature review in grounded theory. Initially, both were in agreement that a literature review should not be done prior to research as to not impede on the emergence of categories from empirical data. However, Strauss came to change his mind on this topic, whereas Glaser has remained adamant that a literature review should only be done once the grounded theory is completed.

As stated previously, grounded theory proceeds by constant comparison. This being so, a researcher who adopts such a methodology does not carry out a study following a linear tract. Instead, the tract is circular. In fact, as Luckerhoff and Guillemette (2012) remark, circularity is the distinguishing feature of this methodology. This main characteristic is in reference to the way by which the various phases of data collection and data analysis progress: they are not done in isolation from one another. Quite the contrary, they are carried out in interaction: analysis starts while data is collected, which influences what supplementary data to gather. This process of interaction of data collection and data analysis goes on throughout all the duration of the research project, up until
the point at which a researcher attains a point of saturation, when further data does not substantially alter what is then known.

A number of metaphors have been used to describe the interplay between data collection and data analysis in grounded theory. As Luckerhoff and Guillemette (2012) point out, Glaser (1978) likened the methodology to a two-step dance, where the dancer takes one step forward and one step back: each forward movement is accompanied by a return to the starting point. As for Guillemette and Lapointe (2012), they likened the progress of research using grounded theory to a spiral movement. They saw that the first efforts of data collection, coding and categorization, memo writing and model building, and theoretical sampling intersect with the succeeding efforts which proceed somewhat in a similar fashion. A slightly comparable representation is that given by Plouffe (2009), as pointed out by Luckerhoff and Guillemette (2012). For Plouffe (2009), grounded theory research is characterized by a spiraling movement, which progresses along helicoidally: it advances in a spiraling movement along a core axis trajectory. This metaphor conveys the idea that a researcher who uses grounded theory methodology sees the study advancing while having to constantly return to previous phases in order to establish relationships between them.

2.1. Description of the various processes of grounded theory methodology

Despite the methodology's circular demeanor, in order to provide a more detailed and comprehensive understanding of the various tasks put into practice during research, the researcher describes it here, to a certain extent, in a linear fashion. And though, as mentioned previously, there are two versions of the methodology, Glaser's and Strauss', Walker and Myrick (2006) mention that they both follow "the same basic research process: gather data, code, compare, categorize, theoretically sample, develop a core category, and generate a theory." This said, the researcher has found that Stern (1980) depicts the process slightly differently, though it can be said from the way by which the details are provided, it still expresses the same basic ideas. Consequently, the methodology is presented first by using Walker and Myrick's (2006) depiction. Secondly a "wrap up" is provided by looking into Stern's (1980) depiction.
2.1.1. *First-phase: data gathering (sampling and open sampling)*

Coyne (1997) points out that sampling in qualitative research is different from that in quantitative research. The latter prefers random sampling, and is concerned with sample size in order to ascertain that it is representative of the population as a whole. The former is more concerned with the appropriateness of the sample, in whether the chosen sample will be composed of "good informants": individuals willing to share information, and capable of articulating it.

Initial data is gathered in the Strauss version of grounded theory by using open sampling. According to Draucker *et al.* (2007), this type of sampling chooses sites, persons or documents with the aim of obtaining a maximum of data, which will lead the researcher to identify potential categories. For this, they suggest that a researcher use three of the 16 different strategies mentioned by Patton (1990): the first, criterion sampling, is to select cases in accordance to a criterion fixed by a researcher, the second, snowball sampling, is to select cases suggested by people who know people who know which cases are information rich, the third, maximum variation, is to select participants who will capture the central themes of participant variation. In all three strategies, data sources come from interview transcripts and primary research data.

2.1.2. *First-phase: Data analysis (open coding)*

Paillé’s (1994) paper on grounded theory describes in detail what he considers as the six stages of analysis attributed to this methodology: 1) coding, 2) categorizing, 3) finding relationships, 4) integration, 5) constructing models, and 6) theorizing. This section will focus specifically on coding, though the explanations will touch upon on the subsequent stages as well.

As Walker and Myrick (2006) point out, the understanding of coding is shrouded in the debate between the Glaser and the Strauss and Corbin approaches. They inform us that for Glaser, coding consists of "conceptualizing data by constant comparison of an incident with incident, and incident with a concept." For him, coding consists of two procedures: a) compare incident to incident in order to generate categories, and then compare new incidents to the categories, and b) examine data through neutral questions. On the other hand, Strauss and Corbin, who also make comparisons, consider coding as simply analyzing data.
As for the researcher, he adopted Charmaz's (1996) position on coding on account of the simplicity and clarity of the descriptions offered. Charmaz (1996) explains that "coding is the process of defining what the data are all about." In this respect, qualitative research proceeds differently from quantitative research. The latter proceeds from preconceived codes planned before data collection. In the former, the researcher creates codes from the gathered data. "The codes emerge as you study your data." Additionally, research using grounded theory implies that a researcher interacts with the data during the analysis phase. As a result of the coding process, a researcher may develop insights, which may lead him "into unforeseen areas and research questions." Explained in this way, coding is to be understood as a crucial task which will lead a researcher to develop an emergent theory that will explain the collected data.

Open coding, as explained by Draucker et al. (2007), consists in analyzing gathered data (mainly from interview transcripts and documents) either line-by-line or word-by-word. The purpose of this task is to develop provisional concepts. The gist of open coding, according to Charmaz (1996), is that analysis at this stage of research is less focused and more open-ended. By coding line-by-line, and examining each line of the transcript, a researcher then attributes a concept that invokes the basic idea expressed. The concept used should have the property of representing the action or event. This line-by-line coding is therefore seen as the beginning of the analytic process which will lead to building theory. To help a researcher carry out this task, Charmaz (1996) proposes some helpful basic questions, such as: "a) what is going on? b) what are people doing? c) what is the person saying? d) what do these actions and statements take for granted? and e) how do structure and context serve to support, maintain, impede or change these actions and statements?"

2.1.3. First-phase: Data analysis (categorizing)

A researcher should expect the codes attributed to the data to touch upon a variety of topics. According to Paillé (1994), this information will lead a researcher to a second form of data coding, a richer one: categorization. He explains that the difference between the two forms of coding (open and categorization) stems from the fact that, after the initial coding, a researcher has had the opportunity to compare initial codes and classify them. The information provided by these categories will then lead a researcher to identify the processes to which he is exposed. Again, Charmaz (1996) proposes a series of questions to help researchers in this process, such as: “a) what
process is at issue here? b) Under which conditions does this process develop? c) How does the research participant(s) think, feel and act while involved in this process? d) When, why and how does the process change? And e) what are the consequences of the process?" The answers obtained to these questions will take a researcher to decide what additional data is to be collected, and which leads to pursue.

2.1.4. Second phase: Data gathering and axial coding

According to Paillé (1994), categorization leads to establishing relationships between categories. It implies comparing categories by listing them and examining them. This description seems to correspond to the notion of axial coding proposed by Strauss and Corbin.

Walker and Myrick (2006) point out that the second phase of grounded theory methodology is axial coding, a phase absent in the Glaser version. The description given of this phase, one having to do with making connections between categories and subcategories, is very reminiscent of what was just described as categorization. In axial coding, a researcher looks to establish relationships between categories by focusing on three dimensions: a) the conditions under which a phenomenon occurs, b) the actions and interactions of individuals who react to the situations, and c) the consequences of the actions. The lesson learned by Draucker et al. (2007) is that, at this stage, a researcher is looking for additional data, which will yield pertinent information useful in developing new categories. Data sources at this point are additional participants, second interviews and further literature review, either lay or academic. Looking back at Patton's (1990) sampling strategies, they found five particularly useful for axial coding: a) intensity sampling, "selecting information-rich cases that manifest the phenomenon intensely," b) typical case sampling, where one chooses cases with features that are typical, normal or average, c) extreme of deviant sampling, cases that can provide information in an unforeseen way, d) purposeful sampling, which helps unearth characteristics of subgroups, and e) theory-based sampling, which may feature theoretical constructs of interest.

2.1.5. Third phase: theoretical coding (Glaser), selective coding (Strauss and Corbin)

The last phase of analysis consists of integrating data around a central theme in order to generate a theory. Glaser accomplishes this by using what he calls theoretical coding, which
according to Walker and Myrick (2006) is similar to axial coding. This similarity transpires when one looks at how Glaser (1978) defines theoretical sampling. It is “the process of data collection for generating theory whereby the analyst jointly collects, codes and analyses his data and decides which data to collect next and where to find them, in order to develop his theory as it emerges.” This description does, in fact, illustrate the similarity.

As for selective coding, Walker and Myrick (2006) consider it similar to axial coding, in that it also develops categories in terms of properties, dimensions and relationships. The difference between axial and selective would be that the latter is at a more abstract level of analysis. As for Draucker et al. (2007), additional information gathered at this point requires what they call discriminate sampling, where a researcher chooses cases that permit deepening of initial analysis, finds exceptions and test variations.

2.2. Wrap up: Comparing theory to experience

Having at this point gone through the main features of grounded theory methodology, it seems appropriate to review the process once again in order to highlight its main characteristics. This is done by referring to Stern (1980) who described her experience with the methodology. The first point made was that grounded theory was a methodology appropriate to study cases in which the processes had not yet been examined. This means that a researcher is unable to test an existing theory on the case under consideration, and is required to discover what is going on. By using grounded theory, a researcher intends to develop theoretical concepts, which will explain what is studied.

According to Stern (1980), research using grounded theory goes through five stages. The first consists of collecting empirical data, an activity which implies coding and categorization. The second consists of concept formation, an activity which brings a researcher to generate a tentative conceptual understanding of the phenomena from gathered data. The third stage brings a researcher to establish relationships between the concepts and gather further data, by selective or theoretical sampling, in order to identify core variables. The fourth stage consists in modifying and integrating data with the aim of having a theory emerge. Here, concepts are compared to data in order to find
relationships and identify the core variable. The fifth and final stage consists in writing the research report.

These various characteristics of grounded theory are very well summed up and illustrated by Prévost and Roy’s (2013) figure, which is reproduced below.

![Figure 10](image)

**Figure 10**
Prévost and Roy figure of GTM

Source: Prévost and Roy (2013) adapted by P. Pawliw

There are a few slight differences between the model shown above and the present study. For instance, the diagram indicates a study process constituted of four rounds of data collection and data analysis. The present study limited itself to three rounds of each, considering that saturation had been attained at that point. This meant the researcher felt that interviewing the same sample population would not generate new categories, nor would it improve the theoretical method. The
study did however follow the steps outlined in the diagram. It did begin with a literature review on a topic, and the selection of a research topic. It then proceeded in three rounds of data collection. Each round was followed by data analysis.

Before signalling another dissimilarity, the role played by the initial literature review in carrying out the study should be clarified. Prior to undertaking the study, the researcher did an extensive literature review which provided him with a number of sensitizing concepts. Were they useful in carrying out the study? Considering that they were hardly ever referenced during data collection and data analysis would indicate that they did not bias the emergence of categories. Nor did they help in data analysis or in the emergence of the model. Their role was limited to providing the researcher with an understanding of what was known of the general field of study.

Another difference is that data collection was immediately followed by writing a memo, and memos were written every time the researcher had some insight. But these memos were written before data analysis, not after. Yes, each round of data analysis was followed by writing a detailed report of the generated findings. Yet references to literature were done while writing the report (memo), not afterwards. In this, reports (memo) were influenced by data analysis and literature, which served as a form of theoretical triangulation.

The last difference concerns how the process ended. It is possible to interpret the above diagram in thinking that the end theory is the result of the rounds of data collection and analysis. In the case of the present study, the researcher found that each round contributed in the building of the theory, implying it was a cumulative process and not an end result. In this, the researcher finds that his experience is similar to that of Guest et al. (2006) who arrived at saturation after twelve interviews.

2.2.1. Additional consideration : Memo-writing

Charmaz (1996) makes the point that along the path between the first efforts of coding and the first draft of a completed analysis, a researcher should resort to memo-writing. This activity, in short, consists of taking the categories that have been found and breaking them down into their components. In order to do this, a researcher needs to identify the properties and characteristics of
each category. One of the advantages of memo-writing is that it brings a researcher to see his coding and data-gathering efforts as a process which can contribute in gaining additional understanding, and not solely as a sorting procedure. It, therefore, helps in discovering and defining processes.

To illustrate how memo-writing works, a fictitious example is offered. Let's say that a researcher has coded data as "properly executed." From this code, she may question participants in order to clarify the exact meaning of the code. Doing so may lead her to find implicit meanings and assumptions that help to clarify her understanding of the processes taking place.

When should memo-writing start? According to Charmaz (1996), it should start from the very beginning of a study. Or as soon as a researcher has found some interesting ideas or categories worth further pursuit. The activity should allow a researcher to explore ideas. At this point, it is suggested that a researcher need not worry about grammar, and should just note ideas without editing.

2.2.2. Additional consideration: Theoretical sensitivity

Neil (2006) noted that a researcher's personal and professional experience contributes to the development of categories and properties. Glaser (1992) called this "theoretical sensitivity." It denotes that a researcher's knowledge, understanding, and skills will play a role in developing categories. It will also contribute to establish relationships between categories. Because personal beliefs and assumptions may impact how data may be treated, it may be beneficial to the research project that a researcher states them at some point.

2.2.3. In short: Literature review in grounded theory

Literature review in grounded theory, as Stern (1980) explains, permits a researcher to check what has been written on a given topic and compare it to what has been found in the field. It also helps in finding concepts, which may provide insights into what one is trying to explain. However, as Dunne (2011) points out, the problem is knowing when to carry out such a literature review. Two different answers are given. Researchers leaning towards Glaser's approach tend to consider that the literature review should be carried out during the third phase of the study, when a researcher has analyzed the collected data and is in the midst of an emerging theory. At this point,
a researcher gains in checking the academic literature in two ways: a) by comparing what has been found to what has already been stated, and b) by finding concepts which may provide further insights into what is to be explained. It is feared that a literature review done at the outset may not be useful, and may contaminate data collection, analysis and theory development.

However, researchers leaning towards the Strauss and Corbin approach disagree, and consider that there are benefits in early literature review. Among the advantages mentioned by Dunne (2011), it is noted that it can help a researcher to see how the phenomenon has been studied up until now. It can also promote clarity in thinking about concepts and theory development.

This said, Dunne (2011) also advises that one should "clearly articulate this issue from the outset and cogently outline and defend the preferred option in order to minimize the potential for misunderstanding between the author and the reader."

2.2.4. In short: The research question in grounded theory

Plouffe and Guillemette (2012) remarked that the research question in grounded theory is usually an open question. It is used to identify the subject that is under study, without suggesting any explanatory hypothesis, and without any hinting to a preconceived angle of approaching the subject. In fact, the research question may be adjusted during the study in light of collected data.

As Chiovetti and Piran (2002) state, the investigator should not downplay the importance of the data collected from participants. In fact, the investigator should be cognizant that this data will shape the research question. This is to be understood as meaning that during the study, the investigator will be exposed to information which will sharpen the focus of the research question. Consequently, it is likely that the initial research question may be restated to reflect this better understanding of the processes that have been uncovered. This should come as no surprise considering that the investigator is constantly in search for more meaningful information. To obtain it requires that the investigator frequently refine his secondary questions to reveal what is relevant to participants.
2.2.5. In short: Sampling in grounded theory

The issue of sampling has already been touched upon in the previous headings above. These headings touched upon two concerns, expressed by Neil (2006), that an investigator faces in regard to sampling. The first concerns choosing who should participate in the study. The second concerns sampling strategies. Though these concerns are important, Corbin and Strauss (1990) underscore the spirit in which sampling is made. They remark that sampling representativeness is not based in terms of a group of individuals. Rather, it is based in terms of “concepts, their properties, dimensions, and variations.” The example of an investigator who undertakes a study within a company is taken to illustrate this point. At the outset, she may begin by interviewing a number of managers. But what must not be forgotten is that the investigator's concern is not with the managers per se. It has more to do with the incidents, the events, and the happenings to which they are witness to. This is the information the investigator seeks to access in order to build a theoretical explanation of the phenomenon.

3. STUDY STRATEGY

This section basically provides an account of how the research project was managed. It calls attention to a number of issues researchers usually need to address when adopting a qualitative research design and it explains how the researcher met these concerns.

3.1. Sampling

This study focused on one select compliance program; that of Siemens. The decision to proceed in such a fashion was justified on two accounts; the first being the limited access offered by companies to their ethics and compliance program and staff, and the second being the quality of Siemens' compliance program; as attested by U.S. government appointed Compliance Monitor who evaluated the program. This said, the individuals who were interviewed were found within the company; Siemens Canada Limited. Sampling proceeded according a strategy that Taskakkori and Teddlie (1998) named "controlled sampling."

The Canadian Compliance Officer provided the researcher with a list of 78 individuals whose knowledge and expertise in regard to the compliance program and its history was most likely to provide him with rich information. Candidates were a mix of individuals coming from the
echelons of upper and middle management members, and of individuals closely linked to the everyday operations of the compliance program. These individuals were in possession of rich information as to the evolution of the program on account that they were either involved in harmonizing the program with routine operations or on account they had a hands-on experience of the program.

The researcher did not resort in using snowball sampling strategy for two reasons. First, the positive response rate to participate in the study was 40 %, which provided the researcher with a pool of participants possessing a good deal of information. Second, during the first interviews, the researcher did ask participants to refer other individuals. It turned out that many were already on the list provided by the company. For those who were not on the list, the researcher could not figure out how he could assure anonymity by requesting access to specific individuals not already on the list. Neither did the researcher resort in using maximum variation sampling strategy. The main reason for this was that he had not a priori identified any one specific demographic variable to account for. Suffice it to say that the individuals who participated in the study came from different provinces, worked for different divisions, had different functions (finance, business management, sales, human resources.), and were in different hierarchical positions (upper and middle management).

3.2. Study methods

The researcher had access to two types of data: a) written documents, mostly provided by the company and, b) personal accounts of events. In the case of the first type of data, document analysis was done. Bowen (2009) defined this type of analysis as a “systematic procedure for reviewing or evaluating documents.” In the case of the present qualitative research, this analysis fulfilled four functions. First, provided data concerning the context in which participants found themselves. It, therefore, helped to understand the historical roots of certain issues. Second, the information suggested questions to ask, and situations to observe. Third, it provided valuable insights. Fourth, it served to verify or corroborate information obtained from other sources.
Document analysis of documents was done in two ways: a) by organizing information into categories in order to recognize patterns from which emergent themes could become categories, and b) by complementing the information provided by participants.

As for personal accounts, the researcher principally did semi-structured interviews, as defined by Britten (1995). He used a core of open-ended questions, and from the acquired answers, the investigator and the interviewee could diverge in order to pursue an idea or theme in more detail.

### 3.3. Procedures

The first step undertaken was to review the public documents prepared by Siemens in order to get acquainted with the principal ideas circulating within the company, as well as the chief issues the company has been tackling. The bulk of the documents in question were those that Siemens provided to the public at large. Siemens also shared some documents not distributed to the general public.

The second step undertaken was to proceed with the interviews. The following procedure was observed for each participant.

a. The potential participant was contacted via email and was invited to participate in the study. The invitation email contained a detailed description of the study and its procedure. Interested individuals had only to reply to the email;

b. Individuals who replied to the email were sent the Ethics Research Consent Form and were asked to return a signed copy. They were also asked to provide a telephone number so they could be reached, and propose a date and time for the interview;

c. Participants were interviewed via Skype and were recorded using Evaer software. Interview time varied from 20 to 85 minutes;

e. Immediately after each interview, a memo was written in order to register impressions of what was said, and register administrative information that may be referenced afterwards in order to retrace steps;

f. Interviews were transcribed into a written form for analysis;

g. Transcriptions were downloaded to NVivo software to permit coding.
The third step involved analysing collected data: memos, interviews and document review. Analysis was done using a number of techniques in order to increase depth, and for triangulation. Analysis was aided by using the computer assisted software NVivo.

A fourth step consisted in preparing a new questionnaire to be used during the subsequent iteration, either second and third rounds. Both these rounds followed the procedures outlined above. Throughout the data collection and data analysis processes, the researcher compared results and impressions with other published studies.

3.4. Tool

The development of the core questions contained in the questionnaire used during round 01 (see annex 4) took its cue from Labelle’s (2005) study in business management. His study was of particular interest in that it covered a topic not so distant from what this project wanted to undertake (he looked at how the construct of corporate social performance developed within a specific company.) By following Strauss and Corbin’s (1990) prescription, Labelle (2005) circumscribed his study by considering three dimensions: a) the conditions, which designate the events witnessed by the participants and to which they reacted, b) the actions/interactions, which look at precisely how the individuals reacted to the events, and c) the consequences of both. In the case of the present research, focusing on these three dimensions permitted to obtain data sufficiently rich in information to build a theoretical model.

3.5. Validity

Prévost and Roy (2013) point out that validity in qualitative research is not equated to testing a hypothesis. Instead, it is the capacity of providing an adequate answer to an underlying problem. Therefore, in the context of qualitative research, validity is based on methodological rigor and transparency on the part of a researcher. Burke Johnson (1997) explains that qualitative research is mostly interested in three types of validity: a) descriptive, b) interpretive and c) theoretical. These are the three types of validity to which the researcher paid particular attention to. There is also a fourth type, internal validity, which will also be mentioned but had a lesser bearing on this research project.
Each of type of validity can be ascertained by using a certain strategy, one of them being triangulation. Decrop (1999) explains that the idea of triangulation derived from topography, and means seeing a single point from three different sources. In qualitative research, it means looking at a phenomenon from more than one source of data. Its usefulness comes from the idea that it limits personal and methodological biases in order to enhance generalizability. In the following sections below, the researcher describes each of these forms of validity and the associated strategies that were used in ascertaining it throughout this study.

3.5.1. Descriptive validity

Descriptive validity designates the accuracy of the factual account given by the investigator. Of importance here is the idea that what is reported really happened and that reports correspond to what was told and what was seen. This type of validity requires of the investigator to demonstrate that his description of what happened (such as" events, objects, behaviors, people, settings, times, and places") is accurate.

In the case of this study, the strategy of data triangulation was used to ascertain descriptive validity. This was done in three ways. The first consisted of triangulating secondary data such as documents, a strategy that ensures that the study uses a variety of data sources. The sources for this study were newspaper articles, documents prepared by the company for public distribution, and information found on the internet. The second consisted of writing field notes immediately after each interview. These notes added light on the context, something which did necessarily transpire the interview transcripts. Here, the researcher tried to provide a summary of what were the central themes touched upon during the interviews, a subjective appreciation of the tone of the interview, insights or leads to push further either during analysis or with another participant. The third consisted in providing a written verbatim of each interview. Each interview was recorded. This was followed by transcribing the interview and providing a copy to the participant. The participant could then inform the researcher whether the account was accurate or provided changes.

Validity of gathered information depended on two factors: a) consensus, in that the researcher established a single narrative coming from a wide variety of individuals, and b) depth:
in that the researcher spent a great length of time with each individual. Consensus and depth ensured profoundness and richness of the information.

Triangulation was achieved by multiplying the sources of information; which in this specific study was done as follows. First, there were in-person interviews with high-ranking managers within the company who work from various locations throughout Canada, after which the gathered information was analyzed for emergent themes. Second, the data collected during one round of interview was compared with data coming from the other two rounds.

3.5.2. Interpretive validity

According to Burke Johnson (1997), interpretive validity refers to "accurately portraying the meaning attached by participants to what is being studied by the researcher." More precisely, a researcher must demonstrate that she adequately understands the participants' viewpoints and experiences. The strategy used in the course of this study to ascertain interpretative validity is known as participant feedback. Throughout the study, the researcher shared his understanding of the collected information with participants. Round 03 of interviews even started with a statement prepared by the researcher which summarized the accounts that had been provided to that point. Proceeding in this manner permitted the researcher to clear up misunderstandings.

3.5.3. Theoretical validity

Theoretical validity is concerned with the fit between the theoretical explanation developed by the researcher and the data collected during the study. One way of ascertaining this is by theoretical triangulation. According to Decrop (1999), and Meijer et al. (2002), this strategy implies using multiple perspectives to interpret a set of data. This type of triangulation, of particular importance for Glaser and Strauss (1967), involves comparing emerging hypotheses with existing theories. This implies that a researcher seeks alternative explanations in order to make his own conclusions sounder. This form of triangulation was carried out throughout the length of the study, in that the researcher constantly compared his findings with constructs which had already been proposed in the academic literature.
3.5.4. Internal validity

According to Yin (2003), internal validity usually refers to the concern a researcher has when seeking to explain how and why an event, such as X, resulted in an effect; such a Y. On this point, Yin (2003) remarked that this specific concern does not apply to descriptive and exploratory research. This type of validity was not a particular concern for the present study, in that its focus did not consist of explaining any particular event or occurrence. Instead, its focus was one of describing a process and identifying its constituent parts. However, had the study tried to be explanatory, then the researcher would have sought to ensure the trustworthiness of the inferences stemming from observations and documentary analysis.

3.6. Research Ethics

On September 3, 2014, the Ethics and Research Committee (ERC) of the Faculty of Arts, Sciences and Humanities of the "Université de Sherbrooke" emitted a certificate authorising the present study. The study was carried out in compliance with four ethical principles: a) respect for free and informed consent, b) respect for human dignity, c) respect for vulnerable persons, and d) respect for personal privacy and the confidentiality of information.

In regard to point a, the researcher presented each participant (interviewee), prior to their participation, with a consent form which met the requirements of the ERC (see Annex 3). Before each interview, the researcher asked every participant whether they had read the consent form, understood what the study was about and what was required, and had any questions or request for clarification. They were also informed that they could stop the interview at any time, and, should they so request withdraw from the study.

In regard to point b (respect for human dignity), the researcher protected each participant's multiple and interdependent interests. The researcher conducted the interviews in such a fashion as to not make them feel uncomfortable with the questions asked. He was respectful of the person, leaving room for voluntary withdrawal.
In regard to point c (respect for vulnerable persons), the researcher did not identify any specific risk of economic reprisal in the form of penalty or loss of employment. He nevertheless conducted the interviews by only asking questions related to the topic of the compliance program. In regard to point d (respect for personal privacy), the researcher committed himself to ensure privacy and confidentiality of gathered data. On the one hand, any future sharing of information will omit names of participants, and make sure that the information is transmitted in such a way as that data cannot be traced back to a specific person. Any report, written or verbal, given to the company will omit to name individuals who have been interviewed. On the other hand, the researcher took specific measures in securing data. Considering that collected data was stored on a specific computer, and data backups were made on flash drives, he made sure that the computer was inaccessible to the public, and that the flash drives were stored in a locked filing cabinet. The researcher also committed not to retain collected data for a period exceeding five years after the date at which they were obtained. The researcher also complied with a request made by the company to the effect that recordings of interviews were to be destroyed once they were transcribed and approved.
CHAPTER FOUR
DATA COLLECTION, ANALYSIS AND FINDINGS

The purpose of this chapter is to describe the results of the study done of Siemens' compliance program, which proceeded in following grounded theory methodology. The study was carried out in three iterations or rounds. Each round is distinguished from the following by the fact that a new group of participants was interviewed, using a different set of questions from one round to the next. All phases of the study were carried out between September 2014 and March 2015.

The chapter is divided into three sections; each one corresponding to a specific iteration phase of the study. Each section is divided into three headings: a) data collection, b) data analysis, and c) emerging results. All three headings contribute in describing the process that the study followed during a specific iteration phase. All three phases produced a number of findings, which cumulatively led to building a model of the dynamics related to Siemens' compliance program.

Data analysis produced two types of findings: a) content of the company's compliance program, and b) emerging categories that describe an underlying process. Presentation of the content of the compliance program plays an important role in the findings because it was the prerequisite to seeing beyond it, to see the processes at play.

The results that emerged using grounded theory methodology brought the researcher to reformulate his initial research question in the following manner: what are the characteristics of the process by which Siemens' compliance program integrated itself into the existing organizational structure and gained employee acceptance? Participants' responses led to the emergence of themes such as remolding, embedding, situational appraisal. Hence, the study revealed the dynamics of a process which begins with the company undertaking efforts to fundamentally change the ways by which it does business, and ends up with employees evaluating three facets: corporate culture, the compliance program, and coping with daily functions.
1. FIRST ITERATION (ROUND 01)

This section provides a description of three aspects of the study: a) how it was organized, structured and carried out, b) preliminary insights stemming from analysis and interpretations, and c) challenges (or information still to be acquired).

1.1. Constant comparative analysis

Thorne (2000) explained that grounded theory methodology uses a strategy by which one piece of data is compared to all others that are similar or different. Proceeding in this fashion should provide a conceptualization of the relations between pieces of data. The particularity of the present study is that it considers two types of data: a) data contained in documents made public by the company or in documents found on the web pertaining to the study, and b) data collected from interviews done with employees of Siemens Canada Limited. Therefore, in order to arrive at a conceptualization of relations, data from one source is used to understand data from the other source. The analysis of data from both sources is presented below.

1.2. Data collection

Data collected during this phase consisted of information gathered from documents during the time before actual interviews, and from interviews.

1.2.1. Pre-interview document analysis

In the interval before starting the interviews, the researcher proceeded to read and code certain company public documents. The main objective pursued was to acquire background knowledge about the company in order to facilitate the foreseen conversations with participants. Two issues were specifically targeted during analysis: a) identify all information pertaining to the compliance program, and b) identify the general topics for which the company expressed an interest or particular viewpoint. The selection of documents was done in reverse chronological fashion: from the most recent to the eldest documents found. The analysed documents were those found on the Internet and were publicly available.

The contents of the documents were coded using Nvivo software. The coding process was limited to open coding. The categories which emerged from coding one document were not
compared to those of other documents. The decision to proceed in this fashion was taken in order to prevent developing categories, which might hinder the proceedings of the forthcoming interviews.

This process resulted in the identification of a number of ideas that seemed to have a particular resonance for the company. The main category which emerged of this reading was that of corporate identity. It referred to the information the company provided by which it described what it was. At this juncture, the importance of the category was not understood. And all the cumulated information did not provide a comprehensive overview of how these ideas related to each other, nor of the specific dynamics related to the compliance program. To acquire a real understanding of the workings of the program required interviewing company personnel.

