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The main goal is to enhance the quality and quantity of intellectual exchange among researchers, educators, scholars and practitioners dealing with major issues of public administration and public policy in the Central and East European regions.

## Content

Elmira Danelyan

**Learning a Response to Ethics  
Failure in the Public Agencies  
of Armenia /p. 3**

Lívia Zemanovičová,  
Martina Kubánová

**Corporate Governance Risk in  
the Slovak Republic /p. 29**

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## Learning a Response to Ethics Failure in the Public Agencies of Armenia

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### **Abstract**

The present study explores an organisational learning strategies response to ethics failure in public agencies of Armenia. Many scholars have recognized the importance of ethics in government; moreover, there have been intensive debates going on around this issue for the last two decades. The great interest in this issue is warranted by the high costs (financial, political, administrative, and democratic) that ethics failure may entail. These costs may be detrimental not only to a given public agency, but also to an entire political system. In this sense, in newly independent countries like Armenia where democratic principles are new concepts, ethics failure may impact the public's faith in government with a subsequent lost of trust toward democracy as a political system.

This research is a replication of the study conducted by Gary Zajac and Ali Al-Kazemi in the public agencies of Kuwait in 1996. The research questions posed in this study were the following: first, how do public agencies in Armenia respond to ethics failure? Second, if and where organisational learning exists, how much effort is committed by the organisations to the learning process? Third, where organisational learning exists, what are the specific features of this learning? A vignette survey research study was conducted in 11 local self-government bodies, taghapetarans, of Yerevan. The questionnaire was constructed around three hypothetical vignettes, each of which presented one type of ethics failure common to public agencies. These were symptomatic failure (favouritism), malicious failure (misuse and theft of agency materials), and marginal failure (employee mistakes that harm innocent people). Each of the vignettes was followed by a set of questions designed to generate data on learning effort measure variables.

The findings of this study showed that public agencies in Armenia commit more than a moderate effort to learning from ethics failure - 61% of the maximum possible effort. This indicates that effort devoted to learning in