1.2.2. Sampling in Grounded Theory: theoretical grounds, sample population and logistics

Corbin and Strauss (1990) make the point that sampling in grounded theory methodology focuses not on the representativeness of a sample population. It focuses on the sampling of incidents, events, and happenings to which participants in a study have been exposed to. At the outset of this study, incidents were unknown, aside three facts: a) the company had gone through a scandal related to charges of corruption, b) the company had put into place a compliance program in 2007, and c) individuals within the company have learned the contents of program and heed to its requirements.

The participants in this study were all managers working for Siemens Canada Limited. The choice of these individuals was justified upon three main criteria: a) individuals who had witnessed how the program was implemented since its beginnings, b) individuals who had acquired knowledge of the program and were therefore, capable of describing and explaining it, and c) individuals who had to apply the program and see that others within the company do the same.

As stated in section 3.3.1, the company provided the names of 78 managers, which constituted a diversified cross-section off this particular population. The managers came from all four industry groups found in Siemens Canada Limited, plus managers working at the Regional
Head-Office. In order to preserve the anonymity of participants, suffice it to say that managers had different functions and titles within the company. They were also physically based in various provinces within the country.

Sandelowski (1995) points out that one difference between quantitative and qualitative researchers is that the former seek to make generalizations, which is possible by using randomly and statistically representative samples, whereas the later value samples which are information rich. In qualitative research, individuals enter a study by virtue of their knowledge of some event. In this, demographic characteristics are secondary. A qualitative researcher considers demographic variables if they can provide certain kinds of information. In the case of the present study, demographic variables were not an issue and participants were not chosen on these grounds.

Of the original list, twenty participants were solicited to participate in the study. The criterion of managers identified as "business management" was used to select the initial participants. Of the twenty individuals solicited; seven accepted to participate in the study. The interviews were carried out long-distance using Skype. There were no face-to-face encounters. Conversations were recorded and subsequently transcribed. All transcriptions were sent back to the participant who then could check to see if the document reflected the conversation. Participants could modify the transcript in order to clarify or redact elements of the conversation. The average length of time of the interviews was 50 minutes.

All interviews were open-ended and used the same initial questionnaire. Additional questions not on the initial list were asked to participants either to clarify a specific point or to expand on a particular topic.

1.3. Data analysis

Analysis of data collected during the first phase was done in two time intervals: a) immediately after completing the interviews, which was limited to coding and reviewing journal memos, and b) after completing the interviews of round 02 interviews, which was more detailed. What is presented in this section is limited to the first time interval.
1.3.1. **Nvivo coding and analysis**

This sub-section seeks to describe the process that was followed at the end of the first round of interviews. The objective of the process was to provide a qualitative analysis of the data collected throughout the interviews. The anticipated results at this point were to identify the general categories which would permit to stitch together the accounts of all the participants in order to get a more focused understanding of the compliance program and its dynamics.

Analysis after the first round of interviews was limited to open-coding. Corbin and Strauss (1990) explain that open-coding is the process by which data (meaning events/actions/interactions) are grouped together to form categories and subcategories. The process of open-coding did not begin before having interviewed the seven participants and having transcribed the contents of the conversations. The decision to proceed in this fashion was based on the criteria of expediency. Axial coding of round 01 was delayed until after the interviews and open coding of round 02. This decision was taken after having evaluated the information gathered to that point did not allow for a comprehensive representation of the compliance program processes nor a thorough account of the overall message.

Coding was done using a Computer-Assisted Qualitative Data Analysis Software: Nvivo 10. Coding using Nvivo proceeds in the following fashion. First, the documents to be coded are imported into the software. Second, analysis begins by reading each document separately line-by-line in order to identify the general idea that emerges. Third, a code (node) is attributed to the section that is read. This process is followed until all the contents of the document have been read and coded.

In the process of coding, different sections of the document may be associated with a same code. If not, then a new code is assigned for the specific section. Codes can be grouped to form a more general category. Groupings occurred during the reading of a document, and was common during the coding of all the documents.

After having coded the contents of a document, a list of codes was printed. The list was printed again after every additional document was coded. Proceeding in this way permitted to trace
alterations to the initial list of identified categories, which permit to trace the evolution of the coding process.

1.3.2. Emergence of initial categories

In examining the final code list, one sees that the basic codes relate to a variety of substantive aspects, such as: incidents, events, perceptions, explanations, program components, program processes, and personal evaluations. In other words, for example, when a participant mentioned a program component, this was coded as such. In the process of coding, the basic substantive codes that related to a general theme was then classified and associated to it. Subsequently, the various themes could be grouped into more general categories. The table 2 and table 3 provide an illustration.

Table 2
Example of emerging category themes out of coding first round interviews

<table>
<thead>
<tr>
<th>Category</th>
<th>Themes</th>
<th>Substantive codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>C Scandal</td>
<td>A What was perceived</td>
<td>Fines</td>
</tr>
<tr>
<td></td>
<td>Going overboard</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Initial atmosphere</td>
<td></td>
</tr>
<tr>
<td></td>
<td>People losing their job</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Wrongdoings</td>
<td></td>
</tr>
<tr>
<td>B How they explain it to themselves</td>
<td>It was a German problem, not a Canadian one</td>
<td></td>
</tr>
<tr>
<td></td>
<td>It was on account of how things were done</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Siemens, the NYSE &amp; SEC</td>
<td></td>
</tr>
</tbody>
</table>

Take note, the letters C, A, B, were used to impose an alphabetical order of categories and of themes.
Table 3
Summary of the results obtained after coding interviews of round 01

<table>
<thead>
<tr>
<th>General categories</th>
<th>Themes</th>
<th>References (number of substantive codes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance before the scandal</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>The scandal</td>
<td>What was perceived</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>How they explain it to themselves</td>
<td></td>
</tr>
<tr>
<td>Challenges faced by the program</td>
<td>Bring the message home</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>How people reacted</td>
<td></td>
</tr>
<tr>
<td>The compliance program</td>
<td>Compliance process</td>
<td>143</td>
</tr>
<tr>
<td></td>
<td>Objectives</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Program development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Logistics</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Originators</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personnel involved</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Content</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Acceptability of actions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Decision criteria</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Documenting transparency</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ethical employee</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The meaning of compliance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Values</td>
<td></td>
</tr>
<tr>
<td>Consequences</td>
<td>Beneficial</td>
<td>67</td>
</tr>
<tr>
<td></td>
<td>What has changed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Where the program is going</td>
<td></td>
</tr>
</tbody>
</table>

The results obtained thus far in the process of analysis did not hint of any model emerging from the data. There was also no indication that saturation of data had been attained. At this point, the major concern was trying to make sense of the workings of the compliance program. Though the majority of substantive codes (47 %) had to do with explaining the compliance program and its workings, a coherent global description was not possible to piece together from the collected data. It appeared as a major stumbling block to cross before being able to have a glimpse of a model. At this point, the second iteration (round 02) was undertaken.
1.4. Emerging results

Malterud (2001) stated that interpretation constituted an integral part of qualitative inquiry, and pointed out that knowledge comes from data and from a researchers' interpretation. After having completed the interviews, the constructs of legitimacy and of commitment to the program came to the researcher's mind in trying to make sense of all gathered information. It seemed that participants were not only describing the compliance program but were also expressing their view on its legitimacy and their commitment (see analytical journal 2014-09-29). The repeated references to the idea that the compliance program was not introduced as a response to a Canadian problem suggested the insight of legitimacy. Reference to commitment to the program was reflected by the way by which they could adapt to the new processes and by which they could integrate them into their activities.

1.4.1. Aftermath of round 01

What was the status of the study at the end of round 01? First, there was the researcher's state of mind. He lacked a clear and comprehensive picture of the compliance program. He had doubts and was uncertain how the various pieces of information were linked together. He lacked assurance as to what he deemed were core categories. Second, what had been accomplished? Collected data provided the historical motivations for the program, indicated how individuals were introduced to it, and pointed to some concerns that they felt towards it. Third, what was not accomplished? The researcher was not capable to describe how the compliance program worked, nor was he able to identify the content substance of what was communicated to employees. Despite certain leads, he was not able to provide a description of a process underlying the compliance program.

In light of the study's status, round 02 was undertaken with a number of objectives. The first was to build a solid understanding of the compliance program and dispel doubts in regard to the pertinence of emerging categories. The second was to build on the acquired data in order to get a fuller view of the compliance program. In order to do so, the researcher tweaked the initial questionnaire in order to get more depth, richer information relating to the program's contents, procedures and processes. The third was to identify and describe the process underlying the compliance program.
2. SECOND ITERATION (ROUND 02)

This section is divided into three headings. The first heading describes the process which was followed in collecting data during this iteration. It followed the same steps as in the first iteration with a few changes. The second heading has to do with the detailed analysis of the data collected during the first iteration. As was mentioned earlier, this step was postponed until a better understanding of the compliance program was acquired. The third heading conveys the detailed analysis of the data collected during the second iteration.

2.1. Data collection

Data collection during this phase consisted of information gathered from documents during the time before actual interviews, and from interviews. The data collected during interviews was influenced by two factors: a) a change in the questionnaire used, and b) a new set of interviewees.

2.1.1. Second document analysis

Research on the web was carried out in order to find additional information about the compliance program that would fill the gaps that prevented a thorough understanding. The research was mainly carried out on the web. Some of the information that was gathered related to the history of the bribery scandal of 2006-2007. Some of the information referred to aspects relating to the workings of the compliance program itself. A document that provided the key to understanding the workings of the company's compliance program was Siemens Netherlands 2013 Annual report, which mentioned the acronym of PCMB (policy control master book). According to this document.

The Policy and Control Master book is a central reference point for all globally applicable Control Requirements mandated in Corporate Circulars and other existing Corporate policies and guidance. It provides a clear and consistent set of Control Requirements which assist management and staff to appropriately control areas for which they are responsible. Control requirements are structured into four categories strategic, operational, financial and compliance on the basis of the established COSO\(^7\) II framework to allow the organization to break down its control environment into manageable aspects and to work towards achieving its overall control objectives.

\(^7\) Uzumeri (1997) describes COSO as a regulatory and standards making body in the field of financial control. He points out that it proposes a regulatory set of standards for management practice known as the COSO framework. He considers the framework as a "milestone in making companies more accountable to shareholders for the competence of internal management practices."
The meaning of this quote had two major impacts on the study. First, one must remember that the initial impetus for the study was to identify the stages of development for concern for ethics within the company. The above quote suggested that the compliance program was developed in Germany and was inspired by COSO II. Then again, the participants of this study were in Canada and were not involved in the development of the program. It became evident at this point that whatever the Canadian participants would provide as information, they would not know how the program is going to progress because it is developed in Germany. By interviewing Canadian managers, this study was limited to their understanding of the compliance program's contents and workings. Second, having identified the PCMB as playing a role in the development of the compliance program, this became a topic to bring up with the participants in order to gauge the extent to which this was the case.

\[2.1.2. \textit{Second questionnaire}\]

The questionnaire used during round 01 sought to get a general understanding of the compliance program. Once round 01 was terminated in appeared that the questionnaire would be inadequate for round 02 given that it did not take into account the answers provided by participants. Therefore, a new questionnaire was developed for use in round 02, which sought to obtain clarifications or additional information. It had 20 questions that touched upon eight topics that were mentioned in round 01: a) the compliance program and culture change, b) the program's main message: clean business, c) the importance of transparency, d) how to deal with outside stakeholders, e) relaxing compliance processes, f) burdens related to new procedures: documentation and paperwork, accounting for expenses and gifts, g) relationship with the compliance organization, and h) company values and their meaning.

\[2.1.3. \textit{Second sampling}\]

Proceeding the same way as in round 01, twenty new individuals were solicited to participate in the study. All were on the initial list of likely candidates provided by the company. The criterion of "business managers" was used again to select individuals. Because most individuals of this category had been solicited, individuals associated to other functions were solicited haphazardly. Eight individuals agreed to participate in the study. The average length of time of the interviews was 70 minutes.
2.2. Data analysis of first iteration

Data collected during the first iteration was analysed in five different ways: a) by providing a qualitative description, b) by triangulation with extant theory, c) by analyzing coding stripes provided by Nvivo, d) by reading again through each participant's account in order to identify incidents, events and happenings, and e) by making diagrams to represent the relationships between emerging categories.

2.2.1. First technique: analysis using qualitative description (thick description)

Sandelowski (2000) stated that qualitative descriptions offered a comprehensive summary of an event. It is the researcher's interpretation of the data that has been collected and may serve as an entry point for further analysis. As was mentioned in section 1.1.6, a thorough understanding of the compliance program was considered somewhat of a prerequisite before starting a more detailed analysis of data. In this study, it was looked at as a measure of confidence. The rest of this section presents the qualitative description which served as a prelude to analysis and is based mostly on the participants' accounts.

The period of time that was considered of interest for this study spans from 1995\(^8\) to 2015. This time span was divided into three time periods: a) 1995 to 1999 were termed a period of pre-compliance. This period was considered for this study because some data, though a very small amount, made reference to it. It was named pre-compliance because it preceded the implementation of a compliance program, b) 1999 to 2007 were termed a period of initial compliance because some data mentioned that the company had introduced a compliance program during this time frame. Very little information was uncovered on this subject, c) the period of 2007 to 2015 was termed present compliance because it is during this period that the present compliance program was introduced and used. The figure 11 illustrates this representation.

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\(^8\) The year of 1995 was an arbitrary choice in that, in the course of the study, the earliest date of information gathered, which possibly could pertain either to ethics and compliance, was 1998. The researcher considered he should have an open mind and include information dating as far as 1995, should he come across it. However, in fact, this did not happen.
Participants remember very little of what happened before 2006-2007, and it is very difficult to say what compliance at Siemens was like before that time. There is some recollection of how corporate values were talked about, and some anecdotes of potential corrupt practices. However, little information was provided as to a compliance program. The vast majority of collected data covers the period extending from 2006 to the present. In order to provide a coherent account of the process by which the compliance program took hold, the data is distributed into four phases, which were loosely suggested by the coding of participant 01 interview: a) the trigger point, which expressed the company finding itself in the midst of a scandal, b) the rebound, the company's reaction to the scandal, 3) the reaction, how individuals reacted to the scandal, and 4) altered state, what had changed within the company having gone through phases 1 to 3.

Additional documentary research came to show that these four phases seem quite similar to those identified by Pearson and Clair (1998) in their model of crisis management. Their model points to the presence of the following factors when an organization faces a crisis: a) a triggering event, b) a company's planned response, c) individual and collective reaction, and d) outcomes. Similarity and overlap between their model, and this study's observations is acknowledged. However, the difference between both is that this study does not portray what happened at Siemens solely as crisis management. This study's portrayal is more in tune with the idea that the company sought to change its very foundations, not only to resolve a crisis.

2.2.1.1. Triggering event

Starting with the scandal itself, participants divided their account along two topics: a) what they perceived as the scandal was unfolding, and b) their rationalization of the scandal. What did they see? They detected that there was an air of panic within the company that there needed to be
compliance. A sense of urgency was felt. They saw individuals within the organization lose their job, that there were convictions and fines given. They saw how the company was reacting, and they sensed that what was done was disproportionate to the situation.

Why did the scandal occur? Their rationalization must be understood by the fact that they are looking at the scandal through Canadian lenses, that is from a perspective by which they were not able to grasp the global perspective. In their mind, the crisis was related to the fact the company had been listed on the NYSE, and it was not Sarbanes-Oxley compliant. It was not related to anything that was done in Canada in particular. It was a problem that could be traced back to the upper echelons of global corporate affairs in Germany.

2.2.1.2. Company planned response

Naturally, the scandal sparked off the company's response, which of course is the setting up of the compliance program. The description of the program was the single most important subject talked about by the participants. Participants detailed the program along two themes: a) the compliance process, which describes what the program wants to achieve and how the organization went about in doing so, and b) the program's contents.

2.2.1.3. The compliance process

The objectives of the compliance program were described along three lines. One of them is the idea that the company wanted to promote the idea of aligning all its activities with the notion of clean business, which roughly corresponds to carrying out its activities according to the laws as applied in the specific country the entity found itself in. Another idea, though related to the first, is that the program wanted to redefine the relationships that the company wanted to maintain with either government officials, suppliers and customers. Lastly was the idea that the whole effort was done in order to protect either the company's profits and its brand. As can be seen, participants did not all perceive the program's objectives within the way the company would have probably preferred they frame it.
How did the company proceed in order to attain these objectives? From the gathered data, this was done along four axes: a) communication, b) consultation, c) training, and d) involving key personnel.

The company made the program known through an abundant use of communication material. Using flyers, posters, and various publications, the company transmitted the message of the need for clean business. Meetings and workshops were held. According to participant’s accounts, from the outset, people who were designated to implement the program wanted to establish a dialogue with company personnel. Though it was made clear that the program would not go away, and that it had to be implemented, the compliance team tried to teach how to proceed with compliance. They wanted to identify the difficulties that people were experiencing with the program in order to show them how to cope with its intricacies. Translated, this means that people had to learn of the procedures they now had to follow, and if they had difficulties in doing so, then explaining how to proceed. Did this mean that compliance personnel were open to make fundamental changes to the program in order to facilitate its integration? This seems not to be the case. And it would seem that participants experience varied as far as this was concerned. For some, compliance personnel were directive and did not seek out feedback. For others, compliance personnel encouraged questions in order to identify the problems linked with procedures. Even so, they remained adamant that the procedures and requirements had to be implemented.

This consultation process was probably done while training was given. It would seem that training was focused on the Business Conduct Guidelines (BCG) and on the various tools, such as software, and procedures to follow. Training could take a number of forms: in class, workshops, and online. Training was mostly focused on managers who then had the responsibility to communicate to their employees and make sure that compliance was followed. It would seem that when the program started, training could take up from 30 to 40 hours in a year. Because of the sheer size of the program, it took up to three years to fully implement it.
2.2.1.4. Compliance content

What was the content of compliance training? The participants' accounts could be subsumed into three themes: a) the meaning of compliance, b) how to make a decision, and c) the acceptability of actions in situations deemed at risk.

First compliance was framed as a process by which the company could become stronger and better. It was portrayed as a tool that would permit the company to withstand problems related to cheating, lying, and generally doing business in disregard with the concerns of people outside the company. It was also framed as an integral part of the business process. The company did not want to portray compliance as a distinct function apart from regular business operations. They wanted compliance to be integrated into the operations. In this way, they could claim that compliance is the way business is done at Siemens.

In order to ensure that personnel worked along the guidelines of clean business, the company introduced the requirement of having to document decisions. Whatever decision was taken; it had to be documented. The documentation became a tool to compel individuals to adopt behaviour in line with the guidelines. It also became a learning tool, in the sense anyone who would have made a bad decision would have the opportunity to look back at the decision and see why it was wrong. What would they document? They would note the processes and procedures they followed in taking a decision. A wrong decision would then be one that ignored the processes and procedures put forth by the company, and that would not be documented.

2.2.1.5. Individual and collective reaction

Throughout coding of how participants, and colleagues, responded to the compliance program, the researcher came to tally approximately 10 different types of reactions. To facilitate classification, Hirschman's (1970) constructs of voice and loyalty were used, voice designating reactions where individuals expressed qualms about the program, loyalty designating reactions where individuals expressed the need to go along with the program.

Pertaining to voice, individuals saw the program either as a burden, time consuming, an unnecessary evil, an expression of Big Brother, or an expression of a lack of trust in employees.
Pertaining to loyalty, individuals felt that they had to follow for three major reasons: a) by being cautious, meaning that having seen what happened to individuals who had by some action contributed to the scandal, they did not want to find themselves in a similar situation, b) seeing what had happened with Enron and SNC-Lavallin, they did not act in a way that would put Siemens in jeopardy, c) that one needed to follow the program in order for Siemens to survive.

2.2.1.6. Outcomes

When asked about the consequences of the program, participants mostly pointed out: a) their appraisal of the program, b) what had changed, and c) their expectations of where the program was headed.

Their overall appreciation of the program was stated in positive terms. It was beneficial in the sense that it permitted the company to weather the storm leashed out by the scandal. By putting an end, or at least by reducing the number of fines, the company improved its financial bottom line. Additionally, it contributed in changing Siemens’ image; one of a scandal ridden company to a company showing integrity and for which values were important.

As for the changes that it brought about, they considered that it changed at least three aspects of the company: a) its culture, b) the relationships held between the company and its suppliers and customers, and c) how work is carried out within the company. Culture was changed in the sense that documentation requirements highlighted the importance of displaying transparency in actions and decisions taken. It meant having to respect the processes that were in place and not trying to find ways to circumvent them. Relationships with suppliers and customers changed in the sense that the company stressed the need to not do anything consciously or knowingly that would put either party at risk of going outside legal or ethical boundaries. The program had a major impact having to learn to use the new tools that were introduced for taking care of various situations of concern for compliance.

Finally, when asked about where they thought the program was going, their major observation was that the program had relaxed certain processes since its inception, and they speculated it would either continue on that path or it had attained a state of equilibrium. Also
mentioned were the ideas that the program would seek to protect the company from threats coming from what they called the virtual world, and that it would seek to be a leader in helping other businesses or industries adopt the path towards clean business.

2.2.2. Second technique: triangulation with extant theory

Sandelowski (1993) points out that comparing theory produced in situ to extant theories concerning a phenomenon constitutes a kind of theory triangulation. This kind of triangulation was practiced in the above qualitative description. More precisely, the notion of "trigger event" was produced in situ, emerging from the data. Research of academic literature was carried out to see whether something similar had already been a topic of research. This research discovered that Pearson and Clair (1998) had already used the term to depict similar circumstances.

Triangulation with extant theory was practiced throughout the study. Whenever significant categories emerged from data, comparative research was carried out. Doing so heightened theoretical sensitivity by signaling out features of the phenomenon which might add depth to analysis and further data collection.

2.2.3. Third technique: axial coding using the Nvivo feature of coding stripes

Glaser and Strauss (1967) stated that analysis in grounded theory is a constant comparative method. One way of doing so is by comparing categories to each other. Strauss and Corbin (1990) term this kind of comparison "axial coding." It designates that analysis has moved from thick description to explaining the phenomenon of interest.

Bringer et al. (2006) mention that the Nvivo software provides a model feature which permits the comparison between codes because these have been organized in a hierarchical structure. This feature is known as "coding stripes." An illustration of this is provided in the figure 12.
What is shown on the left are the answers provided by a participant to specific questions. These answers were coded according to certain themes. What is shown on the right are a list of other codes and stripes. Looking at the cluster of stripes permits to make comparisons and to look for links between categories and how they relate to one another. Analysis was done by examining each participant's individual account. Afterward, the accounts were compared to one another.

As for the results of this analysis, two points are made. First, the elements contained in the participants accounts were contextualized with the previous qualitative description. Second, the participants' accounts highlighted their assessments. Here is what was observed. The compliance process involves three distinct players: a) global corporate, b) the regional compliance office, and c) the employees. Each player initiates and executes a specific process. The global corporate level determines the contents and procedures of the compliance program. These are then handed down to the regional/national level where the compliance office puts together a team which implements and maintains the compliance program. The regional compliance office disseminates the compliance program through various communications and training. Finally, employees find themselves at the receiving end of the process. The figure 13 illustrates the three actors involved in the process.
Accounts provided by participants during round 01 permitted to observe that when employees are presented with the compliance program, they initiate two sub-processes: a) internalizing, and b) appraising. Internalizing here designates the process by which they get to learn the contents of the program and modify their practices accordingly. This comes down to getting acquainted with guidelines, take training, and learning the processes of paperwork related to compliance. It is also getting acquainted with actions that are deemed acceptable in various situations.

Appraising designates the process by which they evaluate the program. However, this evaluation is not limited solely to the contents of the program. It also includes assessing its legitimacy. They assess whether the additional burdens that are put on them are justified. And the evaluations are not solely a question of reacting to new constraints. It is more a question of how employees understand the nature of the problem, which in this case is the bribery scandal, and then determining whether the program really appeases their concerns, whether it really solves the problem.

2.2.4. Fourth technique: analysis of incidents, events and happenings

A third analysis of the participants' account was undertaken in order to identify the incidents and events that they perceived. These were expressed in terms such as ignoring, originating, learning, changing, sending, convincing, reacting, and so forth. The listing of events was done to see whether they supported the model that emerged out of the coding stripe analysis. What emerged is that the term internalization, which expressed the idea of an individual incorporating something to oneself, did not feel truly appropriate. A term that seemed to better suite the ideas expressed by participants is that of embedding, the idea of inserting something. The idea of embedding seemed to better represent the gist of Siemens' efforts.
2.2.5. **Fifth technique: diagrams and the analytical process**

An abundant use of diagram making was part of the analytical process done during this study. As Baskerville and Pries-Heje (1999), and McCann and Clark (2004) pointed out, diagrams provide a visual representation of the relationships that develop among categories, and also help in identifying the consistency of the relationships. It is considered an essential tool for crafting ideas, abstraction and theory development. Throughout this study, diagrams, as the two above, were used to visually represent the categories that emerged from data and their relationships.

2.3. **Emerging results: selective coding**

According to Corbin and Strauss (1990), selective coding is "the process by which all categories are unified around a "core" category. In this study, the first core category was that of embedding. The importance of the notion of embedding is central in the understanding of the dynamics of the compliance program. It permits to refocus the understanding of its dynamics. Initially, it could have been said that the program looked like a response to a crisis that a company tries to manage. Therefore, to initially interpret the participants' accounts in this angle was appropriate. However, further analysis showcases that the company's effort was greater than weathering a storm. It is a realization that to minimize the gravity of other storms, the company needed to remold itself, to proceed to some renovations to fix the wreckage. The accounts given by participants are witness to a process by which the company seeks to remold itself. This is not restructuring in the sense of introducing new structures or of reconstructing all the processes and procedures. It is a process by which the company takes on a new shape, a new outlook. It keeps the existing structures and processes and embeds them with new elements which, in a sense, remold the company.

Remolding revealed itself to be the central category which expresses the main process of the compliance program. It is a process by which a company integrates a new structural element throughout its existing organizational structure, and doing so modifies the way by which all other activities are carried out. It proceeds through two sub-processes. The first is another core category: appraisal. It consists of the appraisal (evaluation) that employees do of what is going on. Their appraisal focuses on two aspects: a) their understanding of the nature of the scandal that brought compliance into being, and b) their appraisal of the program itself. Both aspects were amply
discussed by the participants. What can be seen is that their appraisal of the overall process is affected by their contact with the program itself. This means that their rationalization of the reasons for which the program is put into place is developed by being in contact with the information communicated by the company and by the nature of the information given through training and workshops. Their adaptation to the processes and procedures contained in the program affects how they affectively rationalize the program. For example, we could surmise that if their contact with the program shows a burden, then this will affect how they will rationalize its existence, that is to what point they consider it's their problem or someone else's.

The other process, that of embedding, is propelled by an effort by the company to put a system into place. However, as the figure shows, there are two levels to the process. One is the outright efforts put forth by the company: developing the program, coordinating its implementation, and then communicating and training. One sees that there is a feedback loop in the process. This accounts for the fact that though the program comes from Corporate Germany and is to be implemented uniformly throughout all the countries where Siemens is based, it still has to adjust to local specificities, such as country-specific laws and norms. (At this point, it is important that the reader understands that the researcher is making a distinction between Corporate Germany and Local Germany. Local Germany is all the operations that take place within the territory of Germany. It is the equivalent of Siemens Canada, Siemens USA, and so on. Whereas Corporate Germany refers to the global headquarters that oversees the operations of Siemens throughout the world.)

There is also a second level to the process which also works like a feedback loop. While the program is being put into place, it also interacts with employees and managers. These individuals try to adjust to the new system, in the sense that they learn what they are supposed to do, and then they put that into practice in their daily activities. During this adjustment, they have the opportunity of signaling to the compliance team the aspects which cause them the most problems. This is where the implementation team evaluates the comments received, and proceed to a modification of the program, if they deem it justified. However, all modifications have to be signaled to corporate Germany. The figure 14 illustrates the remolding process with its two sub-processes.
2.4. Data analysis of second iteration

Data collected during the second iteration is presented under three headings: a) the categories that emerged out of round 02, b) a qualitative description, c) the results obtained by analyzing coding stripes provided by Nvivo.

2.4.1. Emergence of second iteration categories

The table 4 provides a summary of the results obtained after coding interviews of round 02.

Table 4
Round 02 coding summary results

<table>
<thead>
<tr>
<th>General categories</th>
<th>Themes</th>
<th>References (number of substantive codes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The scandal</td>
<td>Compliance monitor</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Corruption</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other cultures</td>
<td></td>
</tr>
<tr>
<td>Being ethical</td>
<td>Compliance as a business process</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Ethics</td>
<td></td>
</tr>
<tr>
<td>Values and character traits</td>
<td>List core values</td>
<td>74</td>
</tr>
<tr>
<td></td>
<td>List aspirational values</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Perception of values</td>
<td></td>
</tr>
<tr>
<td>Decision making</td>
<td>Effect on decisions</td>
<td>96</td>
</tr>
<tr>
<td></td>
<td>Tools</td>
<td></td>
</tr>
<tr>
<td>Compliance organization</td>
<td>Audit</td>
<td>21</td>
</tr>
</tbody>
</table>
2.4.2. First technique: analysis using qualitative description (thick description)

Axial coding of round 02 interviews was preceded by a qualitative description of what seemed to be the three most salient themes of the conversations: a) the scandal, b) the compliance program tools, c) the ethics message, d) the compliance organization, and e) the compliance program as understood by participants. Each one of these are presented here. In order to provide a comprehensive account of each theme, it was necessary to complement the information provided by the participants with information gathered from Siemens' public documents and from various other documents found on the web.

2.4.2.1. Theme 01: The scandal

Reference to the scandal was done under three main themes: a) how the scandal came about, b) understanding corrupt practices, and c) making comparisons with SNC Lavallin. To the participants' understanding, the unfolding of the scandal started with news that the UN Oil for food program in Iraq was corrupted by bribes. Soon after, investigators came to Siemens to gather information about the case. The SEC came on board not because Siemens was bribing in the USA, but because it was listed on the NYSE. To their knowledge, the SEC compelled Siemens to do two things. First, it had to implement a set internal controls. Second, it had to accept that a Compliance Monitor audit these controls to see whether they were working.

As for corruption itself, on the one hand, they explained that until sometime around 1998-1999, it was legal for a company in Germany to account for certain expenses that could be considered as bribery. The problem was that Siemens failed to take account of the change in the legal environment. Then again, they also explained that corruption is a business practice that is accepted in many countries. They saw that the prohibition of corrupt practices was an imposition
by the US of its norms on the rest of the world. On the other hand, they considered that corrupt practices were a limited problem within the company. If anyone engaged in corrupt practices, it was not the average employee. According to them, it was senior-level executives who were the source of the problem. And they engaged in these practices outside of Germany. They considered that bribery was not done in Germany per se. It was done in places like Bangladesh or the Middle East, or elsewhere. Germany was investigated at the corporate level because the financial accounts were consolidated there.

Comparisons with the problems encountered with SNC Lavallin were made to highlight that monetary fines were not the main problem for a company such as Siemens. Monetary fines diminish the profits of a given year. They hurt, but a company still can bounce back if it is allowed to pursue its operations. The problem for Siemens was that it had to avoid being barred from operating in places like the US, and elsewhere. It had to avoid being put on a black list by government procurement agencies. The avoidance of this potential outcome would have been the motivating factor for which Siemens was transparent with its dealing with the SEC and its willingness to implement a control system to curb corruption. They explained that SNC Lavallin found itself in a more precarious situation than Siemens did in 2007. Siemens being a more diversified company might have survived being black listed for a number of years. In contrast, SNC Lavallin, being mostly a construction company providing services for government contracts, would not likely survive being black listed.

2.4.2.2. Theme 02: The compliance program tools and procedures

Participants referred to various tools in the conversations of round 02. In order to understand exactly what was referenced, an analysis of Siemens's documents and other documents found on the web was done. This section lists and describes what appear to be the most salient for employees.

a) The Compliance Scorecard

The "scorecard" is a tool that Siemens provides its employees when having to deal with situations involving either giving or receiving a benefit from a third party. This benefit usually

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9 The researcher reminds readers that he is solely recounting participants' accounts. A more detailed description of what happened is provided by Trace Compendium (2013).
refers to meals and gifts. The tool helps the employee to decide whether it is appropriate to either receive or give a gift, or whether it is appropriate to pay for a meal or to be invited for a meal.

There are eight questions that the employee must ask to determine whether it is proper to proceed in one way or not. A value weight is attributed to each question, for example; one question may be worth 5 points, another 10 points. The employee must answer each question, add the points attributed and compare the total obtained to the levels of acceptability that are indicated on the form. For example, if the total is less than 17 points, then it is proper to give the benefit. If the total is higher than 23 points, then the employee must fill out an additional form and submit it to the compliance office for approval.

b) SpoDoM

The acronym SpoDoM stands for sponsorship, donations, and membership. Whenever dealing with any of these three situations, an employee must register the situation within SpoDoM, which is a software database. By registering the activity, the employee basically documents it and seeks approval from those who have the authority to do so. The level of authority one requires depends on the dollar amount related to the activity. For example, the level of authority is different for an expenditure of $1000 than it is for $50,000. An employee must also use this tool when the donation is in the form of a product or of time.

The use of this tool by employees permits the compliance department to monitor compliance with the policy related with this tool.

c) Business Travel Assessment (BTA)

A tool related to the Scorecard and SpoDoM which permits an employee to assess compliance in respect to business travel.

d) LoA

LoA is the acronym for limits of authority, which is an approval process for business projects. At Siemens, the evaluation of a business project is not limited to its financial or technical risk. It also includes the evaluation of compliance risks. Therefore, according to the risk associated
with a project, either low, medium or high, the level of authority required before accepting the project varies. It may require solely the approval of the manager, as it may require the approval of the local compliance office, up to the corporate compliance office.

e) Business Partner Due Diligence Questionnaire

Before doing business with an outside partner who plays an intermediary role between Siemens and its customers, such as commercial agents, custom agents, consortium members, consultants, the company performs a tool-supported risk assessment. This is the process by which Siemens registers and accredits its partners. This assessment is based on a number of risk indicators. Therefore, for example, an employee who would like to sign a contract/deal with a potential partner whose risk level has been deemed too high for the company will not be authorized to do so, or will be required to get higher levels of approval.

f) Integrity Dialogue

Starting in 2013, and to be repeated on an annual basis, the company holds what is called an integrity dialogue with their teams. At this meeting, a manager discusses compliance topics with team members. The topics are suggested by the compliance office which proposes the themes from an assessment and analysis of the risks of the operating unit. Doing so, the manager discusses issues, which are relevant to the specific issues faced by their team by adding their own topics. Senior managers are first trained by the Compliance Officer. They then train their direct reports, which then train their employees. The main objective of the dialogue is to maintain awareness of compliance.

g) Compliance Officer and Compliance Ambassador

The compliance organization within Siemens reports to the company's General Counsel and is headed by a Chief Compliance Officer (CCO). Compliance Officers are deployed in the company's various sectors, divisions and regional companies. Siemens Canada is considered a regional company and has a regional compliance officer (RCO). The Canadian RCO overlooks compliance activities within all the various sectors of activities at Siemens Canada, such as, for example, health, transportation, and so on. Each of these sectors has appointed a Compliance Ambassador. Being a Compliance Ambassador requires somewhere around 30 to 40 percent of a
person's time. Their work is to assess compliance risk in their sector and answer questions that individuals may have pertaining to compliance.

h) Compliance Framework

Compliance Framework is a relatively new term to designate what was known as the Anti-Corruption Toolkit. In essence, it describes how compliance is treated within the company. Siemens brakes down the framework into 10 components: 1) tone from the top, 2) the compliance organization, 3) case tracking, 4) training and communications. The components 5, 6, 7, 8, and 9 all are subsumed within training and communications. It concerns specific policies and procedures. Component 5 is training and communications having to do with working with third parties. Component 6 is in relation with tender and contracts, component 7 with gift and hospitality, component 8 with finance and accounting, and component 9 with integration with personnel processes. The last component, number 10, deals with monitoring effectiveness.

i) Compliance Principles and Compliance Indicators

Siemens’ Compliance Program follows three principles: prevent, detect, and respond. Prevention activities comprise training and communications, which include the Business Conduct Guidelines (BCG), the Help Desk (which has two components: a) tell us, where employees can call anonymously to inform the company of observations of non-compliant activities, and b) ask-us, where employees can call in order to ask advice on how to deal with a compliance issue), training (in the form of webinars and integrity dialogue). It also comprises the various tools that employees are required to use in the line of their daily operations, such as the Scorecard, SpoDoM, and so on. Detection activities consist in monitoring the data system in order to identify situations of non-compliance, and in monitoring information received through the Tell Us Helpdesk. Respond activities are related to disciplinary sanctions taken as a result of compliance infringements.

The table 5 lists the Compliance Indicators that have been mentioned in the company's Annual Reports from 2007 to 2013.
Table 5
Siemens compliance indicators

<table>
<thead>
<tr>
<th>Year</th>
<th>Ask Us Inquiries</th>
<th>Tell Us Cases Reported</th>
<th>Warnings</th>
<th>Dimissals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Data not found</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td>338</td>
<td>784 violations</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td>438</td>
<td>909 violations</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>3077</td>
<td>502</td>
<td>313</td>
<td>108</td>
</tr>
<tr>
<td>2011</td>
<td>1740</td>
<td>683</td>
<td>179</td>
<td>77</td>
</tr>
<tr>
<td>2012</td>
<td>1009</td>
<td>830</td>
<td>173</td>
<td>73</td>
</tr>
<tr>
<td>2013</td>
<td>416</td>
<td>908</td>
<td>188</td>
<td>75</td>
</tr>
</tbody>
</table>


2.4.2.3. Theme 03: Siemens and ethics

The questionnaire used in round 02 had four questions whose purpose was to better understand Siemens’ stance in regard to ethics. The themes of transparency, accountability, documentation, integrity, and the value of "integrity" had been mentioned in round 01, but it was not clear how they fit together. The following presents an overview of these and related themes.

a) On being ethical

Is compliance equated to being ethical? There was some variation in the answers received. At one end of the spectrum, some participants considered that one is ethical by being compliant, the reason being is because compliance means doing the right thing. At the other end, a clear distinction between the two was made. For these participants, ethics is beyond following the laws. In fact, it was mentioned that one could follow rules and procedures and still not act ethically. The example given was that of an employee who goes on a business trip. Taking the most expensive room because the rules allow it is taking advantage of the situation. For the individuals at this end of the spectrum, compliance is seen as a way to deal with the ambiguities of the law, the so-called
grey zones. The procedures and tools serve to help an individual to avoid problems that are related to the complexities of the law (the nuances of particular rules).

A number of ideas were expressed relating to the subject of ethics. One was that being ethical was dependent on the way an individual was raised; it was part of the individual's character. A second was that being ethical is doing the right thing; doing the right thing is what one would do in his or her day to day life. A third, implicitly expressed by those who saw a difference between ethics and compliance, was a disappointment that Siemens did not overly concern itself with ethics, satisfying itself in being compliant. They would compare Siemens to what they have heard going on in other companies where discussions on ethics are held.

What was implicit during some conversations was that compliance at Siemens relies on a person to act ethically, which meant considering other aspects besides rules in making a decision.

b) Values

Among the documents consulted on the topic of Siemens' values was an interview published on Melcrum's (2009) website, which stated Siemens made a distinction between core values and brand values. To clarify the meaning of this dichotomy Lencioni's (2002) paper was consulted, which provided a typology of values. This typology was used in coding information related to values. The themes were: a) core values, b) aspirational values, and c) the perception of values.

B 1) Core value: responsible

Siemens states that it has three core values: a) responsible, b) innovative, and c) excellent. In the course of the interviews, only one core value was talked at length by participants: being responsible. The researcher asked participants to explain what being responsible meant. Participants interpreted the meaning of responsible in five ways: a) doing the right thing, b) eliminating doubt, c) due diligence, d) being compliant, and e) respecting laws and beyond. What were they referring to by each of these? A brief explanation for each is provided below.
First, doing the right thing was understood in the following sense. A person's actions within the company should be the same as those that would be done in one's personal life. If one felt uncomfortable in doing something in the personal sphere, one should not do it within Siemens. Second, eliminating doubt: it was explained as follows. It is possible that a person may not know how to act in a certain situation. Then a person acts responsibly by not doing anything until getting information about the subject. This does not mean that the person abandons an idea or an initiative. Responsibility also entails having to contact people in authority who are able to give guidance, whether this be one's superior or the compliance officer.

Third, due diligence was explained as follows: It is asking oneself if within Siemens', you are the person who has to account for a certain action. Within Siemens, do you have the authority necessary to be responsible for an action. This means that being responsible is equated with following the governance structure.

Fourth, being compliant was depicted in the following way. One should act according to the compliance framework; in accordance with the policies and procedures set out by the structure. Fifth, being responsible was sketched in the following way. One is responsible by taking actions that are socially acceptable. An action that has the potential of harming the environment or individuals in the long run would not be seen as responsible.

Of the five interpretations, three were expounded more in detail by participants: a) doing the right thing, b) if in doubt, and c) the law and beyond. Below, the researcher provides a few additional details for each of these interpretations.

b 1.1 Responsible and "Doing the right thing"

The notion of responsibility was linked with the notion of having to do the right thing. What is one supposed to understand by doing the right thing? The answer given by participant B 05 was the most articulated, and the researcher will explain it at length. According to B 05, at some point in time, Siemens provided its employees with a list of questions that would provide the answer as to what is the right thing. If one answered all four questions positively, then the person would know that it is the right thing. The first question to ask is whether the action will not hurt Siemens in any
way in the long term. This means that an individual must not think of just the short-term benefits of an action. The person must think the situation in detail so that in some point in the future it does not bite back at Siemens. The second question is to ask whether the action is aligned with the company's core values. The third question is to determine if the action is legal. If one does not know if its legal, then one should enquire with either the legal department or compliance. The fourth question is to ask whether one would accept being accountable for the action or decision. Are you willing to say that you are fine with this decision, and having to explain it at some future point? Again, if all four questions are answered yes, then one knows he/she is doing the right thing.

The answers given by other participants were less structured and had some variation. Participant B 03 said that one knows it’s the right thing to do when it looks and feels right. On the other hand, participant B 04 was adamant that an action must be aligned with Siemens’ values and the laws. For this participant, going beyond the values and laws could be hazardous because then one relies on one’s own personal evaluation, which could vary from one person to the next. Participant B 06 said that it simply meant following the rules and procedures set up by Siemens.

b 1.2 ) Responsible and "If in doubt"

The notion of responsibility was also linked with the notion of "if in doubt." The expression repeatedly uttered was "if in doubt, don't do it." Another variation is "if in doubt, ask." The general idea behind this notion is to eliminate the possibility that a person who took a non compliant action could defend him/herself by saying that he/she did not know. Not knowing is no longer an excuse. The company does not expect everyone to know everything 100 %. More likely, individuals have pretty much acquired around 80 % knowledge of what is right. However, when a situation falls in the 20 % of uncertainty, then the person is required to inform him/herself of what is acceptable. And as participant B 08 mentioned, no should feel incompetent because he/she does not know something. Informing oneself should be considered a learning experience.

The notion of "if in doubt" is also related to the notion of "due diligence." In this context, the term means that when one is unsure of what to do, then one is expected to do some research and find out what is proper, to do "due diligence."
b 1.3) Responsible and "the law and beyond"

Being responsible has been related to acting in accordance with the law. According to participant B 05, the meaning of this is that employees are expected to follow the rules. In order to do so, yes they are expected to have some knowledge of the laws. However, participant B 03 nuances and says that Siemens does not expect every person to be a lawyer. Instead, the expectation is that employees question themselves as to whether what they are about to do is right. To this, participant B 01 adds that it is assumed that in North America, people generally have a good idea of what the laws are.

Can a Siemens employee go beyond the law? The answer seems to be yes. For participant B 04, each individual can go beyond the law, and act ethically. Each person can do more. It is just that Siemens does not have these types of discussions, and people are not reflecting on what is ethically correct. Participant B 05 gives an example of going beyond the law when considering transactions done with customers. In this case, one could act strictly in accordance to what the law requires when dealing with a customer. Or one could also consider trying to interact with the client in his best interests. The idea being that acting in the client's best interest is probably what would be in Siemens' best long-term interests. Doing so corresponds with developing a sustainable long-term relationship with the customer. For participant B 08, one can go beyond the law, but there is a limit. In Siemens' fight against corruption, it promotes the notion of a "level playing field," a marketplace where all who enter have the same advantages. Therefore, within a business sector, a person at Siemens can go beyond the law, but not above the practices generally accepted within the business sector. Doing so would unlevel the playing field.

b 2) Aspirational values

Considering that Siemens' core values are responsible, innovative, and excellent, then necessarily other values are to be considered something else. Again, referring to Lencioni's (2002) typology, the researcher coded them as being "aspirational." Coded under this heading were the notions of integrity, accountability and transparency, leadership, and dealing with relationships.

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10 Were participants conflating ethics with legal? The researcher was under the impression that participants were interpreting the notion of "legal" as designating the minimal level of acceptability for an action, and that ethics designated a higher level, as something more than what legal requires.
b.2.1) Integrity

The notion of integrity is mentioned several times in the 2013 Annual Report. It mentions that the company is committed to, and stands for integrity. It also mentions the idea of having a culture of integrity. It even says (p. 96) "We'll again focus more intensively on living Siemens' virtues and values with renewed vigor everyday: reliability and continuity, fairness and integrity, diligence and dedication, quality and innovation."

Participants were questioned on the meaning of the notion. Participant B 06 summed up the situation. Within Siemens, the notion is not overly emphasised. This was corroborated by B 04 who said that the notion is not talked about. However, there is the "integrity dialogue" during which individuals who are gathered to look at how one can go about in showing integrity; however, without using the word. Participant B 01 also points out that the company has instituted what it calls an "integrity initiative" where it reaches out to other companies in order to "level the playing field," the playing field", by eliminating bribery and promoting fair competition. This said, in general, participants were hard pressed when talking about integrity. However, one did mention that it consisted in a commitment to do only ethical actions and not be tolerant of non compliant behaviour. Another said it was understanding and meeting one's commitments, while another said that it's doing the right thing despite knowing one would not be caught being non compliant.

b.2.2) Accountability, transparency, documentation and paperwork

The notions of transparency, accountability, and documentation were all linked together. A person documents the steps taken in relation to an action or decision in order to show transparency, which in term buffers the person's accountability. The act of documenting one's step should dissipate any perception of planning to do something non compliant. It prevents someone from looking at the situation and misinterpreting it, criticizing it. This is particularly important for Siemens in the sense that, being a big company, there is a lot of turnover. People change divisions and positions. However, should someone in the future want to scrutinize what is being done now, that person would probably have a hard time getting answers, unless decisions and actions are documented today. Are all actions and decisions documented? Participant B 05 answers no because that would be over processing. All this said, being accountable and transparent appeared to be ways by which the company generates trust, because no one has anything to hide.
b 2.3) Leadership principles: doing clean business

Participant B03 stated each of Siemens Canada divisions has its own local mission, vision, and vision strategy. The vision strategy is also called "leadership principles." It would seem that there are 12 leadership principles, which spell out how employees should conduct their business. One of these principles is "we only do clean business." Participant B05 explains that doing "clean business" is the way that Siemens wants its employees to do business. What does "clean business" mean? In the broad sense, it stands for avoiding whatever might be deemed illegal. In a narrower sense, it means avoiding corrupt practices, such as bribery.

b 2.4) On relationships: reliable partner

The theme of relationships focuses on the topic of the connection between Siemens and in its dealings with government officials, customers, contractors or sub-contractors, organizations, vendors or suppliers. It also covers the topic of lobbying. Participants gave a range of descriptions on the subject. In the most general terms, relationships are expected to be professional and responsible. A responsible relationship, in these cases, are ones that are in accord with the compliance program. What does that mean concretely? It means that accepting to establish a relationship with others is to be based only on the merit of the offering. There should be no personal benefit to the other organization, nor for Siemens. This description led to another depiction, that of being a reliable partner. This means working in collaboration in win-win situations. In the case of customers, this means that Siemens provides the value that is right for them, that corresponds to their true needs. In the case of governments, Siemens provides all relevant information and delivers that which the agency expected the company to deliver.

Participants also mentioned that relationships were not established haphazardly. For example, key suppliers are expected to sign Siemens' BCG, and a thorough search of the partner is done (by a variety of means, including the Internet) in order to get compliance approval.

c) Decision making

Participants mentioned that Siemens used a number of tools to get its message across to employees and guide them in making decisions and behaving in what are deemed appropriate ways. Many of these tools have been described in the section header "the compliance program tools and
procedures." Their ultimate end is to influence decision making. This section indicates how they influence the decision-making process, and provide a classification using two categories.

**c 1) Effect on decisions**

Participants said that the tools or compliance processes did not affect the way people made decisions. However, it did create additional dialogue around transparency, it did question the appropriateness of gifts and taking someone out to lunch, and some decisions are now taken while including compliance personnel in the process. Why does it not affect people's decision? Participant B 07 provides an interesting answer saying it is because one has to follow a process in taking a decision. In this process, one assesses risk, mitigation of risk, and regulations. This comes to mean that as long as an employee follows the processes that have been laid down by the company, then it is reasonable to surmise that it is a right decision. The only time that the decision could be wrong is if the employee did not follow the processes (using the appropriate tools required for each type of situation). However, there was one caveat expressed about the processes put into place. According to participant B 01, they are so time consuming that they can discourage a person from pursuing an activity. Instead of going through all the steps of acquiring authority for an activity, people say "forget it it, it's not worth the hassle. I don't care."

**c 2) Types of tools**

Two codes were used in categorizing tools: awareness tools and business process tools. The awareness tools, such as training and communications are not perceived as present in a person's day to day life, though they have been learned and referred to. On the other hand, process tools, that one has to use in order to get something done, are constantly present.

**c 2.1) Awareness tools**

Awareness tools are the means by which Siemens makes its employees aware of the norms, policies, procedures, processes that constitute the compliance program. The awareness tools to which participants of round 02 referred to are the Business Conduct Guidelines (BCG), the message from the top, outside organizations, benchmarks and training. In addition, the compliance program also has a helpline, with its two components of Ask Us (where an individual can call and request information on a topic relating to compliance) and Tell Us (where an individual can call in order
to inform the company of a situation deemed potentially non-compliant by the caller). However, this tool did not come up in the discussions with participants of round 02.

c 2.1.1) Business Conduct Guidelines (BCG)

Discussions with participants did not delve into the specifics of the code. Two themes were discussed about the BCG: a) what it is used for, and b) when is it used. Pertaining to point a), participants said that it is used either to get clear directions, referenced in order to clarify a particular point or to get additional information. As for point b), participants said it was referenced when there was a dialogue about a potentially non-compliant situation. Or they said that, because the material was learned and in the back of one's head, it did not need to be referenced frequently, aside for doing a double check.

c 2.1.2) Tone from the top

Only participant B 07 made reference to the Siemens leaders and their role in promoting or communicating the compliance program. This participant underscored that leadership had been very strong in communicating the message. They made clear that Siemens put a high priority on compliance, regulations, ethics, BCG, dealing with customers, customer relations with the company, and not creating problems for the organization. For this participant, management acted promptly and sharply.

c 2.1.3) Outside organizations

Participant B 08 called attention to the fact that awareness of compliance within Siemens was also generated by interacting with outside organizations, such as associations. Siemens employees who participate in these organizations have the opportunity of acquiring enhanced sensitivity to issues of compliance and ethics. They have the opportunity to learn about guidelines proposed by these organizations and import them into Siemens. Of course, seeing that the Siemens Global guidelines are the minimum threshold, the guidelines coming out of these organizations would be additions.
c 2.1.4) Benchmarks

The theme of benchmarks only came up in the discussion with participant B 07 who had a very clear view that an organization can only survive if it has clear processes. Compliance constitutes one of the many processes within the Siemens organization. In order to know whether processes function well, the organization needs to have benchmarks to measure them. Participant B 07 was the only one that made reference to a program called FIT 4 2010. According to Wikinvest (2008) it was launched in 2008 and defined performance targets, one of which was corporate responsibility, one aspect of which was compliance. Compliance was therefore seen as a performance target and described as a system seeking integrity and transparency, ensures that employees and managers "conduct themselves in a legal and ethical manner in relation to each other and to our business partners."

c) 2.1.5 Training

Discussions on training fell on three topics: a) the types of training, b) their depiction of it, and c) its usefulness.

At the inception of the compliance program, training was extensive. At the moment, participants referred to four types of training. A new employee, for example, receives introductory training and learns about his or her roles and responsibilities. After which the employee gets basic minimum training. This has to be completed within a certain period of time, and one learns about the BCG and values. Then there are several webinars, which are mandatory. It would seem that a distinct webinar on compliance is introduced every 2-3 years. Finally, there is the integrity dialogue where managers and supervisors talk to their teams. These have the opportunity to voice their questions, concerns, and perspectives about compliance.

Depiction of training concerns what is taught and how. It would seem that training used to be about the compliance program itself, but that now the themes are more about "clean business," and "doing the right thing." Legal consequences are also touched upon in order for employees to protect themselves. Compliance processes, about what you can or can't do, are also tackled. Training is done by going through various scenarios that an employee could potentially run into. They go through examples that they may encounter in their regular business decisions. If an
employee, while going through these scenarios, thinks of something he/she is not sure of, then he/she can raise a question on the topic.

Now that basically everyone has been trained, what does it add? Participants generally said that training now does not add very much. It is more of a refresher, something that keeps people up to date. It teaches how to execute the documentation process, not how to be moral. It also serves to provide knowledge of local laws and regulations to the individuals who are mobile within the organization, coming from other countries, states or provinces.

2.2) Business Process Tools

Business process tools are those required for use in order to execute certain activities. These refer to: a) LOA (limit of authority), to be used with business projects, b) Scorecard, to be used when contemplating, giving or receiving gifts, entertainment, going out for lunch with someone, c) SpoDoM (Sponsorship, Donation, Membership), d) 1SRM, to be used when purchasing items, e) BTA (business travel assessment), f) PCMB (Policy Control Master Book), to be referred to determine internal responsibility on how to comply with external requirements, a tool by which Siemens monitors how the requirements' issues at the Global Corporate level are implemented locally, g) the compliance ambassador and the compliance officer.

2.4.2.4. Theme 04: The compliance organization

Conversations indicate that relationships between managers, and the compliance team are good. However, there was a variation in answers as to what point it was possible to discuss with the compliance team. For example, it is possible to talk with the compliance team about how certain parts of the program are exaggerated and would need to be changed? Some said that at the outset, the compliance team tried to accommodate, not compromise on the basics of the program, to make the processes easier for individuals to apply. They would go at lengths in explaining the program, to make it easy to understand the processes and the reasons they were put in place. Others said that at the beginning, people in compliance were not very open. For some of these, it has changed since then. Others continue to say that the conversation is not very open, that it's not a two-way street.
2.4.2.5. Theme 05: The compliance program

In the above, the description focused on the specifics of the compliance program. Below a description of the understanding of the program is provided, what it is all about. This means without going into specifics; the perception participants have of compliance. Elements of their perception were coded under four main headings: a) objectives, b) workings, c) limitations, and d) easing off.

a) Objectives

Talk about compliance touches upon topics such as transparency, documentation, and controls. This is what people see on a day to day basis and have been trained on. However, compliance is understood as more than the application of rules and processes. This is expressed in different ways. For participant B 02, it is to make people aware that they are in a business situation where they are at risk of going against the law. By making them aware of this, by promoting behaviour that is not in conflict with the law, they stay safe. They manage risks. Participant B 03 adds that compliance is not only about the laws, because these change from country to country. It is trying to develop a caring company in which non corrupt practices transpire into all activities, non only non-corrupt practices. For participant B 04, it's about bringing in more self-control and restraint, where employees are less opportunistic, not taking advantage of a situation because one can, that it's allowed. For B 06, compliance is more than the law. It's about the relationships that the company wants to establish and nurture with various stakeholders.

b) Workings and limitations

Participant B 01 pointed out that the compliance program is structured into three phases: prevent, detect and respond. The participant was also of the opinion that the program's limitation is it's reluctant to have people pursue personal reflection on the appropriateness of what they should do. Instead, they are encouraged to follow the central view of the organization.

c) Easing off

Though there was talk that the compliance program is now more relaxed than at its inception, there remains a zero tolerance for non-compliance and standards have not lowered. What has changed is that certain business process tools have reduced the thresholds for approval for certain items. It seems this is especially the case for SpoDoM. It is not clear in the researcher's
mind if this also applies for LoA. These changes seemed to have given participants the impression that the constraints have been loosened. However, participant B 04 suspects that this is only an impression, saying that the controls have been bundled together and are just less apparent. The participant considers that certain irrelevant controls for the system were taken out in order to increase effectiveness. Participant B 02 added it was appropriate to give more autonomy to people because now they were aware that they are accountable for their actions.

2.4.3. Second technique: axial coding using the Nvivo feature of coding stripes

This section describes how axial coding was carried out and highlights three points: a) the presence of reflexivity, b) coding using NVivo, and c) review of accounts according to categories.

2.4.3.1. Analysis and the acknowledgment of reflexivity

Interview data gathered during round 02 was initially analyzed using Nvivo's coding stripe feature. Stripes were looked at in order to discern underlying processes. This procedure was applied in examining the accounts of participants B 01 and B 02. However, the presence of reflexivity altered the process by which data was analyzed.

Theoretical sensitivity in grounded theory is an acknowledgment that a researcher's prior knowledge of a phenomenon may influence data collection and analysis. These two, data collection and analysis, may also be influenced by reflexivity. This term designates the influence of the relationship between researcher and participant. (Hall and Callery 2001). In the case of this study, analysis was heavily influenced by the accounts participants B 01 and B 02.

2.4.3.2. Analysis with Nvivo's feature of coding stripes

Analysis initially started by looking at the code stripes of participant B 01's and B 02's accounts. From the analysis of their accounts, the underlying themes which emerged were the following: a) values, b) the compliance program, c) the scandal, and d) the compliance tools. The account provided the person's description of these aspects as well as an evaluation of usefulness and emotional positioning.
This account made clear that of the two processes which had been identified, embedding and appraising, the information provided by participants concerns mainly the latter. This observation begged two subsequent questions: a) what is affecting or influencing appraisals, and b) what was being appraised?

Coding stripes provided part of the answers. In regard to the latter question, participants appraised actions, concepts (such as values), constructs (such as culture), entities (such as departments or divisions), persons, processes and tools. Subsequently, these themes were grouped under the category of "components." The figure 15 provides an illustration to the three components appraised.

![Figure 15](image)

In regard to the former question, appraisal concerned the participants' understanding of the components, their perception of the state or conditions of the components, and their emotional positioning towards the components. Additional examination of coding stripes indicated that appraisals of the components were based on four considerations: a) legitimacy, b) ideal, c) impact on people, and d) relevancy.

Legitimacy was expressed when justifying the program by referring to the scandal. Ideal was expressed when explaining the importance of a particular notion, for example, integrity or zero tolerance. Impact on people was expressed when talking about how people have to deal with a component. Relevancy was expressed when talking about the usefulness or a component, for

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11 The researcher points out that in the course of the interviews, the most salient historical feature referenced was by far the bribery scandal.
example, the BCG. The figure 16 figure illustrates the considerations referenced in the appraisal process.

![Figure 16](image)

**Figure 16**

Listing of considerations referenced in appraisal

2.4.3.3. *Analysis of data according to categories*

After analyzing the coding stripes of B 01 and B 02 accounts, the effect of reflexivity was acknowledged. In order to avoid forcing the data into categories, accounts of participants B 03 to B 08 were analyzed using the categories which had been identified.

Concerning legitimacy, the control system put into place by Siemens was deemed justified because of a recognition the company had an issue with bribery. The control system was therefore seen as necessary and as a means to develop integrity, and clean and sustainable business. It was also seen as legitimate because it was a means by which the company could harmonize its activities in the countries where Siemens operates.

Concerning relevancy, the system was considered pertinent because it made it difficult for individuals to act in ways that could hinder the company. What was deemed less relevant were aspects of tools used. Initial training on compliance and the controls put into place were seen as excessive. This perception changed with time. Training now, because there is less of it, is seen as a good refresher of things and as a way by which new employees can get to know the system. Controls now, again because of some modifications brought to the level of authority needed for specific actions, seemed to be understood and part of daily operations.
Concerning impacts, several were voiced by the participants. They are mainly related to the processes by which they have to go through. They recognize that the control system prolongs the time necessary to execute an action. It seemed very bureaucratic. That it obliges individuals to think twice about an action, and to use the various control tools. It also impacted the relationships they had with customers, suppliers, and government officials.

Concerning ideals, compliance is seen as observing laws, being consistent with company values, and as promoting relationships with partners who can consider Siemens as a reliable partner.

2.5. Emerging findings

The model which emerged out of the analysis of data of round 01 and round 02 expresses the following dynamics. In the aftermath of the corruption scandal, the company initiated a remolding process with the objective of changing its constitutional fibre: how to do business. This remolding process is comprised of two sub-processes: embedding and appraisal. The embedding process involves two distinct players: global corporate and the regional compliance office.

In the process of embedding, global corporate role is related to the following activities: a) developing the program's content, b) transmitting the program to regional entities for deployment, c) monitoring deployment for conformity. These activities are illustrated in the figure 17.
Figure 17
Corporate Global involvement in embedding

The regional compliance team’s contribution to embedding is threefold: a) disseminate the program in all the divisions and all locations within Canada, b) provide training to all employees, and c) provide Corporate global with feedback on conformity and on difficulties encountered during deployment. These activities are illustrated in the figure 18.

Figure 18
Regional compliance involvement in embedding

Employees are at the receiving end of the embedding process. They generate three activities involved in the appraisal: a) learning about the compliance program, b) evaluation of the program, and c) provide feedback to the regional team. These activities are illustrated in the figure 19.
2.5.1. Aftermath of round 02

What was the study's status at the end of round 02? First, the researcher considered that he had succeeded in gaining a clear and comprehensive picture of the compliance program. He also understood how the various pieces of information that were collected fit together. Second, data collected via documentary analysis made the researcher aware of the study's limits: it could only describe the compliance program's process as lived through by participants. Both documentary analysis and interviews permitted the researcher to describe the compliance program's content substance, as communicated to employees. They also permitted the researcher to identify the compliance program's underlying process and to identify its sub processes and some of its components. All of these considerations led the research to understand that the pursuit of the study was done under the guise of a research question now understood as follows: what are the characteristics of the process by which Siemens' compliance program integrated itself into the existing organizational structure and gained employee acceptance? Third, what it failed to do was to provide a more thorough description of the process. On the one hand, it did not detail how two main actors affect the process: the corporate global and regional compliance. But again, the researcher now understood that this was the study's limit. On the other hand, the study did not yet provide a detailed description of the appraisal process, though some components were identified. The researcher could not consider that he had attained the point of saturation.

In light of the study's status, round 03 was undertaken with the objective of providing a detailed account of the appraisal process. At this stage, though the researcher had collected a considerable amount of data, he needed to interview additional participants so they could help him
gain a more acute perspective of what had already been said, which would provide him with a better understanding of the process, and in turn be able to provide a better description. In order to do so, he tweaked the questionnaire once again.

3. THIRD ITERATION (ROUND 03)

The model which emerged out of data analysis in round 02 oriented data collection in round 03. At this stage, the study focused on providing more details of the dynamics of the model. Again, it was acknowledged that the extent of the dynamics would be limited to the information provided by participants. This meant that the expectation was to learn more about the dynamics of the appraising process. The following section provides an account of this dynamics.

3.1. Data collection

Data collected during this phase came had two sources: a) from documents that were analysed in the interval between second round analysis and the new round of interviews, and b) from the interviews themselves. Data collected during actual interviews was influenced by at least three factors: a) a change in the study's focus, meaning that the researcher had realized that emerging categories were not pointing towards a description of how the compliance program developed but rather on how the program was implemented and appraised by individuals, b) a change in the questionnaire which was used, meaning that the researcher became cognizant that he wanted to delve deeper into the appraisal process and that this required tweaking the questionnaire. He started the third round with a new questionnaire which he later tweaked twice, and c) a new set of interviewees, meaning that the participants all came from the same sample population, but had not been previously interviewed.

3.1.1. Third document analysis

A review of the codes attributed to company documents available on the web was done in the time interval between solicitation of participants and actual interviews. Among the documents was the company's 2013 Annual Report (AR 2013). The objective of the review was to identify any pertinent information, which might have been side stepped during the interviews of rounds 01 and 02. Proceeding in this fashion illustrates the circular nature of the study using grounded theory
methodology. This review permitted the integration of a number of constructs into the emerging model.

Corporate Identity, corporate culture and situational appraisal

The review highlighted the construct of "corporate identity." Triangulation with extant theory was done to clarify the meaning of the construct. Melewar and Jenkins (2002) and Melawar and Karaosmanoglu (2006) stated that there is a lack of consensus on the exact meaning of the construct. Nevertheless, they indicated that "it could be interpreted as a strategic manifestation of corporate-level vision and mission, underpinned by the strategies which a corporation employs in its operations or production. A strong emphasis is placed on ethical and cultural values, as well as organizational history and philosophy."

The construct of "corporate identity," according to them, is composed of seven dimensions. The most salient dimension for the present research is that of corporate culture whose core components are, according to them: a) corporate philosophy, b) corporate values, c) corporate mission, d) corporate principles, e) corporate guidelines, and f) corporate history.

Because these core components correspond to the components appraised by the participants, the construct was introduced into the study. The emerging model was consequently, modified, as the diagram in figure 20 illustrates.

Figure 20
Listing of facets appraised
The diagram above illustrates that participants are appraising three different facets: a) the corporate culture, b) the contents of the compliance program, and c) their capacity to cope with requirements in their daily functions.

Additional triangulation with extant theory was done in order to clarify the notion of appraisal. Jimmieson et al. (2004) had effectively made use of the construct of "situational appraisal." It designates how employees cognitively construe the situation of an organizational change. It is described as consisting of two processes. The first, called primary appraisal, concerns the "individual's subjective judgment of the relevance of the situation to his or her level of well-being." The second, called secondary appraisal, is related to how an individual assesses what can be done in a specific situation.

These definitions brought to light that by interviewing participants who had gone through the organizational change brought about by the compliance program, the study was tapping into an individual's coping process. This is illustrated by references made to ideas such as "capacity to make decisions and act" and "impact on people." However, the data also revealed that participants also questioned the legitimacy (which might also include moral judgment) and relevancy of organizational change, even hinting at what an ideal company should look like. This suggests that participants' accounts do not solely reveal a coping process. It goes beyond "primary appraisal."

About Siemens's corporate culture

Triangulation with extant theory pointed that corporate culture should be considered as an important dimension that is appraised by employees. This observation justified additional document analysis of Siemens' public documents with the objective of providing a better depiction of the company's corporate culture. The 2012 and 2011 annual reports were reviewed and coded (AR 2012 and AR 2011).

AR 2011 provides a detailed description of Siemens' corporate vision. It envisions itself to be a pioneer.
"It is our vision, our identity and the defining characteristic of our corporate culture." The ways by which it sees itself being or becoming a pioneer is twofold. The first is by "fostering innovation." This idea is illustrated by offering new technologies and products to its customers. The second is by "tackling challenges." By this, the company means "embarking on new paths, forging ahead into uncharted territory, and continually blazing new trails…"

The strategy the company intended to pursue on the path of becoming a pioneer is also twofold: a) by capturing and maintaining leading market share, and b) by enlarging its environmental portfolio. The principle means to support this strategy is called "One Siemens," a framework which underlies nine different considerations.

A comparison of AR 2011 to AR 2012 and AR 2013 was done in order to see if the vision statement had changed with the years. Neither of the latter documents provide a detailed account of the company vision as AR 2011. Instead, the latter documents seem to have been written assuming that the vision expressed in AR 2011 is a given. Both latter documents reiterate the idea of being a pioneer, without going into detail. In contrast, AR 2014 does not use the word "pioneer." Not even once.

AR 2014 is distinct for presenting a detailed mission statement. Siemens describes its mission as "we make real what matters." This locution expresses the idea of wanting to shape the future by providing its customers with the products they require in order to improve their lives, in the areas of electrification, automation, and digitalization.

Siemens' corporate culture timeline

The information concerning Siemens' corporate culture suggested that it would be pertinent to see how it has developed chronologically, according to a timeline. This representation illustrates the information that employees have come to integrate throughout the years. It also illustrates that Siemens's corporate culture has been evolving. This means that employees have to progressively integrate the elements of corporate culture at the same time as the company rolls them out. The timeline as shown in the figure 21 illustrates the development of the corporate culture according to data available for the study.
The boxes in the timeline indicate the years in which Siemens inserted into its Annual Reports a clarification or statement concerning an element of its corporate culture. In 2005, Siemens presented a version of its vision statement. At that point in time, Siemens wanted to become one of the largest companies in the global electrical market. It also wanted to position itself as being at the forefront of technological progress. Internally, they considered they had what they called a high-performance culture. Their values were that of humanity, equal opportunity, and strict ethical standards.

In 2001, according to Klinkhammer (2013), the company introduced its first Business Conduct Guideline document.

In 2006, the company introduced five corporate principles (Stadler and Hinterhuber (2005) identified them as core values.) These are: a) we strengthen our customers, to keep them competitive, b) we enhance company value, to open up new opportunities, c) we empower our people, to achieve world class performance, d) we push innovation, to shape the future, and e) we embrace corporate responsibility, to advance society.
In 2007, the company introduced its core values: a) responsible, b) innovative, and c) excellent. It also introduces the notion of value-based management applied to its leadership training program.

In 2009, the company stated that the compliance program was shifting from a rule-based to a value-based corporate culture. However, the researcher did not find data, written or oral, which described the nature of the change or attested of a qualitative change. He cannot attest to any link between "core values" and becoming a "value based" program.

In 2011, the company introduced a vision statement in which it sees itself as a pioneer.

In 2014, the company introduces a mission statement in which it sees itself as a company devoted to making real what matters.

The review made of the ideas expressed in the various Annual Reports shows that the basic ideas underlying the various elements of the corporate culture are known at least as soon as 2004. With the years, these ideas seem to become better articulated and clearer.

Expressing corporate culture

Mentioned among the above information is the observation that Siemens introduced a mission statement in the fall of 2014 and that analysis of available documents does not show any previous reference to a mission statement. This begged the question of the relative importance of this development for this study. Answering this question required enhancing theoretical sensitivity in regard to this topic.

Swales and Rogers (1995) studied this topic and stated that a company's mission statement, vision statement, and ethical code of conduct were constituents of corporate culture. They are management tools whose utility is to project corporate integrity and instil normed behaviour in the workforce. They are carriers of culture. The difference between each tool is that some tend to focus on exhortation, others on prohibition. For these researchers, these tools are "communication genres," a designation they credit to Devitt (1993) who said that a specific genre was a form of
discourse that develops with time because it serves to address a situation repeatedly encountered within an organization. Within the context of an organization, documents such as mission statements and ethics codes are, as pointed out by Yates and Orlikowsky (1992) "organizational genres." They are part of an embedded social process that is not "the result of isolated rational actions, but as part of an embedded social process that over time produces, reproduces, and modifies particular genres of communication." As such, organizational genres are modalities that fit with Giddens (1984) structuration theory.

Bringing to bear these theoretical considerations on the observations of the previous section suggest that, between the years 2000 and 2015, Siemens' Corporate Culture has been in a developmental process by which the message the company communicates to its employees is progressively developed, refined and expressed through different organizational genres. This finding is illustrated by the observation that AR 2000 does not contain the words mission, vision, or pioneer. It is also illustrated by the observation that the word "value" was then used to designate a financial consideration or asset, not to designate an abstract ideal. It is also illustrated by the observation that the company progressively integrates the various organizational genres associated with corporate culture into its communications, the latest being the mission statement genre which comes along in 2014.

Corporate ethics identity

The considerations outlined in the three previous sections begged the question whether this study had somehow shifted focus from ethics concerns to corporate culture. It had not. Therefore, to pinpoint the focus on ethics concerns, the construct of "corporate ethics identity" was introduced. The construct had previously been suggested by Berrone et al. (2007) who talked of "corporate ethical identity" (CEI). For them, the construct designates "the set of behaviours, communications, and stances that are representative of an organization's ethical attitudes and beliefs." For them, CEI encompasses two aspects: a) "corporate revealed ethics" (CRE), which comprises a company's communications about ethics and beliefs, and b) "corporate applied ethics" (CAE) which designates the firm's actions and policies related to ethics. In this study, the term "corporate ethics identity" is considered as being a dimension of corporate culture.
3.1.2. Third questionnaire

The second round of interviews produced a comprehensive depiction of the company's compliance program, including its tools and general message. It was decided that the third round of interviews would be geared toward the dimensions which were signaled out at the end of round 02. It was initially tailored to get a better grasp of participants' perception or overall evaluation of the legitimacy of the program. Here, legitimacy was associated with corporate culture, compliance, and the individual's capacity to make decisions and carry out his or her duties comfortably.

The questionnaire had two parts. The first would enquire whether the depiction of the program was representative of participants' understanding of the program. The second, it would enquire on how the program affected decision making, and to what degree knowledge of laws was required. It would also ask about the program's impact on individuals, its legitimacy, and relationship with the compliance organization.

Contrary to the two previous questionnaires, the third started the conversation with a general introductory statement. The statement was as follows:

The compliance program started around 2006-2007 in the aftermath of a bribery scandal that was investigated by German authorities, the US SEC (securities and exchange commission), and a Siemens internal investigation. The Compliance Program promotes integrity of its employees, which means that they are expected to act according to Siemens's core values: Responsible, Excellence and Innovative. A responsible employee is one that considers whether a contemplated action will serve the best long-term interests of the company, and respects the laws, rules and regulations of a country. A responsible employee is one who only does clean business, does nothing that could be considered bribery or of not establishing a level playing field. If it does respects these criteria, then the employee proceeds by being accountable, which means being transparent and documenting the actions. It also requires knowing how to use the various tools at one's disposal, such as: LoA, SpoDoM, Scorecard, BTA (business travel assessment), BCG (Business Conduct Guidelines), Business Partner Due Diligence Questionnaire. And if you are in doubt of how to proceed, you take steps to be informed: you consult either your Compliance Ambassador, Compliance Officer, Help Desk (Ask Us helpline), the legal department or your supervisor.

The questionnaire was modified twice during round 03. Questions were added or dropped in order to enhance participant's accounts of their understanding of the compliance program.
3.1.3.  Third sampling

Proceeding the same way as in rounds 01 and 02, twenty one new individuals were solicited to participate in the study. All were on the initial list of likely candidates provided by the company. Because the number of non solicited candidates on the remaining list had shrunk, no criterion was used to select individuals. Nine individuals agreed to participate in the study. The average length of time of the interviews was 40 minutes.

3.2.  Data analysis of the third iteration

Data collected during the third iteration is presented under four headings: a) observations made during the interviews, b) the categories that emerged out of round 03, c) a qualitative description, d) the results obtained by analyzing coding stripes provided by Nvivo.

3.2.1.  Observations made during the interview process

During the interviews, participant C 03 mentioned that Siemens employees at a particular location had raised over $100k, which was distributed within the local community. The researcher compared this action, praiseworthy as it may be, to Siemens' Culture as described in the general statement of the questionnaire. The comparison shows that the action does not go counter the Corporate Culture. However, the message used to describe the corporate culture does not suggest that raising money for the local community is actively promoted within the overall company. This observation begged the question of the meaning of this discrepancy.

Looking deeper into this particular question, three seemingly unrelated observations take a new meaning. The first was participant B 08 declaration to the effect that the Compliance Program at Siemens is to be considered a minimum requirement. This means that a person at Siemens has the latitude necessary to do more than what the compliance program requires. The second was participants B 03 and C 04 declarations to the effect that each division of Siemens Canada has its own mission and vision statement. C 04 even mentioned Siemens' China vision statement, which sounded like Siemens' Corporate but with a twist. This declaration was initially dismissed as unimportant. However, in light of declarations made by C 03 and B 08, the declarations of B 03 and C 04 were considered to reflect the fact that individuals have a certain leeway in what can be done locally. The third, a theme which had come up a number of times during round 01 and round
02, reiterated by C 04, was the idea that Canada was already compliant before the compliance program was brought into place; the idea being that Siemens Canada employees were already ethical.

These three sets of observations are here interpreted as pointing to the presence of an additional factor which influences the way employees at Siemens Canada relate to Siemens Corporate Culture. For lack of a better term, the study posits the presence of a "local ethics identity" capable of motivating actions such as raising money for the community, of bringing the local mission/vision statement a step further than the corporate, and accounting for why individuals felt they were already compliant.

This finding indicates that the appraisal process, by which individuals appraise the corporate culture (including the corporate ethics identity) is done in light of the "local ethics identity." More precisely, this means that Siemens' Corporate Identity is appraised by comparing it to the "local ethics identity."

The model that emerged at this point is as follows. The remolding process is constituted of two sub-processes: a) embedding, and b) appraising. The appraising process involves how employees evaluate the compliance program in regard to two dimensions: a) their capacity to cope with its requirements in their daily activities, and b) their capacity to relate to its message, the corporate ethics identity, and the people who deploy the program and maintain it, the compliance organization. The figure 22 illustrates this.
The present study shows that appraisal of corporate ethics identity is done by a sub-process by which it is compared to "local ethics identity," as the diagram in figure 23 illustrates.

3.2.2. Emergence of third iteration categories

Round 03 interviews were coded twice. The first bout of coding was deemed unsatisfactory because it was heavily influenced by the categories found in the previous rounds and did not provide additional insights. A second bout of coding was undertaken in order to better identify what influenced employee appraisal of corporate ethics identity. However, prior to undertaking the second bout, it was imperative to know what to look for. Searching to enhance theoretical sensitivity once again, the work done by Fiol and Lyles (1985) pointed out that individuals who have to deal with adjustments to rules and norms are, in fact, participating in a process called "higher-level level learning."; a cognitive process which uses heuristics, insights, and associations.
It usually occurs when some form of crisis had taken place (in the case of Siemens, this would correspond to the bribery scandal.) The second bout of coding was therefore oriented to identify the kinds of associations participants made. The results of the coding are presented in table 6.

Table 6
Summary of coding results round 03

<table>
<thead>
<tr>
<th>General categories</th>
<th>Themes</th>
<th>References (number of substantive codes)</th>
</tr>
</thead>
</table>
| Because                 | Compared with the outside  
                          It makes Siemens better 
                          It provides support 
                          It respects my personal boundaries 
                          Of the quality of the message 
                          Others know the rules | 44 |
| Because of its culture  | A lot of common sense  
                          Do the right thing 
                          It's community involvement 
                          Its values | 21 |
| Dealing with issues     | Being competitive | 1 |
| Heuristic               | BCG is all encompassing  
                          Integrity | 4 |
| Requires                | Interpreting | 1 |
| Tools                   | A form of security device  
                          Add standardization  
                          Effective  
                          Getting use to them  
                          Part of the job | 7 |
| What could be improved  | Attract good people  
                          Continue training and sensitization  
                          Focus on internal interactions  
                          Holding ourselves responsible  
                          Improve tools  
                          More support  
                          Nothing  
                          Stop bringing changes to the tools | 12 |
| What it does is make    | Siemens better | 1 |
What's it about
A normal part of doing business
Being comfortable with one's behavior
Comes down to clean business
It's about being aware
It's about integrity
It's about soul searching
Red line

Why people don't obey
Bad choices
The old ways
The position
The situation
The wrong people

3.2.3. First technique: analysis using qualitative description (thick description)

The interviews of all nine participants started with the reading of the general statement contained in the questionnaire. All participants corroborated that the statement is a fair depiction of the compliance program. The only significant addition came from C 03 who felt that the compliance program had evolved from rule-based to value-based. Participant C 01 also alluded to this saying that the program is not solely about complying with the laws, but by being aware of them.

3.2.3.1. Rule versus value based

To clarify the meaning of the distinction made by C 03 of rule versus value based program required going back to Paine's (1994) initial distinction. That particular paper indicates that a "compliance approach" is intent on preventing, detecting and punishing violations of the laws. Whereas a "values approach" is one where the organization defines organizational values and encourages employees to commit to widely shared aspirations.

As seen in the diagram that illustrated Siemens' corporate culture timeline, the company introduced its compliance program in 2007. In 2009, it stated that the program had shifted from rule-based to value-based. This statement begged the question what did the company do in 2009 that suddenly made it "value-based?" Participants' accounts did not express any signs indicating a change in the program's orientation. In fact, the researcher is not even sure whether participants understood what he was talking about when questioning them on the subject.
Collected data does not allow to state that the program was rule based at the outset. Data collected from the interviews does not show that employees were told that their sole concern in guiding their decisions should be to comply with the law. Instead, data tends to suggest that the company's program relies on an individual's sense of ethics in making the best decisions. By consequence, this means that from the get go, in 2006-2007 when the program was launched, though training might have been heavily tainted with the contents of various laws, individual decisions were never made solely on rules. Decisions were also contingent on individuals using their judgment and their own sense of ethics. The Siemens case indicates that it was a misnomer to have called it strictly "rule-based".

3.2.3.2. Compliance tools and autonomy of decision making

A question suggested by rounds 01 and 02 is whether the various compliance tools were decision making apparatus. Are these tools sufficient in providing individuals who use them the correct answer as to what to do? Participants C 04 and C 07 made clear that decisions are made by individuals, and that the tools are no substitute for individual judgment because they do not tell a person what line of action to pursue. They are only to be considered as tools by which an individual documents his or her decisions and leaves a trail by which it is possible to see what was done by whom. Because decisions rely on individual judgment, an individual has the leeway to circumvent the rules and expectations of the company. As C 07 put it, people can make mistaken choices. Participant C 08 would add that the tools are no replacement for one's own moral compass.

3.2.3.3. The law and being ethical

Is the compliance program strictly aimed at respecting the laws? If so, could it be that all the company had to do is train its employees in knowing the laws applicable to their area of work? Data does not permit to provide an affirmative answer. Though it is true that Siemens does train its employees on the pertinent laws that apply to their field of work, it is not exclusively geared towards knowledge of the laws. Training is also given in order to develop one's sense of judgment. In these trainings, the employee is not told what law should be applied. The employee is coached in considering various elements in regard to the situation and in making a judgment call. Consequently, this study finds that Siemens' compliance program relies heavily on each individual to behave ethically, not solely on knowing the laws.
3.2.3.4. **Siemens Canada Corporate Ethics identity**

Interviews carried out during round 03 touched upon four aspects to corporate ethics identity: values, culture, vision, and mission. The results of this enquiry are stated below in the form of summary general statements pertaining to each of the four aspects.

Siemens' values

"Siemens Canada employees behave and react responsibly. Driven by the company's corporate values, Siemens Canada employees have a sense of responsibility to the community. In everything we do, we act honestly, with integrity, and do what's right to the world. We are passionate in what we do, comply with the laws, and are transparent."

Culture

"Siemens Canada stands for clean business: things are done for the right reason, not because it's an edict. This implies doing business according to internal policies, corporate processes and doing due diligence. People are held accountable for doing things in a transparent manner. Composed of a diversity of divisions, a diversity of locations, and a diversity of people, there are local colors, but they are all united by the company's underlying core values: being responsible and innovative. (excellence is omitted because it was not mentioned). Siemens Canada takes care of its people and expects everyone to treat their department, their project as their own. They make the right decisions."

Vision

Participant C 04 pointed out that divisions may have visions and missions that are different from Siemens' Global corporate or Siemens Canada vision and missions. Does this mean that there could be a disconnect with Siemens Corporate? The researcher thinks not. The example provided by the participant gave the impression that regional entities and divisions give local colors to the corporate vision and mission. Local expressions of vision and mission are variations on the main theme articulated by Siemens Global. This said, the following expresses how participants of round 03 see Siemens Canada mission.
"Siemens Canada is an innovative and compliant company which demonstrates strong core values. It pursues business opportunities by building trust with external stakeholders and employees. It is a market leader who rises above the competition, and its customers can trust it for acting with integrity through compliance and internal controls."

Mission

As it was pointed out previously in section 1.2.1, the only public Siemens document that the researcher came across that mentions the notion of "mission" is the 2014 Annual Report. This suggests to the researcher that it is a very recent addition to the whole of Siemens Corporate Ethics Identity. Data gathered during round 03 seem to corroborate this impression. Participants interviewed did not seem to have a real grasp of the notion of "vision" because their answers did not reflect the notion of being a pioneer. As for the notion of mission, the researcher had the impression that the participants did not know what he was referring to. Not wanting to create any discomfort with the interviewees, the researcher mentioned the topic but did not press on for clarification. In all, data show that interviewees did not know what Siemens's mission was, which is "make things that matter real."

Siemens Canada Corporate Ethics Identity in a nutshell

The above elements seem to suggest that a synthesis could be expressed as follows."Siemens Canada stands for clean business. It is driven by the company's corporate values of responsibility and innovation. It pursues its business opportunities by building trust with its external stakeholders and employees who act with honesty, integrity and transparency. It does what's right to the world."

3.2.3.5. Learning Corporate Ethics Identity

How is Corporate Ethics Identity acquired within Siemens Canada? Data suggests that it is mostly through formal training. Data does not show that informal means of communications, mostly meaning conversations with other employees, is a general prevalent practice. Some managers do talk about compliance with their team members or with fellow managers. However, data shows they are a minority. Why should this be the case? Data suggests that people with a compliance issue will prefer to consult the compliance ambassador or compliance officer rather
than to talk about it with fellow employees. This is because compliance is treated as a business process. As such, if one has a problem with a process, then the best source of information is the compliance office. Consequently, compliance, as C 03 would put it "is not in front of mind." Or as C 06 would say, it "is not something that comes up in general conversations."

Integrity Dialogue

Is training known as "integrity dialogue" an opportunity where a supervisor meets his or her employees and talks about an aspect of the compliance program, inviting team members to bring up issues that perhaps were not clear? Collected data does not corroborate this. When participants were asked if they brought up issues for discussions, the answer was a unanimous "no." In consequence, data suggests that the "integrity dialogue" is a meeting at which the supervisor relays a talk prepared by the compliance office.

3.2.3.6. General acceptance of the compliance program

Data suggests that participants generally accept the compliance program. Why is this the case? Three factors were identified. First, participants consider it helpful. It helps bring heightened awareness about compliance issues, and shows the company stands for something. Also by reinforcing its central message, it helps to explain to others why certain things are to be done in a certain way. And with all the personnel changes within the company, it helps to remind the message. Secondly, as for its impact on people, participants noted that it was just a fact of life. It's part of the job. It's part of doing business. Finally third, is there anything more to be done? Participants answered that the company should continue building on it, improve some of the tools in place to make them more reliable and simpler, and also inform its partners that Siemens should better inform its partners that it is a compliant company and a good partner.

This general acceptance is reinforced by the fact that participants unanimously stated they had excellent relations with the compliance organization.

Does general acceptance mean that individuals did not and do not have qualms about the program? To answer this question, the researcher refers himself again to Hirschman's (1970) constructs of exit, voice and loyalty. As for exit, the researcher did not encounter any participant
who expressed the desire to leave the company on account of the compliance program. Could the researcher categorize some participants in the category of "voice," of expressing some concerns about the program? Yes, and it seems that these participants also express their concerns to people within the compliance organization whenever they have a misgiving. Could the researcher categorize participants in the category of "loyalty," of enthusiastically endorsing the program? The answer again is yes. Did any participant express the idea that the company would have been better off without the compliance program? The answer is no.

3.2.4. Second technique: interrogating the data

Coding stripes were used in analyzing data collected in rounds 01 and 02. This technique was deemed inadequate at this point considering that coding had been influenced by the results obtained so far. The focus at this juncture was to gain a better understanding of the factors that influence "secondary appraisal": the appraisal of corporate ethics identity. More precisely: once the contents of corporate ethics identity are known, how did they acquire acceptance as legitimate, as meaningful?

In order to answer this question, data was analyzed with the focus of identifying associations made by participants. Each participants' account was examined to specifically indentify insights or associations that were made. This examination was done by at looking at the codes generated from the second bout of coding (as explained in section 1.3.2.2).

How did the researcher proceed in determining which questions would guide his analysis of data? The researcher was influenced by the analysis he had done in round 02. During that round, he had identified a certain number of categories, which referred to statements made by participants (see column 01 below). He then asked himself the question of what was the usefulness in expressing that particular category. This generated an explicative category (see column 02). Then this lead the researcher to generate another category, which could group ideas of usefulness (see column 03). This process is illustrated in the table 7.
Table 7
Process for determining questions used in round 03

<table>
<thead>
<tr>
<th>Culture change</th>
<th>Explains why it was needed</th>
<th>Legitimacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural business practices</td>
<td>Explain why it was needed</td>
<td>Legitimacy</td>
</tr>
<tr>
<td>Scandal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program and the law</td>
<td>Explains what it's about</td>
<td>What to accomplish</td>
</tr>
<tr>
<td>Transparency and decision making</td>
<td>What people need to do</td>
<td>Impact on people</td>
</tr>
<tr>
<td>Do the right thing. If in doubt</td>
<td>Explains what it should be used for</td>
<td>Relevancy</td>
</tr>
<tr>
<td>In doubt</td>
<td>What people need to do</td>
<td>Impact on people</td>
</tr>
<tr>
<td>Govt, customers, suppliers</td>
<td>Explain why it was needed</td>
<td>Legitimacy</td>
</tr>
<tr>
<td>Relaxing</td>
<td>Contextualizing and explaining what is sought</td>
<td>What to accomplish</td>
</tr>
<tr>
<td>Zero tolerance and ethical</td>
<td>Explaining what its about</td>
<td>What to accomplish</td>
</tr>
<tr>
<td>Documentation and paperwork</td>
<td>How it is carried out</td>
<td>Impact on people</td>
</tr>
<tr>
<td>Expense accounts, sponsorship</td>
<td>Explains what it's about</td>
<td>What to accomplish</td>
</tr>
<tr>
<td>Give feedback</td>
<td>Explain why it was needed</td>
<td>Legitimacy</td>
</tr>
<tr>
<td>Training</td>
<td>What it does</td>
<td>Impact on people</td>
</tr>
<tr>
<td>Audit</td>
<td>What is done</td>
<td>Impact on people</td>
</tr>
<tr>
<td>BCG</td>
<td>Explains what it should be used for</td>
<td>Relevancy</td>
</tr>
<tr>
<td>Caring company</td>
<td>What it want to be</td>
<td>What to accomplish</td>
</tr>
<tr>
<td>Integrity</td>
<td>What it wants to be</td>
<td>Ideal, what to accomplish</td>
</tr>
</tbody>
</table>

The table above shows that the researcher generated questions which would orient his analysis of the data in round 03. The specific questions that came to mind were:

What is the legitimacy of the program?
What is the program's impact on people?
What is the program's relevancy?
What is the program supposed to accomplish?

These specific questions gave the general orientation of the analysis. The researcher was peering to determine how participants acquired acceptance of the program as being legitimate, as being meaningful. Analysis was further guided by the following questions:

What statements were made that could be interpreted as expressing a condition or as a contributing factor leading to say, "yes, the program is acceptable"?
What statements were made in relation to the three dimensions of appraisal: ethics identity, compliance organization, and impact on work?
What statements were made that could be interpreted as expressing the idea that the program adds value to what they do?

3.2.4.1. Observations

Nine to eleven elements were identified that could be construed as contributing to participants' acceptance of the compliance program. These elements were subsumed under two categories: palatable and enticing.

Palatable

The term "palatable" was used in order to express the idea of "sense of pull." Among the elements identified, some expressed the idea of what attracted the compliance program to participants. It is the idea of instilling a sense of attachment to the program. Each element is discussed below.

Common sense: being already acquainted with the message

One element had to do with the capacity to relate with the underlying message of the corporate ethics identity. Familiarity with the message was important. As participant C 06 expressed it, most of the compliance program's message is just common sense. This means that participants are not asked to integrate a message completely alien to their own beliefs. They are not learning a set of guidelines foreign to those with which they usually operate. In the case of Siemens
Canada, employees were told to act according to the laws. The vast majority of employees already did so. And transposing this idea to the confines of their work did not constitute a cultural shock.

The company's own commitment

Participants C 02 and C04 also point out that they perceived that the company itself was committed to the message. C 02 mentioned that the company does the right thing, internally and externally. In the participant's mind, the company will not pursue a business opportunity unless it is aligned with its message. As C 04 ads, the pursuit of "clean business" becomes a matter of pride.

Comprehensiveness of corporate values

Participant C 09 summed it up best. People are comfortable with Siemens's values. They don't see what more could be added. As C 08 would say, they cover a lot of ground. Or as C 03, they are fairly encompassing. Additionally, C 01 states: "I think that the Siemens values are there, encompass my values." This illustrates again the notion that participants do not find the corporate message alien to their own set of beliefs.

Outside acceptance

The notion of acceptance refers to participant perceiving that the program is seen by people outside of the company as being worthy. Three points were identified in this regard. First, participant 09 noted that Siemens' compliance program is seen by other companies as a model to emulate. In the participant's mind, Siemens is a leader in compliance. This also gave the participant a sense of pride. Second, it may also provide employees with a sense of relief. As C 04 noted, Siemens's compliance program should shield it from problems such as those now face by the likes of companies such as SNC-Lavallin. Third, as C 08 noted, the compliance message is transmitted to the company's customers who appreciate having to do business with an organization committed to clean business.

Embeddedness in daily routine

Embeddedness in daily routine refers to the impression that compliance program is not something learned and then put on a shelf. It's the impression that it is truly part of people's lives. This idea was expressed by at least three participants. C 05 said that "it's the culture that we live in
today. To live it, you live it daily. You talk about it daily, about doing clean business…” For C 08, 
"compliance in everything we do; it's there. Just like quality, just like regulatory, just like profit, its 
compliance.” For C 09, "we live it daily in our projects" "I would describe the company as showing 
integrity, because I feel it. I live it."

Enticing

The other elements that were identified during analysis were more related to program 
attributes perceived by the participants. These attributes also contribute to the participant's 
acceptance of the program in that they create the perception of something agreeable, something 
enticing.

*It makes Siemens better*

The idea here is that the compliance program is not seen as something that stands alone. It 
is seen as contributing to make the company perform better. For example, C 03 sees the program 
as positioning the company differently from the competition. For this participant, the company is 
seen as doing clean business, and doing so it differentiates itself from the competition. It offers a 
unique value proposition. For C 07, the compliance program contributes in stating a particular 
philosophy. The compliance program expresses what the company stands for, and what is expected 
from everyone within the company.

*It offers support*

The idea here is that the compliance program does not abandon the participants and leave 
them to figure out on their own how they should proceed in order to comply. Instead, the program 
has the background structure that allows it to easily answer employee questions and needs in regard 
to compliance. As participant C 01 would put it, the compliance program offers guidance. C 05 ads 
that when faced with an issue, it is possible to involve the compliance department in helping along 
every step of the way.

Another factor that contributes to the sense of being supported is that of top level buy-in. 
Participants recall the Canadian CEO Robert Hardt expressed himself in numerous occasions 
making clear that compliance was important. C 03 stated that he is supportive and a promoter of
the program, and thinks he's 100% sound. C 05 sees the CEO talk about compliance on videos and when he comes to regional office meetings.

Finally, there is the factor of training. The company offers many trainings to its employees. These may pertain to laws or to presentations of scenarios that one may likely encounter during work. The trainings may be on-line or in the form of seminars.

*Others follow too*

The idea here is that one does not have the sense of being alone in following the compliance message. Others also follow the message. According to C 03, people have had so much training and discussion on the topic. They understand what's good and what's bad. C 04 ads that people have been thoroughly trained on the various tools associated with compliance. People know what is expected. C 06 sees that "everyone seems to be very in lock stop with the direction the business is going in. Where the targets are and how we conduct ourselves towards each other, and external to the company….It's quite impressive."

*Respects personal boundaries*

The idea here is related to the sense of having control over one's own decisions. It would seem that participants sense that they are in charge of making their own decisions despite all the processes and structures put forth by the compliance program. For C 01, yes the program offers tools, but it is up to the employee to decide to be compliant or not. For C 02, the program does not force a corporate edict down anyone's throat. The participant is comfortable taking the decisions deemed best. And your not required to consult compliance for every single decision. For C 04, individuals take decisions that fit according to each person's moral beliefs. They only use compliance tools to document them. For C 07, the compliance is not just about the laws. It' about how each individual conducts him/herself. It is the way one wants to conduct business. Individuals have the leeway to decide. It so happens that at Siemens Canada, decisions are geared towards clean business.

**3.3. Emerging findings**

The third round of interviews highlighted that the process of appraising comprises two sub processes: a) a primary process by which individuals appraise the program in regard to how they
are affected by it in their daily operations, and b) a secondary process by which they appraise their relationship with the program. Their relationship is in regard to two components: a) the corporate ethics identity, and b) the compliance organization itself.

What was further highlighted during the third round is that corporate ethics identity is appraised in comparison with local ethics identity. Data indicates that acceptance of the program is a result of determining whether there is a fit between corporate ethics identity and local ethics identity. The contributing factors that influence acceptance are palatability and enticement.

4. SATURATION

When does a researcher attain saturation of data? This question goes back to Glaser and Strauss (1967) statement to the effect that a researcher has attained saturation when "no additional data are found whereby the (researcher) can develop properties of the category." However, when does a researcher know this is attained? This is precisely the question Morse (1995) asked, wondering what can assure the researcher of having sufficient data. Her answer was when the researcher had "enough data to build a comprehensive and convincing theory," while noting that "there are no published guidelines or tests of adequacy for estimating the sample sized required to reach saturation."

Mason (2010) also asked the question: "How many interviews or observations are enough? When do I stop gathering data? This led him to observe that in PhD studies using grounded theory methodology, interviews ranged from a low of four to a high of 87, the mode average being 25. In comparison, the present study interviewed 24 individuals, and therefore falls very near the mode average.

For their part, Guest et al. (2006) suggest that saturation is operationalized as "the point in data collection and analysis when new information produces little or no change to the codebook." They wondered at what point had they, in the study they made, attained saturation? Their analysis led them to believe that though they conducted 60 interviews, they attained saturation with twelve interviews.
The above review leads to the question did the present researcher attain saturation, and if so, at what point? The researcher points out that he carried out three rounds of interviews: the first had seven participants; the second had eight, and the third had nine, for a total of 24.

The three main categories of emerging out of the study, (remolding, embedding, appraisal) were identified after having analysed the interviews of round 01. Though a general understanding of the process was acquired, a detailed description could not be provided, which justified a second round. The analysis of the second round of interviews led to a more thorough understanding of the identified categories and of the program contents in general. The category of embedding was well understood; however, the researcher still had some generative questions to ask of the category of appraisal. Nevertheless, before undertaking the third round of interviews, the researcher felt quite confident of understanding the compliance program. This feeling was confirmed when participant C 02 stated, "Everything is spot on. And Siemens's core values of being responsible, innovative and excellent, you're spot on. But when you further define the actions of responsible or excellent, I would agree with whatever you said, by I haven't seen an internal definition that actually matches to what you said." C 02’s statement led the researcher to believe that he understood the program as well as the participants. In fact, interviews of round 03 mostly confirmed his understanding of the compliance program and of the remolding process, though some did provide clarifications, which improved the general understanding of the model.

Would a fourth round of interviews be justified? Referring back to Morse's (1995) criteria of having enough data to build a theory, then the answer is no. As of present, the researcher has developed a model, and has exhausted his generative questions, which could have served to look for supplementary patterns. In this context, additional interviews with the same population would only contribute to confirm the existing model. However, with a different sample population, with German Corporate Compliance, additional interviews would serve to acquire greater detail concerning the embedding process.
CHAPTER FIVE
EMERGING MODEL

The purpose of this chapter is to present the model that stemmed from the study. It identifies the constituent parts of a process by which a compliance program was fully integrated into the company's structures, and accepted by the employees who had to integrate the changes into their organizational functions. Now, because the study was qualitative in nature, the presentation of the model will heed Burnard (2004) recommendation to the effect of presenting findings, and not results. However, as noted by Bachman and Kyngas (1999), there is no single style for reporting findings in qualitative theory. In fact, the challenge faced by all researchers who subscribe to this methodology is to develop their own style in organizing the study's findings. The strategy adopted by the researcher is one that Sandelowski (2000) called progressive focusing: starting with broad categories and progressing towards more specific categories. Additionally, the researcher heeds to Glaser (2012) recommendation of starting with the study's core category.

The chapter starts by presenting a summary of the model; accompanied with a figure which provides a visual representation. This is followed by a more detailed description by which the researcher seeks to convey a clear picture of the model's intricacies. That presentation is distributed in two headings: first by providing a definition of each category, and secondly by describing the dynamics; explanations as to how the model is assembled and works.

The whole process that is described below is characterized as being one of remolding. This description does not stem from some preconceived model coming out of the field of literature dealing with the topic of ethics and compliance programs. The vocabulary used to describe the process corresponds either to words used by participants in the study or words that the researcher felt summarized the ideas they expressed. The model, and the vocabulary used to describe it, derived from collected data and from categories, which emerged out of data analysis. In this study, data consisted both of interview transcripts and documents made public by the company or found on the Internet, and documents written about the company also found on the Internet.
1. MODEL SUMMARY AND OUTCOME

The previous chapter presented the results of the study done of Siemens Canada's compliance program. The study was done following grounded theory methodology. The core phenomenon identified through data analysis was the process of remolding; a process by which the company sought to change the very fiber by which it does business. This central process is composed of two sub-processes: a) embedding, and b) appraising. The embedding process involves two organizational actors: global corporate located in Germany, and regional compliance located in Canada. Global corporate role is related to developing the compliance program, disseminating it, and monitoring it. Regional compliance role is to disseminate the program to all divisions and to report to corporate the degree of conformity. The second process, appraising, involves employees who are at the receiving end of the program. Not only do they learn about the program; they also appraise it, evaluate it. Their evaluation is directed towards three components: a) the business processes proposed by the program, b) their relationship with the compliance organization, and c) their relationship in regard to corporate ethics identity. This latter relationship is appraised by comparing it to local ethics identity. The criteria used by participants in their appraisal are those of palatability and enticement.

What is the remolding process outcome? Theoretically, it supposed to be the integration of a new structural element throughout the organizational structure. In the case of remolding through a compliance program, it should be compliance; translated as the adoption of the identity promoted by the corporation, and also translated as the efficient and constant use of compliance tools and procedures. This overall outcome is attained conditionally to having both embedding and appraisal processes lead individuals in becoming inclined in achieving it. The figure 24 summarizes the whole remolding process.
The above figure illustrates the workings of the embedding process. We see that it is composed of two distinct sub-processes: embedding and appraising. The embedding process is carried out by personnel designated as responsible for it: global corporate and regional compliance, each accomplishing separate sets of activities. The appraisal process is carried out by employees who partake in the embedding process. Doing so, the employees learn about the program, evaluate it and provide feedback. In regards specifically to evaluation, they consider three facets of the program: the corporate ethics identity, their relationship with the compliance organization and the impacts of the program on their capacity integrate it into their daily functions.

2. THE MODEL’S CORE CATEGORY : REMOLDING

   a) Definition

   Remolding was the core category which emerged from the analysis of the data collected during the first round of interviews. Why should this be the case? After having coded all the transcripts and having identified categories, the question the researcher was asking himself was: "what makes sense of all that had been said? What links the accounts of the participants?" The answer that emerged out of the transcripts was the notion of remolding. What should be understood by this? The category of "remolding" conveyed the central idea of what the company tried to
accomplish. Following the bribery scandal of 2006, the company wanted to take the adequate measures which would prevent seeing the problem happening again. Recognizing that it was necessary to introduce a compliance structure within the organization, it did not want compliance to be lived as a separate specialized function, as accounting, finance or human resources. It wanted compliance to be embedded in the very fabric of the organization. The researcher understood the company's concern as wanting to mold compliance into the existing structures of the company, not create new structures or parallel structures. This did not discount the necessity of creating a compliance organization. The company recognized the necessity of having a formal internal organization to implement and monitor compliance. But the essence of compliance could not be thought of as being this internal organization. Compliance had to be embedded into all the company's processes and into the ways employees went about in doing their jobs.

Participant A 02

"There was a need for Siemens to bring its employees to be more aware of not just the laws that existed, but that there were certain core values that Siemens either needed to adopt or had adopted, which really didn't have a formal mechanism to cascade them around in the organization. So the idea, as I understand it, was to embed it within every employee around the world. A set of core values, and a process to generate transparency around ethically oriented decisions and processes. So that what happened back in the early 2000s was simply not going to repeat itself."

A tentative formal definition of what "remolding" is would be: it is a process by which a company integrates a new structural element throughout its existing organizational structure, and doing so modifies the way by which all other activities are carried out. In the end, the new element exudes out of all the company's activities.

b) Dynamics

The main question here is how do you start a remolding process? This question is not readily addressed by the proposed model, mainly because the present study did not acquire data that would have provided a good answer. In the case of Siemens, decisions were taken in Germany, and the researcher did not have access to this information. Had he had this information, three questions would have been asked: a) on the normative side, why did Siemens opt for a compliance program
rather than an ethics program? b) on the motivational side, why did the company decide to invest so extensively in such an endeavor, and how could they be sure that upper management would support it? and c) on the organizational side, how did they decide on the organizational structure that they wanted in order to integrate it to the process?

3. THE ACTORS INVOLVED IN THE PROCESS

a) Definitions

Considering that the core category is remolding, this sprung forth what Corbin and Strauss (1990) labelled as "generative questions": questions that guide the researcher: a) who is involved in the process? and b) what is the process' make up? The researcher started by answering the first question. The remolding process involved three separate groups of actors: a) global corporate, b) local corporate compliance, and c) employees. All of these separate groups played different roles in the process. Both global corporate and local corporate compliance roles consisted in setting up the structures of the program and implementing it. The employees' role consisted in learning about the program, adapting their daily routines to the new structures and procedures, and providing feedback to the implementation team if problems arose in harmonizing the new structures with features of their daily functions.

Participant A 01

"Everything that came to us from a compliance perspective came from Siemens Germany, which is the parent company." "The other pieces all came basically from Germany saying this is what you're going to do and how you're going to do it. And here's a checklist."

Participant A 03

"That is one advantage of being in management: you knew exactly what came out of Germany. But we all agreed that what came from Germany could not simply be used in Canada. We had to adapt it. Also the expectations from Germany. You make a blueprint that goes to so many countries where you have different laws. So we had to adopt the blueprint from Germany to the Canadian situation."
Participant A 05

"So these were the processes that were designed strictly by Germany, which we had to implement. That was the expectation. So it was a Siemens process, not a Siemens Canada process only."

The accounts of these participants express the general idea that the remolding process was initiated by global corporate compliance, which is located in Germany. It was responsible for developing a program that was to be integrated into all the company's operating units throughout the world. Global corporate designed the program's general structure, processes and tools. As for the local compliance organization, it saw that the program was embedded in every Canadian operating unit; adapting it when required by local laws. The personnel responsible for implementing the program throughout Canada was composed of the compliance personnel, consultants, and an implementation team that involved personnel who were trained on specific points of the program, and senior management. For their part, employees had to come to terms with the changes that were presented. This meant many things. First, they had to develop an appreciation of why certain specific actions, such as expense accounts, sponsorship and the like, required heightened attention. Second, they had to integrate certain decision criteria, such as "doing the right thing" or "if in doubt, don't do it," into their functions. Thirdly, they had to learn\(^\text{12}\) to use certain documentation processes and tools, such as SpoDoM, in order to demonstrate transparency and accountability. The participants' main recollection of training was to the effect that there was a lot and that many hours were spent on this activity.

b) Dynamics

If there are three groups of actors involved in the model, who are they specifically and what are the general roles of each?

The first group involved in the process of embedding is that of corporate global. They were involved in the activities of developing the program, transmitting it to regional entities, and of monitoring its deployment. Data does not permit providing a detailed description as to who

\(^{12}\) The researcher cannot provide a general characterization as to how employees reacted to the training sessions. Some participants did mention that at some locations the sessions had lengthy discussions.
composes it. Is it strictly the group of individuals whose work is specifically compliance? If it was, then what would be the interaction between this personnel and executive management as to the orientation the company was willing to take, and as to the norms it wanted to adopt? The researcher doubts that compliance personnel is solely responsible for these decisions and speculates that global corporate might mean compliance and upper management. This said, data suggests that individuals working at the compliance function were those who were responsible in structuring the program and in disseminating it worldwide.

The second group involved in the embedding process is that of local (or regional) compliance. This group was involved in the activities of disseminating the program regionally, of providing training to employees, and of providing feedback to corporate global. In their case, data does permit a more detailed breakdown. Local compliance can designate: a) the compliance officer, b) the implementation team, c) consultants, and d) managers.

The Canadian Compliance officer worked in rolling out the program in Canada according to the directives sent out by Siemens AG. Data suggests that the Compliance Officer did not work alone. He had about three to four individuals working with him. Each of these was ascribed a set of "control elements." These controls were communicated to all the business units which had to pass the controls every year. This was a process which required a huge amount of documentation. In addition, the Compliance Officer set up and worked with an implementation team. Data does not describe the relationship between the Canadian Compliance Officer and Corporate global. In fact, this topic was only slightly addressed during conversations when mentioning that regional compliance had to inform global corporate as to whether requirements were put into place or not, and if not for what reasons.

The implementation team was composed of individuals within the company who would address specific issues. Because the program was so huge, individuals were trained on specific parts. They were trained within three to four weeks in order to absorb as much as possible. After which the implementation team was to train individuals throughout the various locations in the country. Training implied having to debate with individuals, and convincing them on the system's merits. It also implied explaining, and having to go back and explain again if the procedures or
software needed modifications. This process lasted up to three years. Implementation required a significant amount of people time. Individuals would put in 14-16-hour work days, working nights, and weekends.

The implementation team received support from consultants of the firm of Price-Waterhouse, from the US and Germany, who were used to clarify aspects of the program. For example, if someone needed to know how to interpret a particular aspect, the consultants were used as "sounding-boards." Data suggests that consultants were involved extensively from about six weeks to about three months, after which they were only called if there was a question.

Finally, managers also took part in the implementation effort in that they were responsible for their employees. They had a big role in communicating the compliance program to their employees and making sure they were following the new procedures and processes.

The third group of actors are principally involved in the process of appraisal: the employees. They are comprised of managers and non managerial personnel. They are the individuals who had to receive training on compliance and had to apply procedures and processes.

4. THE MODEL'S SUBCATEGORIES: EMBEDDING AND APPRAISING

Corbin and Strauss (1990) characterized subcategories as a breakdown of a category into its specific properties and their dimensions. One such property is that of "manner": how something is carried out. This brings us therefore to the second question mentioned earlier: "what is the make-up of the remolding process? When examining the data, the researcher questioned what exactly were the participants talking about? Yes, it was clear that the company was undertaking a major organizational change: the remolding process. But what were participants specifically saying? Upon analysis, the researcher came to see that participant accounts had two different focuses: a) a factual description of the process by which the program was implemented, and a description of its contents, and b) their own evaluation of what had been done, their understanding of what the program means, and their posture towards it. The term that the researcher used to designate the first focus was that of "embedding." The term used to designate the second focus was "appreciation."
4.1. The subcategory of embedding

a) Definition

The central image conveyed by the term "embeddedness" is that of something inserted into something, or of something which is ingrained within something, which is fixed indelibly. It should therefore be understood that "embeddedness" transcends mere implementation. It is not solely executing or carrying out something. It is not merely the introduction of a program which may eventually be forgotten or abandoned at some future point in time. It has staying power. Moreover, it is not limited to certain parts or activities within the organization. It encompasses all.

A tentative formal definition of embedding would be: it is one of two sub processes involved in remolding. It is carried out by two groups of actors, corporate global and regional compliance. This sub process implies a number of activities carried out by the two groups of actors. Corporate global develops, transmits and monitors the program. Regional compliance disseminates the program, provides training and provides feedback to corporate global.

Global Corporate role in embedding?

Global Corporate had first to develop the compliance program. This meant at least three things: a) elaborating the program's message, b) determining the company-wide organizational structure that would manage the program, c) develop the tools that would be used in conjunction with the usual company processes, and d) monitor the program. The program's message had to speak of a number of issues, such as: a) clarifying what compliance meant for Siemens, b) giving the reasons why compliance was important, c) describing what, for an individual and for the organization, being compliant was, d) explaining how an individual becomes compliant, and identifying the values that the company associated with being compliant.

All of these issues were found in the participants' accounts. When they talked about the program's objectives, they were explaining what compliance meant and why it was important. When they talked about the acceptability of certain actions and of documenting transparency, they were alluding to what individuals had to do to become compliance. When they talked about responsibility, innovation, and excellence, they were talking about values.
Participant A 01

"At the time of the program, Siemens rolled out three corporate values: responsible, innovative, and excellence. The big focus was this: how are we going to live those values? The compliance program was all about living those values. It had to be clean business. It had to be legal business. It had to be good for the company. Those kinds of things. That's how it was rolled out."

Participants did not talk specifically about how the global compliance organization was structured. This information is indeed available in the company documents which show the organizational chart, and identifies who reports to whom. Participants limited their comments in saying that the program came from Germany, and that there was a regional compliance officer who was designated to oversee the program within Siemens Canada.

The topic of monitoring also was not abundantly talked about. However, conversation on the topic did point out that "monitoring" from Corporate Global was not the same as for Local compliance. From a Corporate Global perspective, monitoring consisted in confirming that all units worldwide applied the standards they had set up. However, because these global standards might not comply with local laws, Corporate Global monitored the exceptions. Local compliance offices had to inform Global Corporate of the reasons why they did not apply the standards (the exceptions), and also describe how they dealt locally with a particular issue.

Local compliance role in embedding?

Local Compliance's role in the embedding process differs slightly from Global Corporate in that it did not have to develop the program. The description of local compliance's role, hinted at through accounts, suggest that their role was three pronged: a) disseminate the program throughout all the operating entities found within its territorial responsibility, b) provide training and support, and c) monitor and provide feedback.

In reference to the role of disseminating, participants referred to dissemination using the expression of "rollout" Their description shows that local compliance was heavily involved in providing training at the beginning of the program. It had to make sure that every unit within
Siemens Canada Limited was made aware of the program, its general message, and the tools at hand.

Participant A 03

"The rollout was very quick. It was well thought out. Maybe a bit overly aggressive. But it was rolled out rather quickly. Now there was a lot of money in developing that program." "The way it was. The entire program was rolled out. So we had several trainings. Memos were sent to try to drive the notion and educate everybody on the notion of clean business, like we called it. A handbook was published, and trainings held."

Participant A 07

"First, we kind of heard about it. Then we started seeing compliance rules take hold, probably a matter of a few months. There was a special communication program set up, a special website set up to institute the training. There was a whistleblower website set up, that you may have heard about, to make sure that there was the opportunity, if there was an issue and somebody was thought to reveal it. They had an independent channel. That all happened, I would say, within the first nine months. So as things started to unravel, it was very transparent, open communication."

Participant A 06

"Within a year, I would say we probably went through, and initially right; this is at the kickoff. Probably around 30 hours of training per employee, I would guess. All told, between the online and the classroom. Once you're used to doing the documentation, when you're doing your expense report, it may take you an extra 20 minutes. You're doing 12 of those a year. So three, three and a half, five hours, that kind of range. So let's say total 40 hours in a year. Initially."

Participant A 01

"Huge amount of training. As a manager, they came out with basic training on fraud, on signature rules, on anything that you could think of from a compliance perspective."
Participant A 05

"The program had hundreds and hundreds of messages. The key messages were very simple. What do you do when you deal with a government contract? What do you do when you deal with organizations that you don't think are very ethical organizations, but you have to work with them? What do you do when you do a school board job and your not the prime supplier of the job, somebody else is? How do you do research? How do you convey a message? What exceptions do you take on your contract? What are the areas of the contract that you will not touch? What risks will you take? What risks you will not take on the job? So we teach them a lot, a lot of things."

As these accounts attest, the dissemination of the program required a lot of work on the part of the compliance organization. However, with dissemination accomplished, local compliance role changed. Though it still offers training, it does so to a lesser degree.

Participant B 05

"To me personally, it doesn't add anything, but it keeps it fresh. As with everything, it doesn't hurt to refresh your mind from time to time. So it doesn't add something new. That the training needs to be done on a regular basis, I think it’s a good thing. And also that they are kept up to date is very needed, because we have fluctuations, with new employees every year, with others that leave. As a manager, to do those trainings from time to time yourself, because they're always updated, it also keeps it fresh in your mind. Like, when you have a new employee, they just did the training, and they may have for you about this. If you'ven't done it in 10 years, it's not easy to answer those things. So, you keep in touch with the whole thing, and keep it….., even if your function is not with a lot of outside involvement, it's helpful."

Participant B 08

"I would hope that for most people, it's a refresher, for having been with Siemens for a long time. But there's also a lot of new people in Siemens. So some of it may not be. It may not be refresher for them. I don't know where they might have come from, and what business practice might have been o.k. in their previous organization."
Participant B 01

"It's a refresher. Substantially, there's nothing new. All the areas that they, in the aftermath of the bribery scandal, had to address, they did."

Participant B 03

"I think it's always a good refresher. No matter what, it's like any training. It's just good to spend an hour, a couple of hours as a refresher."

These accounts point out that once the program had been presented, training subsided. Local compliance's role became aligned with maintaining awareness of the program, through additional training, and by providing support in the form of advice. Their role of giving advice is a consequence of one of program's main messages: "if in doubt, don’t' do it."

Participant A 03

"[…] If you ever have to question something, then you rather stay away from it." "[…] whenever it is not clear because maybe it is a new thing you are facing, rather not do it. Get clarifications. And until you get clarifications, stay away from it."

Siemens foresaw that by having employees ask questions about the appropriateness of certain actions or of the right use of certain tools or procedures, they would inevitably seek advice. The local compliance office serves as the main source of clarification on any topic related to compliance. Other sources such as the Ask us Helpline, the compliance ambassador, or the immediate supervisor may also be contacted. Nevertheless, it is the compliance office which will provide all of these sources with the required information.

Finally, local compliance third role consists of monitoring the program. Here monitoring is to be understood as certifying that the program's provisions are implemented. However, if they need to be adapted on account of local laws or on account employees had identified a flaw in its operationalization, then local compliance would inform Global Corporate of the situation.
Participant B 01

"You can consider a company as a legal entity that has walls around it. The only thing as requirements to penetrate this are the laws in a jurisdiction, such as regulations. You do not have to enact these requirements in your company. Anything else, you have to enact. You have to make it the company internal law. The way Siemens does this, the internal requirements, they issue GLOBAL CIRCULARS. In Germany, they want something, and they want that all the legal entities that Siemens owns to adopt the circulars. You have to go through a process to see what in the circular is compatible with your... For instance, if Siemens wants to promote diversity and inclusion, it is a no-brainer in Canada. If you go to Saudi-Arabia, and say that women have the same rights. Siemens Saudi Arabia will probably not enact this circular; they would get into trouble. So there is a process in between in the issuing the circulars, and the implementation and enactment in the legal entity. In order to track which of the global circulars is enacted in all legal entities, and in which way, there is a PCMB reference requirement. So a circular issued in Germany with the intent global enforcement has to specify what are the characteristics, when do we know it is enforced? This is what they call the PCMB reference requirement. At the bottom of all these circulars, there is a box that says the PCMB requirements. It is a system in place that monitors the local laws and informs the local management to take appropriate actions."

b) Dynamics

In managerial terms, the role played by global corporate in the embedding process consisted of planning, developing, diffusing, and monitoring the program. It would have been particularly interesting to know how the program was developed. This would have shown the interactions within corporate in determining the program's contents, and would have provided some indications as to how the contents of such a program evolve over time. What is known is that global corporate developed two kinds of tools: a) program awareness tools, and b) business process tools.

Program awareness tools are related in making known the way the company defines itself in relation to the way that it carries out its business and in relation to the way it wants others to perceive it. The development of these tools implies that the company has developed or is in the process of developing a sense of its corporate identity. Elements of this corporate identity can be transmitted through various communications genres, such as a mission statement, a code of ethics,
managerial statements, and others. Participant accounts during the study referred mainly to three genres in providing them with the main message of corporate identity: the corporate value statement, the corporate vision statement found in the Annual Report, and the Business Conduct Guideline document.

Program business process tools are related to the specific actions, procedures and controls to be used within the company in order to assure compliance. In the case of Siemens, it seems that these were inspired by elements of COSO II which were integrated into the PCMB.

Global corporate handed these two sets of tools to local compliance, which had the task of getting individuals to adopt both the message of the awareness tools and the procedures and actions of the business process tools.

According to participant accounts, the logistics of the local roll-out contained numerous elements: a) communications from the top that addressed concerns relating to the scandal, b) memo sent announcing the program, c) launching the program at a large business conference type event, d) provide several trainings on the tools: face to face training, website training, workshops where it was possible to talks to peers and compliance officers, presentations made during management meetings, e) distributing the Business Conduct Guidelines and having everyone sign an agreement to the effect that they will promote clean business, f) setting up a website on compliance, another on whistleblowing, g) cascade the message from top managers to middle managers to employees, h) distribute communication material such as posters and flyers, i) provide various publications on Siemens's intranet, and j) integrate a compliance component into every management and department meeting.

Though local compliance had to disseminate the awareness and the business process tools, it would seem that both were part of the same package; training on awareness and processes was given at the same time.

Finally, what is the outcome of the embedding process? Considering that there continues to be training on various aspects of compliance, and that local compliance continues to offer support
by answering questions, this suggests that the outcome is maintaining awareness of the company's identity and assuring the correct use of procedures and tools.

4.2. The subcategory of appraisal

a) Definition

The central idea conveyed by the term "appraisal" is that of employees passing judgment on the program once they have been "embedded" with its contents. Of course, this implies some sort of valuation of the program, but not a straightforward formal evaluation done in reference with specific criteria. The type of valuation implied by this subcategory expresses the state of the relationship each individual has to be able to construct with the whole of the program in regard to three dimensions: a) their relationship with the business processes instituted by the program, b) their relationship with the compliance organization, and c) their relationship with the corporate identity painted by the program.

A tentative formal definition of appraisal would be: it is one of two sub processes involved in remolding. It is carried out by employees who assess the program as to its contents, its legitimacy, and relevance. The sub process implies the activities of learning about the program, evaluating it and providing feedback. Of these three activities, evaluation is the activity which consists of assessing three facets: a) the impact of the program on the employee's daily activities (coping), b) the relationship employees have with the local compliance organization, and c) the corporate ethics identity.

b) Dynamics

Managerially speaking, appraisal is not a process generated by the organization. Rather, it is a process by which individuals relate to various aspects of the program. The organization might influence an individual appraisal, but it does not control it. This is a particular characteristic of the remolding process model. The company initiates a process which it controls in large part, but also has to adapt in regard to how individuals relate to it.
4.2.1. The facet of assessing daily activities (situational appraisal)

a) Definition

In order to provide a description of the compliance program, participants invariably had to describe the tools they had to use, and the procedures that they had to follow. These descriptions were interspersed with observations as to the challenges employees had to face when applying procedures or rules in the situation in which they found themselves. The challenges were in relation mostly with the following points: a) difficulty in understanding exactly what was required, meaning what situations represented particular risks that were to be avoided b) understanding the appropriate use of certain rules, procedures and software, c) the additional time constraints that the rules and procedures imposed, d) the delays provoked by applying the rules and procedures, e) the necessity either to get proper authorizations or of documenting actions, and g) how rules and procedures changed their relationship with clients, suppliers and government officials. A tentative formal definition of assessing (coping) daily functions would be: it is one of three facets that the activity of evaluation of the sub process of appraisal considers. This facet looks at the impacts of the program on the individuals' daily functions.

Participant A 02

"The only challenge at the beginning was that some of the tools were overly cumbersome to figure out how to use. And they were not fully implemented with all the necessary approvers in place. It did kind of cause some consternation at the beginning when we were trying to figure everything out."

Participant A 01

"[...] they create additional steps and processes. They created a checklist of things to think about before we could make decisions. For example, as a sales rep, you had to think about, well, is it really the golf tournament that I should take my client to. And should I be doing something different with the client?"

Participant A 01

"The stretch was that there was just too much brick and paperwork. And it got to the point where employees did not want to do anything.….We always what for the employees. And some
employees did not want to do this, and as hard as we tried to explain to them why we had to do it; they were still fighting back."

Participant B 01
"Question:
SO SpoDoM IS A COMPLICATED SYSTEM THEN? LOTS OF PEOPLE DOING DOUBLE CHECKS. AM I RIGHT?

Answer
Yes. I think so. I rarely use it. Anything that would require that, I simply don't do. Where I have to do it, it is with memberships. The other things, I don't even do. That goes back to what I said. The rules imposed change behaviour in the sense that I don't go through the hassle to do that.

Question:
CONSIDERING THAT IT CONSUMES TIME, DIFFICULT. PEOPLE SAY, FORGET IT, I'LL DO SOMETHING ELSE.

Answer:
It is discouraging. Where as before, when thinking about donations or something like that, you came up with it; you got approval for it; you did it. Now. Well, this has to go through SpoDoM? O.k. Next topic. If you need something for doing your job, like the membership fees, then you're forced to do it. If you extend that, that you want to do something that goes beyond the bare minimum of the job, and it needs to go through SpoDoM, you don’t do it. All these things were discouraging in nature. Originally, they were designed to do that."

The above accounts illustrate that participants did not solely provide a factual description of the program. They also voiced their relationship with the element of the program and how they learn to cope with the changes that were introduced. Let it be said, not all accounts were as critical as the ones cited here. Some were quite enthusiastic, as in the case of the participant who explained that the compliance program introduced process that should be adhered to.
Participant B 07

"Any large corporation that wants to sustain in the business, and this is my own personal belief, that to remain in a business you need customers and suppliers. Someone is supplying you something, and you are selling to a customer. That's how businesses are structured. To remain in this framework, the processes play a very important role, in these times when we have such a competitive market. Especially for a large organization such as ours. If there is one individual item that you think is not important, for the organization it is important. Every one of the 400,000 employees is representing Siemens. Customers know the employees as representing Siemens, not as individual X. In this kind of scenario, how can an individual human being deal without understanding the processes? Today, in the morning, one person is dealing with a customer, in the afternoon someone else is dealing with the customer. It has to be done in an account-system manner. A country tends to conflict only with a process. A process should be developed, deployed, and people should be trained in a rightful manner for that requirement. If it is a one-person shop, then it is a different story. You might not document it, but the person has it in his head. But we are not in that situation."

The above accounts illustrate the idea that participant descriptions are interlaced with statements containing expressions pertaining to the challenges individuals faced when the program was introduced. The program's requirements changed how individuals related to minute details about the ways of carrying out their work. It is situational in the following sense: when placed in a certain situation, here is the challenge, and now it is necessary to cope with it.

b) Dynamics

Situational appraisal expresses how the individual employee copes with the various changes brought into his working environment with new tools, and new procedures. These change the individual's work habits, and add pressure for various reasons. First, the individual has to learn and understand the new requirements, and then has to acquire a degree of assurance of being able to see their application in real-life situations. Second, the individual has to learn how to use the tools and apply the procedures. These may not always be clear. Some procedures and rules may contain none foreseen flaws. Should this occur, this only irritates the employee. Third, the individual sees if the new rules and procedures ease work or make it more difficult and time consuming. Fourth,
the individual sees how the rules and procedures impact the individuals they have to deal with, for example, customers, suppliers and government officials.

These varied considerations shape the individual's appraisal of the business processes. They may see it as a burden or value-added. They contribute to the overall appraisal of the remolding process.

4.2.2. The facet of relating to the compliance organization

a) Definition

This facet underscores that a program, which has an underlying organizational structure which promotes it, also presents people. These are the individuals who make up the compliance organization. The relationship that these individuals develop with the rest of the organization is connected to the image that they project. Are they seen as experts in the domain or as policemen who pounce on you as soon as you step over the bounds? Should they be experts, are they untouchables, guardians of truth or are they accessible and wanting to provide support? Whatever the answers to these specific questions, the idea here is that the dimension of relationship with the compliance organization contributes to the individual's overall appraisal of the program. A tentative formal definition of the facet of relating to the compliance organization would be: it is one of three facets that the activity of evaluation of the sub process of appraisal considers. This facet looks at the relationship that is established between employees, and the people associated with the compliance organization.

Participant A 03

"So had we had very open discussion. There were open discussions within Siemens. And I think that might actually describe the success of the program. So it wasn't as if somebody was hiding something, or somebody dictating something. This is a either you must do it this way. The entire campaign was to help people recognize the importance of compliance or ethical business, and from that moment on the question is on how do we best do it. And so it was a very open discussion on how to do it. And we were all giving input on how things could be done differently. And the people that were in the compliance team or the compliance officer. You kept hearing about the compliance team or compliance officer. Canada, for example, has a Country Compliance
Officer, with a number of people that work with him. You have that for Siemens right around the globe.”

Participant A 05

"[...] one quarter I had a standard meeting with my compliance officer. We sat down, and we talked for half an hour to an hour. We talked about lessons learned from projects. We talked about how can we make things better. We talked about what strange things happened on one project. Very simple. I'll give you another example. We caught somebody charging one project to another. The project manager was running 3-4 different projects. And one of these projects was not doing very well. He would charge labour hours from one project to another. To us, that's a no, no. It's not a crime what he did. But what he did was sacrifice one project's profits to another project that's making loss. And I said: "How would I know, if you just documented it and said we screwed up on a code, and we're going to loose 20% profit and ....the 10% profit. We're going to lose 20% on this project. Then I can fix the problem in the future. But if you take it from the left pocket and put it in the right pocket, the overall picture has not changed. I still make the same profit and the same loss, but I don't know where I loss money or where we real profit. "So we're having different conversations now. We're not having conversations about doing unethical things. We're saying: " Do the right thing within your own processes. Don't cheat from your own pocket." A very different conversation. This is what we call, you change the DNA of your organization. You change the thinking of the people. I even told the project manager that I'm not here to punish you. I'm not here to judge you. It's not about what you screwed up. It's how stupid for you to take it from this project to another. That was my conversation with him. I didn't yell at him, saying, "Hey! Why did we lose money, and blah, blah, blah?" That was not even the question. The question was: "What you did was wrong. And that's what we are going to talk about. And I'll tell you why it's wrong. " I said how can I fix a problem if I don't know that a problem exists. These are real examples. Even after you implement your compliance program, or any program on your process, you have to keep an eye on it. Because people are afraid not to be liked. People are afraid of losing their job. There are so many psychological fears. People are afraid in general of the number of consequences. Still you have to take the fear away. First of all, when I trained people, I said there's no such thing as a dumb question. You can ask me anything you want. I said: "Do you think I have all the answers? I don't have all the answers. But if I can't answer your question, I'll go get a subject matter expert.
Or I'll get you an answer in 24 to 48 hours. Whatever it takes. " Then people are at ease. They're not afraid to ask the tough questions. And you shouldn't be afraid to give them an honest answer, at times. They may not like your answer. But I tell people: "I'm not here to make friends. I'm here to give you…… the right or the wrong. What's the right thing to do or the wrong to do in a situation?" This is situational based training with real-life examples will stick with people for years to come, rather than giving them a "Try this" document."

Participant B 01

"The translation that I always use is: "You know as a private person whether its right or not. If in doubt, then don't do it." That is if you don't have any structural support. If you have a compliance officer in your organization, go there and talk to them. If they then point you to a procedure, like a tool, follow and fill out a tool, take the score and document it, then so be it. The role of the compliance officer… The compliance officer is no more a moral authority than any of us as well. The only thing this guy can do is, he has a better understanding of what Siemens globally wants us to do. Than we might have in our cultural "embeddedment". So they would say :"I know a Siemens employee, all over the world, should address it like this." That's the source of the background that he has. If you are in doubt, he can even pinpoint you how to apply the tools that they have, to follow certain protocols, to document things."

Participant B 03

"What we really induce is dialogue, and very clear and open transparency. We have our own internal compliance coordinator within our division who works very closely with our compliance officer, …, who I'm sure you've met. We generally induce the people who are not sure to drop in and ask the question. Then you have a clear and professional opinion. So our relationship with the compliance office, with the legal department, and we really promote that our staff ask the question when they are not comfortable so that they can know the decision."

Participant B 08

"[…] if you think about doing something, and you're afraid of it; that's when to go ask your compliance ambassador or officer or someone."
The above accounts suggest that participants are not put-off by the program on account of their relationship with the personnel who provide support for it. In the case of Siemens Canada, participants generally described their relationship with the compliance organization as very good to brilliant. Participant A 05 account also describes the general outlook which was fostered within the organization. The general idea is to invite individuals to interact with the compliance organization, to refuse staying in the dark about some issue or being uneasy about something.

This study cannot attest to the relative weight the relationship with the personnel providing support for a program can have on the general appreciation of the program. It does, however, point out that it is a dimension touched upon by the study's participants.

b) Dynamics

Compliance personnel personify the program, in that they are its promoters and point of interface. The relationship built with the individuals who have to apply the program will also influence the overall appraisal of the remolding process. This relationship is initially built during the period the program was diffused, and then it is shaped during the moments when additional training is given or when there are requests for help on a particular issue.

4.2.3. The facet of relating with corporate ethics identity

a) Definition

In the above, the researcher provided descriptions of two facets of the subcategory of appraisal: one pertained to coping with procedures and rules; the other pertained to the relationship with compliance personnel. A third facet transpired from the interviews done with participants: the relationship between individuals and the ideas conveyed by the compliance program. A tentative formal definition of the facet of relating with corporate ethics identity would be: it is one of three facets that the activity of evaluation of the sub process of appraisal considers. This facet looks at the relationship that is established between employees, and the ideas conveyed by the compliance program.

The presence of this facet was apparent by participants using expressions such as: "doing clean business," "if in doubt, don't do it," "do the right thing," "being accountable," "being
transparent," "being responsible," "show integrity," "being fair," "showing due diligence." In addition, there was a constant reference to the scandal of 2006-2007. The researcher faced a distinct challenge upon hearing these expressions: making sense of these catchphrases. The researcher had a number of generative questions: a) what are they alluding to when expressing these ideas? b) is there a core category that can group these expressions? or simply put, c) what is this all about?

The category that was used to group these expressions did not come from the participants per se. Though they were questioned on the meaning of these expressions, the researcher felt that he needed to go further. He did so by examining the company documents at hand. Among these, was the company's 2013 Annual Report. The researcher had coded the document's contents and found that, among the many things it touched upon, it stated how the company defined itself; it described the company's culture, its directions and focus, its values. The researcher grouped these under the category of corporate identity.

The researcher started using the category of corporate identity to designate participant utterances in relation to the scandal and to the ideas they attributed to the compliance program. But feeling that the construct was too broad, he narrowed his focus by converging specifically on the topic of ethics; he started using the category of corporate ethics identity.

In this study, the category of corporate ethics identity refers, first, to the ideas expressed by participants in characterizing the way by which Siemens defines itself in terms of ethics and compliance. From the participants' statements, concisely, Siemens defines itself as a company that was affected by a scandal, and is now doing "clean business." It is responsible, transparent and shows integrity.

It refers, secondly, to a dimension of the subcategory of appreciation. This means that in the present model, corporate ethics identity is one of the three dimensions of appreciation. Now, the generative question was: "it is appreciated relative to what?"

The answer to that question came from three distinct observations. The first was in relation to the scandal which was the justification for setting up the present compliance program. Numerous
participants expressed the idea that the problem of corruption was a phenomenon found outside Siemens Canada, not within it.

Participant A 01

"I think for Canada; it was harder for us to see why we needed to do this because we are already being compliant. We were already doing things the right way. What the program did was add a layer of complexity and additional processes, procedures, steps. For example, for the sales guys, this all came done from Germany. None of this was created in Canada. It was all created by global. Everything that came to us from a compliance perspective came from Siemens Germany, which is the parent company."

Participant A 06

"It was looked upon as an unnecessary evil. Because, as I said, I don't think anybody in Canada felt we had a compliance issue. The other thing, these compliance problems were at a very, very high level within Siemens. They weren't local guys going around doing the evil deeds. These were senior executives of Siemens who has subsequently been fired or on trial or left the company. This was at a senior level. It was not at a lower level."

Participant A 07

"I would suggest that we were somewhat immune from it in Canada. I think that Canadian business culture is different from other parts of the world. Nevertheless, we were subject to the same rule making and policy making. I think it only reinforced what we would do as natural practices anyway. "I think for most Canadians it was, O.K. that's the way we operate anyway. This is not a big deal. We understand that there's going to be some restrictions on certain things or rules. Or additional paperwork. I understand that. It was like asking us to do something that we already automatically do. So it was pretty transparent, open communication after the first couple of months of speculation."

Participant B 02

"I would say in general, yes for Canadian employees, it is a source of pride t to say that they are ethical."
Participant B 03

"Canada historically, and not just Siemens but Canada as a culture is generally a very compliant environment. And I think that the culture that we have as Canadians really supports that whole mindset I would say."

The researcher interpreted these, and other such statements, as indicating that participants the program and what it wanted to accomplish in regard to their perception of themselves. They perceived themselves as being ethical and compliant. Though they are not the problem, they are willing to go along with the program because it adds structure to what they were already doing.

The second observation was to the effect that individuals within Siemens Canada were willing to go beyond what was strictly required by the compliance program.

Participant C 05

"[...] we have a sense of responsibility to community. We have a program for that, outside of our compliance program, outside our corporate values. That is pushed internally as well. I think the honesty, the integrity, terms that we are going to do what's right to the world." "It not just our compliance world. It's everything Siemens does. Those values hit everyone of those topics that we do. Returning back to community, we want to do it the right way."

Why would individuals within the company be willing to go beyond what was strictly required? The statement was interpreted as meaning that it is from the employee's own sense of responsibility, from their perception of themselves.

The third observation was again in relation to the effect that Siemens Canada could have requirements, which went beyond what was required by Corporate Global.

Participant B 08

"In Canada, at a minimum, the German guidelines need to prevail. It would depend on which is the more stringent. In this case, the Canadian guidelines are more stringent than the Global Guidelines that is presented." "So I would say that there's a Global Guidelines on how to treat, and
what individuals must meet…” "And in a country, you are free to provide additional clarification, potentially restrictions, based on your Global Guidelines."

The three above observations led the researcher to understand that the Corporate Ethics Identity was appreciated in relation to a Local Ethics Identity. This category was used to refer to statements where participants expressed the idea of appreciating the Corporate Ethics Identity in relation to the way they perceive their own local sense of who they are. This implied that they judge the global requirements in relation to how they perceive themselves locally.

b) Dynamics

Appraising "Corporate Ethics Identity" means that individuals assess what it is that the company is asking them to be. Before doing so, employees must first learn and understand its contents. They have to acquire a sense of what the company wants to be. The company needs to let them know "this is who we are" and "this is how we do things." It tells employees what is valued within the company, and how employees are to relate with individuals outside of it. Employee appraisal of "Corporate Ethics Identity" stems from establishing whether they are comfortable in associating with the message conveyed by the company. The case of the bribery scandal can serve to illustrate the idea. One concern employees had following the scandal was that customers would associate the company to bad business practices and of being untrustworthy. Employees were adamant; they did not want to be associated with such an image. They were relieved that the program gave a strong message, that the company stood for integrity and clean business.

Employees learn of the Corporate Ethics Identity through various sources; from management statements to the numerous documents the company makes public or posts on its intranet. All of these shape the employee's understanding of the company's ethics identity.

4.2.4. The feature of local ethics identity

a) Definition

The third facet of appraisal, the relationship with "Corporate Ethics Identity," has a specific feature: a "local ethics identity." It serves as the point of reference from which individuals formulate their appreciation of the "Corporate Ethics Identity." A tentative formal definition of "local ethics identity," in the context of the process described here, would be: it is a feature of the facet of relating
with corporate ethics identity. Through this feature, individuals assess the match (divergence or convergence) between their own stance in regard to ethics to the ideas conveyed through the ethics program; though the result is not necessarily a binary yes or no. Data analysis permitted to identify at least two qualities considered in appreciating "Corporate Ethics Identity": palatability and enticement.

Palatability suggests the idea of something agreeable or acceptable. Hence, Corporate Ethics Identity is palatable to local ethics identity to the degree that there is some match between the two. Compatibility is recognised if individuals, locally, are acquainted with the message, sense that the company is committed to its message, that its values are comprehensive, that the message is acceptable even to those outside the company, and that it can be embedded in employees daily routine. These are some factors which make "Corporate Ethics Identity" palatable. A tentative formal definition of palatability would be: it is a quality that individuals refer to when assessing the match between their "local ethics identity" and that of "corporate ethics identity." The quality in question refers to legitimacy. On this point, employees look to see whether: a) the overall message corresponds to the employee's sense of common sense, b) that the company is really committed to its message, c) that corporate values are comprehensive; all encompassing, c) it is acceptable to an outside audience, and d) that it can be embedded in daily routine.

Enticement, for its part, suggests attracting attention. "Corporate Ethics Identity" is enticing to the degree that the message makes the company better, that the company offers support in helping individuals comply with the message, that they are not alone in complying with the message, and feel that the message respects their personal boundaries of autonomy. A tentative formal definition of enticement would be: it is a quality that individuals refer to when assessing the match between their "local ethics identify" and that of "corporate ethics identity." The quality in question refers to relevancy. The quality in question refers to interest or desire for the ideas conveyed. Assessing the enticing aspect of the ideas conveyed consists of considering their worthiness or value-added. In this, employees assess whether the message: a) makes the company better, b) is supported within the company, c) respects personal boundaries, and d) has been adopted by other employees, meaning that they sense not being alone in adopting it.
b) Dynamics

The presence of a feature named here "local ethics identity" allows for the assessment of the facet called "corporate ethics identity" whose contents are conveyed through multiple outlets. Assessment is done in relation to how individuals view themselves locally; which implies that they already have their own sense of identity. Therefore, whenever the company communicates a message to the effect that it values something in particular, individuals assess it in relation to what they already consider of value. As the definitions above suggest, assessment is not something as clear-cut as solely comparing the company's position to that of employees, and determining whether both coincide or are in opposition; whose outcome would be binary: yes or no. Assessment is more nuanced because it is done while taking into account two qualities, legitimacy and relevancy; both of which are composed of several distinctive traits.

The process described here is generated by individuals who are exposed to the embedding process; it is therefore not entirely controlled by the company's efforts. The outcome of this appraisal process is personal, in the sense that it brings each individual to understand his or her relationship with the overall program.

5. CLOSING STATEMENT

The purpose of this chapter was to describe in detail the process by which Siemens integrated its compliance program into the company's existing organizational structure. The overall process was labelled as one of remolding, and highlights the fact that the implementation and integration of a compliance program is not solely an activity planned and orchestrated by the personnel designated by the company. Though the activities that these individuals carry out constitute one part of remolding, what in the model was labelled as embedding, implementation and integration implies a second sub-process, labelled appraisal, which accounts for how employees learn about the program and establish their relationship with its many facets. A peculiarity of the appraisal process is that it is not under the company officers control, though what they do can affect it. Appraisal is a process carried out by employees.

The model presented above shows that during the appraisal process employees evaluate the relationship that they establish with the program: its contents, the people behind it, and how they
integrate it into their daily lives. Of particular note, the model brings to the fore that employees are not passive actors who solely absorb and execute a program's content. They evaluate the programs contents and seek to establish whether the way the company describes its ethics identity corresponds to how they view their own local ethics identity; they compare both. Doing so, they evaluate to see if the program is palatable and enticing, labels which signify that there is a match between the two identities (palatable) and what is proposed by the company is seen as relevant (enticing).
CHAPTER SIX
CONTRIBUTING INSIGHTS

1. ABOUT THE STUDY

To study Siemens' compliance program constituted an opportunity to gain further knowledge about a managerial practice which has spread to a great number of companies throughout the United States and beyond. In fact, the present study describes the processes which transpired through the accounts of individuals who had lived the experience of having such a program firmly implemented within an organization and into their daily experiences.

To carry out the study required going through a number of stages deserving of being reviewed in order to provide a thorough summary of what has been done. Though this last chapter begins by recalling the main points of the study, its main impetus is to discuss the insights the researcher has gained in regards to the reference points which had he previously identified.

2. BUILDING THE STUDY

The question that haunted the researcher from the outset was what was the study all about. He had failed to identify a specific managerial problem to focus on, and all he knew was that he could study a specific company's compliance program. But from what angle? He thought, perhaps; such a study would provide him with some insight as to the developmental stages of such a program. It turned out that he found something quite different: he found employees having to cope with the specifics of a program and a company in the process of clarifying its own corporate identity. But this is not how things presented themselves in the beginning. At the start, the researcher saw a company that had undergone a crisis and was determined to make sure it did not happen again. It developed a program and disseminated it throughout all of its divisions in all the regions of the world. What made this study of particular interest was that the researcher had direct access to the managers that had to live with the program. Throughout the researcher's review of previous studies, this particular characteristic, of talking with the employees affected by a compliance program, was, if not unique, not run of the mill.
Not knowing what to look for at the outset, it was only after the analysis of the first round of interviews that the researcher started to understand what was being said: while individuals were explaining how the program functioned, they were also expressing their relationship to it. They expressed their understanding of the program, their acceptance of it, their reluctance. While listening to the participants, the researcher tried to understand conceptually what they were saying. He tried to visualize the landscape of the elements participants were dealing with. Thus this thesis became the conceptual description and modelization of this landscape.

3. SETTING AND ANSWERING THE RESEARCH QUESTION

It was once that the researcher was in the process of carrying out the study and immersed with collected data and analysis that he came to see clearly the study's real research question: what are the characteristics of the process by which Siemens' compliance program integrated itself into the existing organizational structure and gained employee acceptance? The answer to this question turned out to be a process identified as one of remolding: an integration of new structural elements throughout the existing organizational structure which modifies the way by which all other activities are carried out. This main process is composed of two sub processes: embedding and appraising. The embedding process is carried out by two sets of actors, corporate global and regional compliance, who carry out distinct activities. The appraising process is carried out by employees who learn, evaluate and give feedback about the program. The study highlighted the peculiarities of evaluation. It indicated that employees assess the compliance program in regard to three facets: a) their daily functions, b) their relationship with the compliance organization, and c) their relationship with the "corporate ethics identity." In regard to this last facet, their evaluation is done in considering two qualities: palatability and enticement.

4. THE STUDY’S METHODOLOGY AND FINDINGS

The unit of analysis of this study was the functioning of a compliance program that was developed at Siemens' corporate headquarters in Germany and applied to its regional subsidiary in Canada. The study aimed at developing a better understanding of the workings of the compliance program. Throughout, the researcher was guided by a constructivist grounded theory methodology. This meant that he did not have a preconceived theory that guided him in the questioning of participants, and that he expected that a model would emerge from the analysis of the data. In all,
the researcher interviewed 24 participants during three distinct rounds of interviews. The findings obtained through the analysis of the participants interviews were triangulated in three ways. First, the researcher sought to present a summary account of events and the functioning of the compliance program. Second, the researcher used the computer-assisted qualitative data analysis software (CAQDAS) QSR*Nvivo 10 to code and analyse the contents of the interviews. Thirdly, he doubled checked the analysis by going through a second round of analysis of the interviews. Fourthly, he generated a figure that was progressively refined in order to reflect the researcher's findings. Fifthly, he analyzed the company's public documents as well as various websites in order to gain additional knowledge on the workings of the program and understanding of the company's normative message. Sixthly, he looked through the academic literature in order to verify whether the categories that emerged from the interviews had been addressed in previous studies.

The researcher started his analysis through the process of open coding. This meant that he analyzed the data line-by line with the underlying question of trying to associate data with a category. This process of substantive coding led the researcher to three theoretical codes, which serve to indicate how the substantive codes relate to each other. The three theoretical codes were: a) remolding, b) embedding, and c) situational appraisal.

These three core theoretical categories reflected the dynamics that the researcher was dealing with. The first aspect of the dynamics was the company's will to transform its operations in such a way that every activity carried out by its personnel would reflect the new way of doing things. The core theoretical category of remolding expressed this will. The second aspect of the dynamics was related to the various tasks the company put forward in order to disseminate the program. But dissemination was not the correct wording. The company did not want to just transmit the message to employees. It wanted the message to take root within each individual. It wanted it to be embedded. The core theoretical category of embedding expressed this. The third aspect of the dynamics was related to how employees who were at the receiving end of this corporate effort were relating to the corporate effort. What the researcher observed in the course of analyzing the data was that each individual not only described the program but also how he/she appraised it. The core theoretical category of situational appraisal expressed this observation.
Among the three core theoretical categories, is there one central category? Seen from the perspective of a planned process, the core categories should have been that of remolding and embedding. However, the study was done centrally on the statements given by managers who were affected by the program and had to live with it. The researcher was thus not in the loop of how the program was planned or developed. From this perspective, the central core theoretical category can be seen as that of situational appraisal.

This realization brought the researcher to pursue data collection and analysis with two implicit questions: a) what are the components of the compliance program being appraised by the employees? and b) what elements contribute to a favourable or unfavorable appraisal of the program?

In pursuing to answer these generative questions, the major construct that emerged was that of corporate ethics identity. Yes, individuals appraised the program as far as how it affected their daily operations and how they were to cope with procedures and processes. And yes, individuals appraised the program as far as how they were supported by the compliance department. However, what emerged as central to the study was how individuals related to the corporate ethics identity the company was forging. The corporate ethics identity was looked at favourably as long as it concurred with the local, meaning divisional or national, ethics identity.

5. RELATIONSHIP BETWEEN THIS EMERGENT MODEL TO EXISTING LITERATURE

This study identified two theoretical categories that played a central role in the process by which the individual employee integrates the program the company seeks to embed: situational appraisal and corporate ethics identity. The dynamics between both concepts, as underscored by this study, is to the effect that the individual employee appraises the contents of the corporate ethics identity and integrates them if the elements are palatable and enticing. To the researcher's understanding, this depiction makes a theoretical contribution to several notions employed in understanding the relationship of the individual to a program.
5.1. Relating to program commitment

Only after having developed the model did the researcher realize the potential parallel or link to be made with the construct of program commitment developed by Neubert and Cady (2001). They defined the construct as "a measure of attachment to a specific program or initiative of planned scope within the organization." Of course, the present study did not seek to gauge the level of attachment employees felt towards the compliance program. However, it did stumble upon a component which can contribute to attachment in the cases where the said program is a compliance program.

Their construct was used as the basis for Krug's (2005) doctoral study of the processes that "promote employee commitment to an organization's prescribed framework of ethical behavior...." His study, also carried out by using grounded theory methodology, was done by interviewing 13 ethics officers or ethics and compliance staff. Invariably, his sample population was different from that of the present study and led to a different model from that found here, though not without some overlap in that his model also takes into account that employees do assess programs. However, the present study goes further in the process of assessment in underlining the importance of congruence between "corporate ethics identity" with "local ethics identity" in order to have a favourable appraisal.

5.2. Relating to the construct of employee loyalty

Part of the above discussion on commitment has its source in the work of Kelman (1961) who identified that the construct involved three processes: compliance, identification and internalization. Looking specifically at the process of internalization, Coughlan (2005) makes the point that it corresponds to the construct of "loyalty" in that it is described as a belief in the appropriateness of being loyal to one's organization. He further hypothesizes that one's propensity in being loyal is associated with cognitive moral development (see Kohlberg, 1969).

The researcher brings up the issue thinking that one might be tempted to associate a low level of identification to corporate ethics identity as a lack of loyalty. The researcher acknowledges that this is a valid point. However, the findings do not provide either a positive or negative association. The study was not geared towards such a questioning. Even so, throughout the
interviews, participants did not give the impression of having low loyalty. Then again, they did seem to have a high level of identification with corporate ethics culture in that they already considered that they were observing norms superior to those proposed by the company.

5.3. Relating to the construct of "ethical" climate

The construct of "ethical" climate designates employee perception of accepted behaviour. Victor and Cullen (1988) said that it corresponds to "perceived prescriptions, proscriptions, and permissions regarding moral obligations in organizations," and provided a classification of climate types one would likely find in an organization. This study did not try to identify any particular climate, nor did it try to categorize the company's rules and norms according to a set of criteria. Instead, this study observed that employees appraised the corporate ethics identity as communicated through its compliance program as it related to what they considered their local ethics identity. Therefore, this study's emphasis is not solely on perception but also on appraisal. Secondly, it underlines the idea that individuals relate to identity as part of who they are. This conveys the idea of emotional attachment, which is not present in the construct of "ethical" climate.

5.4. Relating to organizational learning

As previously noted, the study's model suggests that in presenting the compliance program to individuals, these will appraise its content, its corporate ethics identity and compare it to an established local ethics identity. In a certain sense, this means that the company is suggesting to employees to learn new rules and norms which would contribute in developing a new frame of reference. In the academic literature, this process has been labelled by Fiol and Lyles (1985) as "higher-level learning". In their perspective, the concept of corporate ethics identity would be taken as designating a specific frame of reference within the company which it want its employees to adopt.

Huber (1991), who was also interested in organizational learning and the process of "higher-level learning," interchangeably used terms such as cognitive map, belief structure and frame of reference. He signalled out that, point one, these frame of references will shape how an individual will interpret information, and point two, they may vary across organizational units. This corresponds to the present study's observation to the effect that the personnel of Siemens Canada
Limited did not have the exact same frame of reference as what was coming out of Siemens Corporate. Nevertheless, through the program they progressively adopted Corporate's message.

Does the present study add anything significant to the conversation of organizational learning? The researcher would highlight that it points out the importance of individual attachment to identity. The accounts given by participants of the compliance program were not devoid of emotion, even though they were not emotional when providing their observations. Because of this observation, the researcher is somewhat reticent to describe the process of adopting or adhering to the corporate identity as proposed by the compliance program as a form of "unlearning" one frame of reference to learn another. Throughout this study, the researcher did not sense that there was a sentiment of "substituting" one frame of reference for another. One reason being is that they did not feel that there was a substantial difference between their frame of reference, and the one proposed by Global Corporate. Instead, the participants narrative reflected more of a questioning in the order such as "can I relate to this?" In large part, the answer was yes on account they felt what was proposed corresponded to "common sense."

5.5. Relating to organizational change

Wanting to implement a compliance program that "remolds" a specific enterprise is definitely a form of organizational change in that it introduced new structures and new processes into the company's operations. This study does not provide any insight on strategies to use in doing so or how to organize the implementation of change. However, what it does is highlight the importance of congruence between frames of reference. This realization entails that managers should be alert to the need of developing strategies that may facilitate congruence.

5.6. Postscript

This study has previously noted that, for the last thirty-five years or so, more and more companies have introduced compliance programs and ethics programs into their organizations. In trying to determine whether their efforts have garnered the effects they were pursuing, they have referenced different constructs in order to measure how employees, at a certain point in time, relate to these programs. Constructs such as program commitment, ethical climate, employee loyalty, ethical culture were certainly useful for this purpose. However, what these constructs do not
provide is a description of the dynamics by which employees build their relationship with these programs. The present study's originality and contribution to academia are that it does provide such a description. By highlighting employees appraise the programs that are introduced; it identified they had a three-pronged focus: their capacity to cope with the proposed changes, their relationship with the individuals who set up the program, and the program's content. The study also drew attention to the dynamics by which they appraised the program's contents. It indicated that employees compare the proposed "corporate ethics identity" to their "local ethics identity." It also was able to pinpoint that the comparison is done by referring to two qualities (sets of criteria) labeled here "palatable" and "enticing."

In pointing out the presence of such a dynamics, the study suggests that the compliance and ethics programs could be examined from a different perspective than the one suggested by known constructs. Instead of measuring perceptions or commitment levels, done through the use of predetermined criteria identified by researchers, it is possible to initiate a discussion with employees to see what precise set of criteria they use in appraising the program they have to deal with. This approach, more tedious than the use of a simple questionnaire, would surely provide richer information from which managers could find more meaningful insights about their programs. It would provide managers with a better knowledge of employee concerns in regard to their programs.

6. METHODOLOGICAL IMPLICATIONS

Reflecting on the way this study was carried out brought the researcher to appreciate certain challenges, which may present themselves to anyone who would undertake a similar task. The challenges were related to having background knowledge about the topic itself, the danger of erring on the side of description, and the importance of additional sources of information.

6.1. Getting to know the program

Before undertaking the study, the researcher did an extensive enquiry into what constituted an ethics program. He went through numerous documents in order to understand its components and structure. Despite this, he had no knowledge as to the real workings of a compliance program. Therefore, in order to really understand what participants were talking about, the researcher had to
develop a detailed description of Siemens' compliance program. This became a prerequisite for getting to know how individuals reacted to the program.

Throughout the 14 first interviews, participants were asked to explain how the program worked and describe its tools and processes. Proceeding in this way permitted the participants to recount their personal understanding of the program and their particular experience with it. In proceeding in this fashion, in not leading them directly into appraising the program, let them determine what was salient for each of them.

6.2. The importance of secondary sources

Though each participant's accounts did give a good idea of the program, the researcher would not have felt comfortable with his understanding had he not also complemented this information by going through company public documents, and through other complementary information found on the web. Many hours were spent searching the web for documents pertaining to Siemens' compliance program. Eventually, all the information permitted the researcher to develop a deep understanding of the program. The lesson learned is that one should not underestimate the importance of secondary data in carrying out a study of this nature.

6.3. The danger of lack of focus

Because the researcher did try to provide a rich description of the program, there was a possibility of losing focus during the study. After all, its primary aim was not to describe the program. It was to see how it evolved. The researcher had to keep in mind there was a fine thread separating description from identifying developmental markers. After all, as Strauss and Corbin (1998) remarked, the analyst's job is to not solely to provide a description. It is in developing theory. One should be wary in the process open coding, that of line-by-line coding, of losing sight of this imperative.

In the case of this study, the researcher took heed of Bringer et al. (2006) suggestion of transitioning from open coding to axial coding, comparing categories, by the means of using QSR-Nvivo's function of coding stripes. By doing so, the researcher, in effect, moved from rich
description into seeing more clearly what participants were saying. This effort resulted in identifying the founding blocks of the final model.

6.4. Influences of literature

Glaser disagrees with Strauss and Corbin in how literature is to be used during an enquiry. In the case of this study, the researcher was particularly weary of the categories that were emerging from the data during the axial coding phase. The main question that he kept asking himself was whether what he was seeing made any sense. He questioned whether his categories had any credibility. It is this sense of doubt that brought the researcher to examine the literature to see whether anybody had identified a construct that resembled what was emerging. Proceeding in this fashion had two effects on the researcher. First, the fact of finding constructs in the literature gave the researcher confidence in maintaining the emerged categories. Second, it sensitized him to the attributes and properties related to the construct to which he should pay attention to. It provided the researcher with what Strauss and Corbin would call theoretical sensitivity.

6.5. Influences of graphic representation

Axial coding was complemented by resorting to represent graphically how the various core categories related to one another. The development of a figure became a highly influential tool for the rest of the study. Besides permitting the representation of relationships, it also let the researcher take note of the elements that still needed to be identified in order to ensure the internal logic of the emerging model.

7. MANAGERIAL IMPLICATIONS

The study's model relates processes and actors who interact in the context of the company's compliance program. In this, the features and relationships which were described have managerial implications. These are twofold: a) on the role played by actors, specifically global corporate compliance, and local compliance, and b) on specific practices, particularly in relation with communications genres, with training, and with compliance tools.

General concern is that all employees have a complete understanding of the company's ethics identity, and by ricochet of what the compliance program promotes and requires. On the
latter point, the researcher felt that all participants were cognizant of the compliance program, though some had to admit not knowing certain tools. On the former, the researcher felt that there was room for improving employees understanding of the corporate identity. First, they knew what the company's values were, but were not necessarily at ease in defining them and relating them one to the other. Second, their knowledge of the company's vision seemed less informed. On several occasions, the researcher felt that he was informing the participant of what the company's vision was, or perhaps they knew it and had forgotten. Third, about the company's vision, nobody seemed to know what the researcher was talking about. These three observations led the researcher to propose certain actions, which may help the company in improving employee understanding of the company's ethics identity.

Insofar as the role played by local corporate compliance located in Germany, there should be heightened awareness that they are the ones who shape the company's corporate ethics identity through its various communications genres. The quality of these, in terms of clarity, coherence, and completeness, impacts employees' understanding. The researcher feels that there presently is room for a review of the company's communications to determine coherence and completeness of its message.

The local compliance organization, in Canada, of course, plays the role of implementing the program's specifics in the country. Even so, it is more than just a transmitter, in that acceptance of the program is also dependent on the relationship built between employees and the compliance organization. From what the researcher could determine, local compliance has succeeded in this. They need only to stay aware of the importance of this factor.


The first recommendation has to do with Siemens Business Code of Conduct (BCG). Siemens initially introduced its Business Code of Conduct (BCG) BCG in 2000 and, to the researcher's knowledge, it has been since then updated three times. During the two first rounds of interviews, the researcher asked participants whether they used the BCG. The answer surprised him. He learned that it was a reference tool not frequently accessed. Some explained that this was
the case because they knew its contents and did not need to reference it when making decisions. Some did say they used it frequently, just as others said they did not need it.

The researcher's first recommendation is to effect that the company should undertake a study to determine the real usefulness of the document. When is it used, when is it referenced, and by whom? It should also seek to verify what information is sought when employees reference the document and whether it provides them with the information. The rationale for this study is to make sure that the document has significance and usefulness for employees in the workplace.

The researcher's second recommendation, whose pertinence would be dependent on the recommended study's findings, is that it becomes an integrative document. It should clearly state the company's mission, vision and values. It should provide the reader with clear definitions of the company's values and how they relate to one another. It should also integrate the principal tools used by compliance. These should be presented and explained as a company-wide source of reference on how, when and why to use them.

A third, though trivial recommendation, has to do with dating the BCG. The 2014 edition of the BCG signed by the current president and CEO had as its title "Business Conduct Guidelines 2009." This gives the reader the impression that the document was prepared with haste and makes one wonder of its true importance.

7.2. Communications: clarify the company's values

In its 2006 Annual Report, the company introduced what it called its five corporate principles. In its 2007 Annual Report, it introduced its three core values. In its 2014 BCG, the three values were not identified as core values, and other values seemed to be suggested. So what are Siemens' values? Participants pretty well knew the three core values, (responsible, innovative, excellence) though were not really able to provide a definition of them or how they related to one another. However, a reading of the 2014 BCG states that "Siemens has stood for fairness and integrity, engineering skills, quality and innovation. Along with sustainability and responsibility, these values will continue to inform how we act in the future…" Does this mean that Siemens has abandoned its core values and replaced them with other values? If this should be the case, then it
should inform its employees. And what about the core principles that company introduced in 2006? Are they now defunct?

The researcher is not suggesting that the company should never change its values. It has the leisure of clarifying the message of its corporate ethics identity, as it has done progressively since 2000. However, the researcher does point out a disconnect between what employees know and understand as being the company's core values and what is suggested in the 2014 BCG. Considering the importance employees attributed to identity, it would seem imperative that the company clarifies its position. And it should do so also in the future. Any change in values should be announced to employees with fanfare, pride, and a rationale.

7.3. Communications: clarify the company's vision

In its 2011 Annual Report, the company stated that its vision was of that of being a pioneer, which it explained meant "...embarking on new paths, forging ahead into uncharted territory and continually blazing new trails in developing and marketing innovative products and solutions that meet our customer's needs." This vision is absent in the 2014 annual report. In this report, the word vision is solely associated with the orientation called "Vision 20/20." As stated before, the company has a right to change its vision. However, it should do so by stating clearly that it has a new vision and explaining the rational for the change. Again, this request is not solely to please an external audience. It is in providing employees with information that permits them to know what the corporate ethics identity is. To ignore this is to risk confusing people about what the company stands for.

7.4. Training: general

Participants underlined two aspects when asked to talk about the training they were receiving on the topic of compliance. The first indicated that they considered training as a way of refreshing one's memory. This suggests participants estimate having acquired sufficient knowledge about the compliance program and its workings. Refreshing one's memory meant keeping the topic alive and ensuring that new personnel learned what the program was about. The second concerned the use of scenarios. According to their accounts, they were pleased that training about compliance reverted to using scenarios. They felt challenged by the questions, in that they were required to use
their best judgment. What is unclear to the researcher is to what extent their judgment was tested in relations to the basics of the laws applicable in various situations or in relations to Siemens values, mission and vision. Neither was he able to identify the extent to which the company's BCG was referenced throughout these trainings.

Conditional to the overhaul of the BCG as suggested previously, the researcher suggests that the company continues using scenarios in relation to compliance topics. It should also, if it is not presently done, suggest scenarios which bring into question the company's values, mission and vision. Discussions on the scenarios should then be related to the BCG in order to demonstrate that the document is truly a guide to be referenced whenever one is required to show judgment. Doing so would surely enhance employee's understanding of the company's ethics identity.

7.5. Training: integrity dialogue

Participants were questioned about the training called "integrity dialogue." Their account of these mandatory annual meetings between a supervisor and his/her or her staff was to the effect that the supervisor used talking points prepared by the compliance organization. However, their accounts did not indicate that there was truly a "dialogue," a discussion on points of compliance. Neither did their accounts indicate that the BCG was used nor referenced during the sessions. The researcher suggests that the talking points offered by compliance to the supervisors have a component where the BCG is necessarily referenced throughout discussions. Again, doing so would contribute to the employee's understanding of the company's ethics identity.

7.6. Compliance tools

Participants were asked whether the various compliance tools constituted a burden or a non-factor in carrying out their daily activities. The impression given was that at first the procedures seemed time-consuming and arduous, and progressively individuals considered them as normal bureaucratic requirements. Even so, some participants voiced that certain tools, without being specific, had some internal bugs, which made working with them frustrating. Eliminating the internal failings of these tools, though perhaps minute, would evidently contribute to a greater acceptance of the program.
7.7. Clarifying the program's orientation

The present study previously laid out a time line of ethics genres,\textsuperscript{13} which indicated that the company considered that its compliance program shifted in 2009 from being rule based to being value based. However, interviews done with participants generally failed to pick up on the nuance between both types of positions. Their comments did not impress a feeling that the company's core values were the main reference point in taking decisions. This observation brought the researcher to question the program's true proclivity?

In thinking about this question, the researcher remembered a statement made by Stefan Hoffman-Kuhnt to the effect that having worked at Siemens, he had contributed in building a "best-in-class" compliance program, a world standard.\textsuperscript{14} This memory brought the researcher to wonder what exactly is a "best-in-class" compliance program? By what standard can somebody declare that a compliance program is "world-class?" Perhaps Goelzer's (1997) paper provides an answer: it would be a program which meets FCPA requirements. More specifically, "an "FCPA compliance program" means a single, documented, corporate plan designed to reduce the likelihood that the company will engage in violations of the anti-bribery provisions of the FCPA, and to detect such violations and bring them to the attention of senior management, if they occur." That FCPA provisions be the standard for a compliance program should be understandable considering, as Salbu (1999) pointed out, "for over two decades the FCPA's anti-bribery provisions were the only (effective) legislation of their kind in the world."

If Siemens had succeeded in establishing a compliance program which met FCPA standards, in so gaining the status of being "world class," what would justify a switch in changing from rule based to value based? And how could a program which was introduced in 2007 make such a switch in merely two years? What concrete measures were taken to make it so? All the questions raised here should incite Siemens to provide answers (meaning explaining themselves in their public documents), and take appropriate actions (meaning alerting employees about the differences between the two positions), which would lend credibility to their assertion.

\textsuperscript{13} See section 4.3.1.1
\textsuperscript{14} See section 1.3
7.8. Sum up

Siemens' compliance program is without doubt bound to see changes with time. These changes will present employees with the challenge of having to learn and understand the changes, to integrate them into their daily activities and feeling comfortable in doing so, and also accepting the rationale behind them. The model that emerged from the findings of this study suggests that changes to the compliance program should pay attention to and consider the remolding process. More centrally, those responsible for implementing changes should consider the appraisal process which takes account of three facets: the ease in coping with the changes in an employee's daily functions, the relationships between the change team and employees, and more centrally, the relationship between "corporate ethics identity" and "local ethics identity." In the latter, they should be aware that employees refer to two qualities when comparing these identities: palatability and relevancy.

The implementation of the suggestions offered in the above sub-sections should therefore be done by paying attention to the dynamics of the present study's model. For example, a change in the company's vision statement, would constitute a change of the "corporate ethics identity" (minor or major, depending). Should the company expect from employees to automatically fall in line? Though this is the company's expectation, employees will appraise the change by comparing the "corporate ethics identity" to their "local ethics identity." The comparison will be done based on palatability and relevancy. Company personnel responsible for implementing the changes should anticipate this dynamic and prepare their presentations accordingly. Doing so would certainly facilitate understanding and general acceptance.

8. LIMITATIONS

The researcher acknowledges that the findings of this study are related to its sample population, which consisted mostly of managers of a national subsidiary having to live with a compliance program imposed by a multinational corporation. The study's model, therefore, reflects the dynamics of a relationship between three parties, in this particular case global corporate, national/regional, and employees (managers). The researcher suspects that some model elements might have to be modified if it were used to understand the dynamics of a national company with multiple national units. Perhaps this would have been possible had the company provided him with
the documents he had requested: (such as mission statement, vision statement, copy of all versions of the BCG.)

9. FURTHER RESEARCH

By highlighting the importance of ethics identity, be it whether corporate or local, sheds light on a dimension that Appiah (2010) had previously pointed to when talking about social identity: the importance of respect and the need for esteem. He pointed that "we humans beings need others to respond appropriately to who we are and to what we do. We need others to recognize us as conscious beings and to acknowledge that we recognize them." He further points out that people do not do what's right only because it is right, as what Immanuel Kant (2002) would recommend. What is suggested is that people do not act morally solely out of a sense of duty, but also in relation to their identity: their honor, esteem, respect. Appiah's insights are somewhat reflected in this study's findings. One particular avenue for future research would then be to probe further into how ethics identify; one's sense of esteem; one's feeling of being respected relate to one another in an organizational context. Another would be to clarify whether if by postulating the existence of a "local ethics identity" whether it takes away credibility from the view of man as a rational maximizing agent, view used to justify the limitation of corporate social responsibility to the sole function of maximizing shareholder wealth. Are there other avenues worth considering? The researcher thinks there are and mentions, in the following subsections, projects that he thinks might interest academia in general, and those which interest him in particular.

9.1. For academia: relating to Kohlberg's model of moral development

It is true that by looking at a company's compliance program this study underlined the importance of "corporate ethics identity" and "local ethics identity." The researcher makes the assumption that these are also present when a company has an ethics program. From this assumption, the researcher suspects that they make play a role in individual moral development.

Kohlberg's model proposes stages of individual moral development according to how an individual views a dilemma. A person's stage of moral development is assessed according to the rationale used in explaining their behavior. Trevino (1992) pointed out that the first stages of the model are somewhat elemental. The latter stages are either consequentialistic or deontological
stances. With this as a background, the researcher asks where does ethics identity come into play in this conversation?

Corporate ethics identity derives from the construct of corporate identity. Albert and Whetten (1985) defined it as a shared understanding of an organization's character. Later, Balmer and Wilson (1999) noted that its key element where the values held by a company's personnel. In essence, then, identity is a way of seeing things where values play a central role. And later still, Whetten (2006) reviewed the construct in order to clarify its validity.

These definitions of course shed light on the notion of identity. However, looking back at how participants expressed themselves, it would seem that the point to emphasize is the notion of "who we are." Though the researcher did not outright gauge the participants on this particular point, they did express the idea of how they viewed themselves. And they explained that the rationale behind their behaviour and decisions were related to their perception of themselves.

The researcher esteems that the elements related to this definition introduce a new twist to the conversation of moral development. It suggests that an individual can judge a situation or explain his/her or her behavior by referring to how he/she views him/herself in the world. The implication of this is that one's ethical stance, either consequentialistic or deontological, is complemented by one's understanding; one's identity.

This suggests that the rationale used by an individual to explain behaviour may be related to the person's ethical stance or even by the person's sense of identity. This idea is not really novel. In a certain sense, this idea is evocative of the idea expressed by Haidt's (2012) moral matrix or even be suggestive of Frank's (2004) explanations of why groups of individuals take decisions that are counter to their material interests. Their sense of identity matters and influences their decisions. A topic for further research would be to clarify whether the concepts of "corporate ethics identity" and of "local ethics identity" are expressions of what Pratt and Foreman (2000) termed "multiple organizational identities." Are they distinct manifestations of many conceptualizations regarding "what is central, distinctive, and enduring about the organization?" If so, are they manageable as Pratt and Foreman (2000) suggest?
9.2. For academia: relating to stages of ethics concern development or corporate moral development

At the outset, this study was geared towards identifying the stages of how the concern for ethics evolved within a company that introduced an ethics compliance program. What the researcher did not account for was that in the case of Siemens, the program was developed in Germany and that his access was strictly limited to people working at Siemens Canada Limited. This constituted a limit for this study that the researcher only came to realize while in the process of carrying it out. It meant that he did not have access to the information that would permit him to identify the various stages of development.

Despite this, could it have been possible to describe the evolution of the concern for ethics within Siemens Canada? The researcher doubts this would have been likely considering that the regional compliance personnel was involved in embedding the program, not in setting its orientations.

This is not to say that the researcher had no insight as to how the ethics concern evolved within the company. In the course of trying to understand the compliance program's message, the researcher did have to go through public documents that Siemens provides on its website. This allowed him to consult the company's annual reports from the years 2000 to 2014. What is particular in the case of Siemens is that the company tends to put all public information into the annual report. It therefore is an all-encompassing, comprehensive document.

The examination of the annual reports let the researcher identify the years when certain specific messages were made public. For example, the company made public what seemed to be its first vision statement in 2005. It made public its corporate principles in 2006, its core values in 2007. It stated in 2009 that the compliance program shifted from rule based to value based. It presented a new vision statement in 2011. Finally, in 2014, the company made public it's mission statement.

To the researcher, these various chronological markers do not indicate differing stages in the development of ethics concern. The data does not permit the researcher to assert that these
developments indicate shifts from one stage to another. Instead, the researcher sees that in the 15 year time span considered for this study, the company introduced a number of clarifications to its corporate ethics identity. The researcher tends to consider that the company took these 15 years to firmly establish its corporate ethics identity, to discover how it wanted to be portrayed.

This observation led the researcher to a new reading of the Reidenbach and Robin (1991) model of corporate moral development. According to them, corporate moral development designates shifts in management attitudes and approach as reflected in a company's management philosophy, attitudes, values, and ethics artifacts (such as documents). They surmise that a researcher can deduce the moral development of an organization by examining these variables.

Let us suppose for a moment they are right; that a researcher can deduce the moral development stage of a company. What then can be said of Siemens? According to them, when a company expresses the idea of "wanting to do the right thing" and that top management values become organizational values, then the company has attained the fourth highest stage: the emerging ethical organization. When a company "has a balanced concern for ethical and economic outcomes," then it has attained the highest stage, that of the ethical organization. After having interviewed 24 managers of the organization, the researcher can assert that they made statements reflective of these two highest stages.

These observations put the present researcher face to face with a paradox. How can a company that has, according to Reidenbach and Robin's model, attained the highest stages of moral development not have a fully articulated corporate ethics identity, in the sense it is still being elaborated and that the company message is yet to be completely understood by its managers? This researcher comes to think that Reidenbach and Robin's model constitutes an interesting proposition, that of classifying a company on the basis of the contents of its message. This can surely provide one with interesting information. However, it overlooks the dynamics between the corporate message and managers' understanding and acceptance of it.

What their particular study highlights is that stages of a company's moral development is one dimension of the dynamics of how ethics plays out within a company. Understanding and
acceptance of the message, as underscored by the present research, is another dimension. And perhaps it could be conceivable to propose stages or levels of understanding and acceptance. For the present researcher, statements made by managers show variance in the understanding of the corporate message and variance in overall acceptance; which leads him to think that this could be done. This could be an avenue for further research.

9.3. For the researcher: future possible enquiries

Before undertaking this study, the researcher claimed that it would be "exploratory." What exactly did this mean? Jaeger and Hallidary (1998) opposed "confirmatory" research to "exploratory" research, saying that the latter serves to gain new insights from which new hypotheses might be developed. What kinds of insights? Peshkin (1993) identified that research can produce six different types of insights: a) it can engender new concepts and elaborate existing ones, b) it can show how to change behavior, c) it can refine knowledge, d) it can serve in problem finding, e) it can clarify and understand complexity, and g) in the tradition of Glaser and Strauss; it can serve to develop a theory. The researcher asserts here that, in effect, this study, following the tradition of Glaser and Strauss, was exploratory in that it provided the opportunity to gain an insight leading toward the development of a model which describes the dynamics of a process by which a compliance program was integrated into a company's organizational structure.

Though this particular insight contributes to the body of knowledge concerning compliance and ethics program, there still remains much to learn about them through other insights suggested by additional studies. Now, the researcher is still very conscious of the lesson learned while undertaking the present study: companies are reluctant to having their programs studied. So his ambitions should stay realistic. Nevertheless, the researcher is not deterred, and the present findings inspire him to seek further knowledge about them, all while taking into account what it has already learned. One study project of interest would consist in studying the process by which an organization constructs its ethics identity and then tries to integrate it into its operations. Such a study would imply having to describe the contents of the identity, and also describe the dynamics of the process by which the organization constructed it. It would entail discussing with the people involved throughout the process about the issues they considered of concern which contributed in shaping the company's ethics identity. It would try to understand what led them to interpret the
issues in the way which brought about the identity. As with the present study, the researcher would seek to identity the facets, features, qualities which constitute the dynamics of the process. The researcher estimates that the findings of such a study would provide a more complete picture of the dynamics surrounding a compliance or an ethics program, especially by comparing them to those of the present study.

A second study project the researcher would endeavor to take on would be to see how a company's ethics identity and its compliance or ethics program are intertwined. The idea behind this study would be to see if there are feedback loops between the process by which a corporate ethics identity is constructed and the management processes which constitute the company's compliance or ethics program. Whether there are feedback loops or not, the study would try to describe the dynamics between the two.

A third study project could take one of two forms and would require identifying the characteristics of companies "local ethics identity" to establish whether its degree of homogeneity or heterogeneity. Of course, such a study would necessitate looking for a company which possesses multiple facilities (manufacturing or otherwise) in various regions. One form of the study could be to see if homogeneity or heterogeneity facilitates or hinders the integration of a compliance or ethics program. A second form would be to ask a reverse question; to see if a compliance program contributes somehow to homogenize the various "local ethics identities."
CHAPTER SEVEN
EPILOGUE

The reader has undoubtedly wondered why this section is titled "epilogue" and not "conclusion." The reason is that the researcher was influenced by Glaser (2012) who wrote that, once a study using Grounded Theory methodology is completed; the next step consists of sharing its findings with what he called the "invisible college." Doing so allows for others to take up the discussion on the study's insights, as well as being an opportunity to succinctly summarize what has been done. In a sense, the spirit of this section is, therefore, not of "concluding"; it is of beginning a discussion to inspire new studies, undertaken either by the present researcher or fellow colleagues. It is at the same time a nod to the book written by Glaser and Strauss (1967) whose last section was also titled "epilogue." So what is there to say?

First, a researcher needs to feel that the study's topic is relevant. In this case, the researcher reiterates that the study of ethics and compliance programs is a legitimate concern in the field of business management. It is a relatively new management practice which many companies have taken up in the last 35 to 40 years. Solely on these grounds, it is worth looking into. And the simplest questions of who, what, why, and how remain relevant study questions because this basic information is still not heavily documented in academia. The present study is therefore, minimally, a contribution to a body of knowledge still in great need of additional inputs.

Second, a researcher should expect to meet challenges and surprises in the course of preparing and carrying out a study. He or she should be cognizant that he or she will need to find strategies in dealing with the challenges that come along. This study was no exception. The researcher had chosen to study a program under the angle of "how": about the process by which a program is implemented. Now ordinarily, at this point, a researcher elaborates a research question which is then used as the study's beacon. However, a characteristic of the DBA program is that a study's research question is usually inspired by a need or an interest expressed by the organization which accepted to partake in it; in this case Siemens Canada Limited. How did this company express its need or interest? It was, to paraphrase their answer, "show us something about the compliance program that we don't already know." This particular answer represented a challenge
because the researcher had to figure out what to look for (the research question) which might be of interest. The researcher is grateful to his two supervisors, Michel Dion and Paul Prévost, who thought up of a strategy that could be called "piggybacking": taking a cue from the work done by other researchers on a somewhat related topic. This resulted in the first iteration of the research question (though not the definitive one to which this study answers) that wanted to study the stages of organizational moral development the company had gone through. The choice of this question explains why the researcher's reference points put such a strong emphasis on various development models. And it was an excellent question, except for one thing, and this was the surprise. The individuals being interviewed were not talking to that question; they were talking about something else. And it was only during the analysis of the interviews of round 01 that the researcher took notice of the discrepancy. He realized that the research question could only be answered by interviewing a different set of participants. Those who were actually partaking in the research were, in fact, describing something else. This brought the researcher to restate the research question in the following terms: what are the characteristics of the process by which Siemens' compliance program integrated itself into the existing organizational structure and gained employee acceptance?

Third, a novice researcher that chooses to carry out a study using Grounded Theory Methodology (GTM), with the objective of answering a research question, should expect to go through a number of learning experiences. For example, the present researcher remembers having read at some point that GTM was a form of pattern matching. Well, his experience of GTM is not of "matching" patterns; it was of identifying an underlying pattern contained within the collected data. If at first GTM requires coding interviews, a researcher would be mistaken in thinking that's all there is to it. On the one hand, the present researcher had to constantly remind himself that he was looking for a core category which would make sense of all the collected data. He had to look for a category, or set of categories, which would make sense not only of the codes of round 01, but of rounds 02 and 03 as well. And codes of one round are not easily comparable to those of the others, especially when the researcher modifies the questionnaire with each round in order to gain depth. On the other hand, the researcher had to learn and acquire the same level of understanding of the subject matter as the participants had. He could not settle for being an "objective" or "neutral"
analysis. He had to immerse himself with the subject matter, swim with it in order to detect the underlying currents.

Fourth, a researcher using GTM should be grateful it's characteristic is of making constant comparisons between the data collected in one round with that of another. This turned out to be extremely important in the present study because otherwise the researcher would have missed what turned out to be the most revealing finding: local ethics identity. In fact, hints of this construct were present in the study's very first interviews. However, the researcher initially dismissed it as a form of prejudice. It was only through constant comparisons with additional data coming from subsequent rounds that the information in round 01 came to shed all its light.

Fifth, the present researcher experienced a great deal of insecurity during the analysis phase of GTM. All along he asked himself the questions: "Am I seeing things that are not there?" "Is this just my imagination?" This insecurity led the researcher to constantly refer to what had been written in academic journals, to verify whether what he was observing had been seen before. At the same time, the contents in the academic journals inspired the researcher with additional generative questions, which were helpful in adding depth to the study.

Sixth, a researcher using GTM has to accept that his or her contribution to scientific knowledge corresponds to that of a stepping stone which others may walk on in for their own studies. In the present case, the stepping stone is that of a model which describes the process by which Siemens integrated a compliance program to its existing organizational structure. The process was identified as being one of remolding: the integration of a new structural element throughout its existing organizational structure, modifying the way by which all other activities are carried out. The process contained two sub processes, embedding and appraising, each comprising a number of activities. In the case of embedding, these would be developing, transmitting, monitoring, disseminating the program, as well as providing training and feedback. In the case of appraising, these would be learning about the program, evaluating it and providing feedback.

The peculiarity of the present study, perhaps part of its originality, is the depth with which it goes into describing the appraisal process. It was able to identify that this sub process consists in
assessing three facets: daily activities (situational appraisal), the relationship with the compliance organization, and the relationship with the company's corporate identity. About this last facet, the study was able to dig even deeper in describing how individuals assess a company's corporate identity. It is done by comparing it to a "local ethics identity," by which individuals assess the match between their own stance to ethics, and the ideas conveyed through the compliance program. This comparison is done along two sets of qualities: palatability and enticement, both of which consider a number of factors.

These findings are sufficiently detailed as to warrant further research. This is where the "invisible college" should get involved in order to see what additional mileage could be garnered from this particular insight.

Seventh, once a researcher has developed a model, he or she should take on the additional task of experimenting with it in order to illustrate its potential in academia and usefulness for practitioners. The plans that the present researcher has stated in section 6.5 would serve this purpose. But why should others also consider the insights of this study for their own research? The present researcher's answer is that the model invites future studies to look at ethics and compliance programs from a new perspective. The model does not paint a picture of an organization's ethics climate nor its ethics culture. Instead, it invites other researchers to consider how individuals relate to multiple facets of an ethics or compliance program. In the case of the present model, there are three facets. But perhaps a future study would find that there are more than three. Or perhaps a future study would detail even further how employees relate with the ethics or compliance organization. Perhaps also…. The variations on these themes are numerous. Therefore, these simple examples illustrate the potential for additional studies whose contributions would serve to refine the present model or show how it relates with other constructs or variables. And why should practitioners also consider the study's insights? The researcher can think of at least two reasons. First, any company which entertains the idea of implementing an ethics or compliance program can use the model in the developmental stages of the project. It would benefit from anticipating employee acceptance by knowing the dimensions and factors they should consider. Second, the model cries very loudly "take care in building the corporate ethics identity." It is not something that is just thrown at employees. It is something that needs to be developed and nurtured carefully.
Why? Because employees appraise it, and relate to it. It should not be improvised, and company officials should take great care in making sure that it is coherent and well explained. Third, by considering the model's insights, a company can develop a different set of questions by which it can gauge ethics or compliance within its organization.

As it was outlined at the beginning of this section, the end of this study is only a pause, not a conclusion. The seven considerations mentioned above serve more in preparing further studies than in being this one's last words. They suggest that the present study's findings offer opportunities, which should invite others to pursue research projects by taking into account the specifics of the proposed model. They also suggest that the model has contributed to the body of knowledge concerning ethics and compliance programs.


ANNEX 1
Compilation of ethics program activities synthesized from universal standards

1.0 What
1.1 Program planning/objectives
   1.1.1 Standards to be considered
      1.1.1.1 Industry practice
      1.1.1.2 Standards of governmental regulation
      1.1.1.3 Company mission & values
      1.1.1.4 Concerns / organization’s voluntary obligations
      1.1.1.5 Ethical culture
   1.1.2 Other considerations
      1.1.2.1 Discipline
      1.1.2.2 Resources available
   1.1.3 Who should write them
      1.1.3.1 Compliance officer
      1.1.3.2 Operational managers
      1.1.3.3 Board of directors
      1.1.3.4 CEO
      1.1.3.5 Senior management
   1.1.4 What the program should do
      1.1.4.1 General program objectives
      1.1.4.2 Functional objectives
   1.1.5 Categories of documents
      1.1.5.1 Standards of conduct
      1.1.5.2 Policies (including ethics policy)
      1.1.5.3 Procedures
      1.1.5.4 Protocols
      1.1.5.5 Code of ethics
      1.1.5.6 Rules & regulations
      1.1.5.7 Written statement
   1.1.6 Dissemination
      1.1.6.1 To whom
         1.1.6.1.1 Employees
         1.1.6.1.2 Agents & contractors
         1.1.6.1.3 Direct & indirect stakeholders
      1.1.6.2 How
         1.1.6.2.1 Booklet
         1.1.6.2.2 Internet document

2.0 Who
2.1 Program Governance Structure
   2.1.1 Roles and responsibilities
      2.1.1.1 Governing authority board
         2.1.1.1.1 Board ethics & compliance committee
2.1.1.2 High level personnel
   2.1.1.2.1 Senior managers ethics committee
   2.1.1.2.2 Cross functional compliance committee
2.1.1.3 Specific individuals
   2.1.1.3.1 Ethics /Compliance Officer
   2.1.1.3.2 Responsible executives
   2.1.1.3.3 Line management
   2.1.1.3.4 Responsible for periodic status of the management system
   2.1.1.3.5 Local ethics & compliance officer
   2.1.1.3.6 Employees
2.1.1.4 Exclusions
2.1.1.5 Ethics /Compliance committee

3.0 How

3.1 Program implementation /dissemination
   3.1.1 Create awareness
      3.1.1.1 Training
         3.1.1.1.1 To whom
            3.1.1.1.1.1 Governing authority
            3.1.1.1.1.2 High level personnel
            3.1.1.1.1.3 Substantial authority personnel
            3.1.1.1.1.4 Organization employees
            3.1.1.1.1.5 Organization agents
         3.1.1.1.2 Identify training needs of each category
            3.1.1.1.2.1 Based on an assessment of gaps in employee
                              knowledge and competence
   3.1.1.3 Methods of delivery
      3.1.1.3.1 Training program
         3.1.1.3.1.1 By whom
         3.1.1.3.1.2 Format
            3.1.1.3.1.2.1 Lectures & seminars
            3.1.1.3.1.2.2 Discussion techniques
            3.1.1.3.1.2.3 Educational material
            3.1.1.3.1.2.4 Technology
               3.1.1.3.1.2.4.1 Videotape
               3.1.1.3.1.2.4.2 Computer based
               3.1.1.3.1.2.4.3 Internet
               3.1.1.3.1.2.4.4 Videoconference
               3.1.1.3.1.2.4.5 Training sessions at
                              regular scheduled
                              meetings
         3.1.1.3.2 Content
            3.1.1.3.2.1 General
            3.1.1.3.2.2 The meaning and necessity of compliance
                              and ethics
3.1.1.3.2.3 The detrimental effects of unethical and irresponsible behavior
3.1.1.3.2.4 The function and responsibility of each individual
3.1.1.3.2.5 Sanctions applied in case of violation
3.1.1.3.2.6 Standards and procedures
3.1.1.3.2.7 Specific issues
3.1.1.3.2.8 Improvement objectives
3.1.1.3.2.9 Practical and readily understood by employees
3.1.1.3.2.10 Relevant to day-to-day work of employees
3.1.1.3.2.11 Decision making

3.1.1.4 Training means
   3.1.1.4.1 Publications
   3.1.1.4.2 Promotional materials
      3.1.1.4.2.1 Pamphlets & in-house material
      3.1.1.4.3 Ethics campaign & promotional programs
3.1.1.5 Frequency
   3.1.1.5.1 Ongoing from the time of induction
3.1.1.6 Methods for testing employees learning
   3.1.1.6.1 Assessed for effectiveness
3.1.1.7 Updated as required
3.1.1.8 Tracking
   3.1.1.8.1 Documentation
   3.1.1.8.2 Records
3.1.1.9 Annual performance evaluation

3.1.2 Facilitate participation
   3.1.2.1 Communication and internal reporting
      3.1.2.1.1 Communication between ethics officer and employees
         3.1.2.1.1.1 Reporting means
            3.1.2.1.1.1.1 Hotlines
            3.1.2.1.1.1.2 Emails
            3.1.2.1.1.1.3 Newsletters
            3.1.2.1.1.1.4 Suggestion boxes
            3.1.2.1.1.1.5 Exit interview
            3.1.2.1.1.1.6 Surveys
      3.1.2.1.2 Document information
      3.1.2.1.3 Access to supervisor & ethics officer
         3.1.2.1.3.1 General procedure
         3.1.2.1.3.2 Supervisor as first in line of communication
         3.1.2.1.3.3 Open door policy
      3.1.2.1.4 Anonymity of complaintants and whistleblowers
         3.1.2.1.4.1 No retaliation policy
         3.1.2.1.4.1 Protect privacy of individuals
3.1.3 Encourage commitment

3.1.3.1 Incentive to perform in accordance with program
  3.1.3.1.1 Ethics & compliance culture
  3.1.3.1.2 Top management’s responsibility
  3.1.3.1.3 Participation in training programs according to annual requirements
  3.1.3.1.4 Reward employees for appropriate use of established reporting system

3.1.3.2 Disciplinary measures
  3.1.3.2.1 Engaging in criminal conduct
  3.1.3.2.2 Failing to take steps to prevent or detect
  3.1.3.3.3 Failing to comply with training requirements

3.1.3.3 Respond to violations
  3.1.3.3.1 Issue management
    3.1.3.3.1 Process, escalate & manage incidents
    3.1.3.3.2 Resolve issues
  3.1.3.3.2 Special investigation
    3.1.3.3.1 Determine need/scope of investigation
    3.1.3.3.2 Create investigation team
    3.1.3.3.3 Plan investigation
    3.1.3.3.4 Execute investigation plan
    3.1.3.3.5 Communication investigation results & follow-up
  3.1.3.3.3 Crisis response
    3.1.3.3.1 Execute crisis & emergency
  3.1.3.3.4 Discipline and disclosure
    3.1.3.3.4.1 Discharge discipline
    3.1.3.3.4.2 Disclose findings
  3.1.3.3.5 Remediation & improvement
    3.1.3.3.5.1 Modify program for improvement
  3.1.3.3.6 Have policies and procedures
    3.1.3.3.6.1 Investigation procedures
    3.1.3.3.6.2 Corrective measures
    3.1.3.3.6.3 Communication information to appropriate authority
    3.1.3.3.6.4 Document all actions before case is closed

4.0 Upgrade

4.1 Program Improvement
  4.1.1 Monitor
    4.1.1.1 Evaluate conformity to legal and regulatory requirements, the content of the Code, and customer contractual requirements related to social and environmental responsibility
      4.1.1.1.1 Determine schedule, resources allocated and data to be collected
      4.1.1.1.2 Establish process that review how policy and legal requirements are being implemented
    4.1.1.2 Corrective action
4.1.1.2.1 Determine cause of the irregularity
4.1.1.2.2 Determine and administer the required corrective action
4.1.1.2.3 Perform a follow-up audit in order to determine whether the corrective action has been affected
4.1.1.2.4 Record and document the action

4.1.1.3 Records management system
4.1.1.3.1 Records
4.1.1.3.2 Clarify the nature of the activity to which the record relates
4.1.1.3.3 Identify the department and individual who prepared it
4.1.1.3.4 Identify the place where it is stored
4.1.1.3.5 Identify the person responsible for its preservation
4.1.1.3.6 Determine restriction of access
4.1.1.3.7 Develop procedures that deal with the production, storage, privacy management and disposal records

4.1.1.4 Prospective systemic review of organization’s processes, protocols, and practices or a retrospective review of actual practices in a particular area

4.1.1.5 Ensure that governing body, top management and compliance officer are informant on all relevant compliance failures

4.1.2 Audit
4.1.2.1 Audit to detect criminal conduct
4.1.2.1.1 Prepare, plan audit
4.1.2.1.2 Determine audit team
4.1.2.1.3 Implement (collect information, record and arrange data, debrief audited department)
4.1.2.1.4 Prepare report
4.1.2.1.5 Corrective actions

4.1.3 Assess risk
4.1.3.1 Assess risk of criminal conduct
4.1.3.1.1 Identify the nature and seriousness of such conduct
4.1.3.1.2 Determine the likelihood that certain criminal conduct may occur because of the nature of the organization’s business
4.1.3.1.3 Concentrate upon those departments which, by nature of their activities, have a relatively high likelihood of illegal or unethical activities
4.1.3.1.4 Take into account the organization’s history which may indicate the types of criminal conduct and the actions to prevent and detect it

4.1.3.2 Take steps to...
4.1.3.2.1 Design, implement, modify to reduce the risk of criminal conduct identified in the process
4.1.3.2.2 Prioritize periodically the actions taken pursuant to any requirement of the program
4.1.3.2.3 Modify the actions taken pursuant to any requirement of the program

4.1.4 Management review /// continual improvement
4.1.4.1 Identify potential reforms
4.1.4.1.1 Revision of policies, code of ethics, internal regulations
4.1.4.1.2 Improvement of training, reporting, consulting system

4.1.5 Periodically evaluate the effectiveness of the program
   4.1.5.1 Design effectiveness evaluation
   4.1.5.2 Operating effectiveness evaluation
## ANNEX 2
Summary description of an ethics program

<table>
<thead>
<tr>
<th>DIMENSION</th>
<th>DESIGN/STRUCTURE</th>
<th>ELEMENTS</th>
<th>PARTICULAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>What</td>
<td>Program objectives</td>
<td>Standards, Procedures, Policies &amp; Codes, Culture</td>
<td></td>
</tr>
<tr>
<td>Who</td>
<td>Program Governance Structure</td>
<td>Board, Top Management, Ethics Officer, Committees, Line Management, Employees</td>
<td></td>
</tr>
<tr>
<td>How</td>
<td>Program implementation/dissemination</td>
<td>Create awareness, Facilitate participation, Encourage commitment &amp; responsibility</td>
<td>Training, Communication &amp; internal reporting, Incentives, Disciplinary measures, Response to violations</td>
</tr>
<tr>
<td>Upgrade</td>
<td>Program Improvement</td>
<td>Monitor, Audit, Assess Risk, Management Review, Program Effectiveness</td>
<td></td>
</tr>
</tbody>
</table>
 ANNEX 3
Ethics consent form

RESEARCH INFORMED CONSENT FORM
UNIVERSITÉ DE SHERBROOKE

You are invited to participate in a research project. This document describes the project’s procedures. Feel free to ask questions about any words or paragraphs you do not understand. To take part in the project, you must sign the consent section at the end of this document; a signed and dated copy will be returned to you.

Project title:
Stages of organizational moral development in a company with an ethics program: a case study

Principal Investigator:
This study is conducted within the scope of doctoral studies undertaken by the researcher Pierre Pawliw. The latter is registered in the doctoral program in business administration at the Université de Sherbrooke and is supervised by Professor Michel Dion and Associate Professor Paul Prévost.

<table>
<thead>
<tr>
<th>RESEARCHER</th>
<th>SUPERVISORS</th>
</tr>
</thead>
</table>
| Pierre Pawliw
Doctoral student in business administration
Faculty of Administration
Université de Sherbrooke
Phone: 
Email: | Prof. Michel Dion, Chairholder
CIBC Research Chair on Financial Integrity
Department of Management and HR
Faculty of Administration
Université de Sherbrooke
Street
Sherbrooke, Quebec
CANADA
Postal code
Phone:
Email: |

<table>
<thead>
<tr>
<th>SUPERVISORS</th>
</tr>
</thead>
</table>
| Associate Prof. Paul Prévost
Departement of Management and HR
Faculty of administration
Université de Sherbrooke
Street
Sherbrooke, Quebec
CANADA
Postal code
Email: |
Research Project Funding:
This project is not financed by any company, organization or institution.

Purpose of the Research Project:
Study how an ethics/compliance program evolves from its inception up to the point where it is now.

Study Procedures
Why you were asked to participate and what is involved?
You have been selected to participate in this study because you are in some way to the company's compliance and ethics program. Your participation will consist in being interviewed by the researcher about the specifics of the company's ethics program. You will be required to answer orally to questions asked by the researcher during the interview. An interview may take up between 20 to 60 minutes. You may be asked to be interviewed more than one time.

Potential Risks and Inconveniences:
Risks:
No physical, psychological, economic or social risk is associated with this study.

Inconveniences:
The time required for your participation may incur a backlog in your usual workload. If you are interviewed, you may experience embarrassment or discomfort pertaining to certain questions. In this event, you are free to answer or not to these questions.

Potential Benefits:
Having the opportunity of sharing your knowledge of the ethics program

Financial Compensation:

Voluntary Participation and Withdrawal from the Study:
Participation in this study is completely voluntary. You are free to decline to participate, to end participation at any time for any reason, or to refuse to answer any individual question without penalty.

Should you withdraw from this study, do you wish that the information that you have provided be also withdrawn?

Yes No

Confidentiality, Sharing, Supervision, and Publications
While you participate in this research project, the researcher will collect and record the information that you will provide. Only information necessary for the proper conduct of the research project will be collected. This may include information about your knowledge of the ethics program or your answers to a questionnaire.
All information collected during the research project will stay strictly confidential to the extent permitted by law. To preserve your identity and the confidentiality of this information, you will be identified by a code number. The code key connecting your name to your file will be retained by the researcher.

The researcher will use the research data for the sole purpose of meeting the scientific objectives described in this document. No publication or communication will be made that could identify you. Otherwise, your permission will be requested in advance.

Data gathered will be kept under lock and key, for a period not exceeding five years. After this period, data will be destroyed. No information that could identify individual participants will appear in any communication, nor shared.

**Audio Recording**

Interviewees may expect that some sessions be tape recorded. Do you allow being recorded?

Yes? No

**Results of the research and publications**

You will be informed of the results obtained. Anonymity of those involved in the study will be preserved.

**Research ethics and identification of the President of the Ethics Research Committee of the Université de Sherbrooke Faculty of Arts, and Human Sciences.**

The Ethics Research Board at the Université de Sherbrooke faculty of Arts, and Human Sciences has approved this project and will monitor it. Furthermore, it will approve beforehand any revision or modification brought to the consent form, and to the research protocol.

You can talk about any ethical problem pertaining to the conditions of your participation in this project with the researcher or by contacting Ms. Dominique Lorrain, president of the Ethics Research Board of the faculty of Arts, and Human Sciences, by phone at (819) 821-8000 extension 62644 or by email at cer_Ish@Usherbrooke.ca

**Researcher Declaration of Responsibility**

I, Pierre Pawliw, hereby certify having explained to the concerned research participant the terms of this form, answered the questions posed to me in this regard and have made clear that the participant remains free at all times to end his/her participation in the research project described above. I commit myself in ensuring that the terms and objectives of the study are respected and that confidentiality be guaranteed.

__________________________    ______________________
Researcher’s signature             Date

Pierre Pawliw
# ANNEX 4 A

## Interview core questions for initial iteration

<table>
<thead>
<tr>
<th>Events</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) How did the ethics and compliance program start? How did you learn about it?</td>
<td>What year, what time Where you involved in any particular project that might have been heavily impacted by the program</td>
</tr>
<tr>
<td>2) What were the main issues at the time?</td>
<td>Safeguarding the company Redefining relationships between company employees Redefining relationships with stakeholders (customers, suppliers, etc.) Legal issues</td>
</tr>
<tr>
<td>3) How did you get to know the specific contents of the ethics program?</td>
<td>Was there a memo sent? Was there a conference held? Was there a general meeting? Was there any documentation? Was this discussed in a staff meeting or departmental meeting? Were the people behind the presentation familiar to you?</td>
</tr>
<tr>
<td>4) What was the tone of the presentation?</td>
<td>Was there a sense of urgency? Was there a sense of danger to the company Was there a sense that what was done before was somehow outdated or bad, and that now it would all have to change? Is there a sense of righteousness? Was there a sense that some individuals had acted irresponsibly?</td>
</tr>
<tr>
<td>5) What was the rationale used to justify the introduction of the ethics and compliance program?</td>
<td>obeying the law efficiency profitability a social conscience duty loyalty</td>
</tr>
<tr>
<td>6) Was it conveyed that the company was headed for a major transformation?</td>
<td>What kinds of changes were implied? Was there a timeline? Were there any specific measures? Were there any warnings or danger signs for which you should look out for?</td>
</tr>
<tr>
<td>7) At the time, did you get a clear sense of what the company wanted to achieve by introducing the ethics and compliance program</td>
<td>Objectives Sense of meaning, sense of belonging What it means to be a Siemens' employee</td>
</tr>
<tr>
<td>8) Did any of this change the way you understood ethics and compliance?</td>
<td>What is being ethical What is being compliant</td>
</tr>
<tr>
<td><strong>Actions/interactions</strong></td>
<td><strong>Consequences</strong></td>
</tr>
<tr>
<td>--------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>1) What was your initial reaction to all of this?</td>
<td>Is there a difference between the two</td>
</tr>
<tr>
<td>Did you have any general concerns?</td>
<td>Have you changed your perspective in regard to both</td>
</tr>
<tr>
<td>Did you sense that the company had taken a good or bad decision?</td>
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<tr>
<td>Did you think that the company was going overboard?</td>
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<tr>
<td>Did you sense that you would be personally negatively impacted?</td>
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<tr>
<td>2) Did you consult or give feedback to the individuals behind the project?</td>
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<tr>
<td>How did they react?</td>
<td></td>
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<tr>
<td>How did other employees respond?</td>
<td></td>
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<tr>
<td>What was the mood at the time?</td>
<td></td>
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<tr>
<td>3) Did you consult or give feedback to superiors or supervisors, concerning the requirements that the ethics program was stating?</td>
<td></td>
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<tr>
<td>How did they react?</td>
<td></td>
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<tr>
<td>How much did they know about the program?</td>
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<tr>
<td>Did they know how their jobs would be affected?</td>
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<tr>
<td>Did they know how their staff would be affected?</td>
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<tr>
<td>Was there any talk of restructuring departments?</td>
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<tr>
<td>Was there any talk of changing procedures?</td>
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<tr>
<td>Was there any talk of changing attitudes?</td>
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<tr>
<td>4) Did you consult or give feedback to your colleagues?</td>
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<tr>
<td>How did they react?</td>
<td></td>
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<tr>
<td>How much did they know about the program?</td>
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<tr>
<td>Did they know how their jobs would be affected?</td>
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<tr>
<td>Did they know how other people might be affected?</td>
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<tr>
<td>Was there any talk of restructuring departments?</td>
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<tr>
<td>Was there any talk of changing procedures?</td>
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<tr>
<td>Was there any talk of changing attitudes?</td>
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<tr>
<td>5) Did you personally have to bring changes in the ways in carrying out your normal activities?</td>
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<tr>
<td>Was your decision making prerogatives affected?</td>
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<tr>
<td>Were you obliged to consult before taking a decision?</td>
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<tr>
<td>Were new procedures introduced, and if so, how were they enforced?</td>
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<tr>
<td>Did it require more time to get things done?</td>
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<tr>
<td>Were you being evaluated differently?</td>
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<tr>
<td>6)Were you required to have training, attend meetings, read documents related to the program?</td>
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<tr>
<td>How much time did they require of you?</td>
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<tr>
<td>Did the time spent on these meetings have a negative impact on your usual schedule and deadlines?</td>
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<tr>
<td>How did other individuals react to these requirements?</td>
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<tr>
<td>7) What was the main gist of the messages that were communicated?</td>
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<tr>
<td>What values were mentioned or emphasized?</td>
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<tr>
<td>What principles were mentioned?</td>
<td></td>
</tr>
<tr>
<td>What safeguards were to be respected or taken?</td>
<td></td>
</tr>
<tr>
<td><strong>Consequences</strong></td>
<td></td>
</tr>
<tr>
<td>1) Since the introduction of the program, what changes have you observed, what impact have they had?</td>
<td>On the company</td>
</tr>
<tr>
<td>On the atmosphere in the workplace</td>
<td></td>
</tr>
<tr>
<td>On relationships between individuals</td>
<td></td>
</tr>
<tr>
<td>On relationships with partners or customers</td>
<td></td>
</tr>
<tr>
<td>Your autonomy in taking decisions</td>
<td></td>
</tr>
</tbody>
</table>
| 2) Do you sense that overall it has been beneficial to the company | Its image  
Its workforce  
Its bottom-line  
On bonuses and compensation in general  
Do you feel its a burden or an asset |
|---|---|
| 3) What do you consider as important for the company now? | What is valued today  
How would you describe the ideal ethical employee |
| 4) Where do you think the company’s going as far as ethics is concerned | The objectives to be attained  
Are the objectives realistic |
### ANNEX 4 B
Documentation core questions for initial iteration

<table>
<thead>
<tr>
<th>Events</th>
<th>1) History of ethics and compliance program?</th>
<th>What year, what time? How was it disseminated?</th>
</tr>
</thead>
<tbody>
<tr>
<td>2) The company's main issues?</td>
<td>Safeguarding the company</td>
<td>Redefining relationships between company employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Redefining relationships with stakeholders (customers, suppliers, etc.)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Legal issues</td>
</tr>
<tr>
<td></td>
<td></td>
<td>How are these issues fit in with questions such as profitability, market share, innovation and efficiency?</td>
</tr>
<tr>
<td>3) What rationale is provided to justify having an ethics and compliance program?</td>
<td>Obeying the law</td>
<td>Efficiency</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Profitability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A social conscience</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Duty</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Loyalty</td>
</tr>
<tr>
<td>4) Is there mention of structural changes as a result of concerns with ethics?</td>
<td>What kinds of changes?</td>
<td>Is there a chronology of events?</td>
</tr>
<tr>
<td>5) Is there a clear sense of what the company wants to achieve by the ethics and compliance program</td>
<td>Objectives</td>
<td>Sense of meaning, sense of belonging</td>
</tr>
<tr>
<td></td>
<td></td>
<td>What it means to be a Siemens' employee</td>
</tr>
<tr>
<td>6) How is ethics and compliance understood by the company?</td>
<td>What is being ethical</td>
<td>What is being compliant</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Is there a difference between the two</td>
</tr>
<tr>
<td>Actions/interactions</td>
<td>1) How is employee feedback taken into account?</td>
<td>General concerns</td>
</tr>
<tr>
<td></td>
<td>2) Is there a hint of how supervisor and employees are to interact with the ethics program?</td>
<td>What kind of supervisor - employee relationship</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Support given</td>
</tr>
<tr>
<td></td>
<td>3) What kind of training has been provided</td>
<td>Allotted time</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Training content</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Training frequency</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Types of individuals trained</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Refresher training provide</td>
</tr>
<tr>
<td></td>
<td>4) What is the main gist of communicated messages?</td>
<td>What values are mentioned or emphasized?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>What principles are mentioned?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>What safeguards are to be respected or taken?</td>
</tr>
</tbody>
</table>
### Consequences

| 1) What seems to be important for the company | What is valued today |
| 2) Indications of where the company is heading as far as ethics is concerned | The objectives to be attained |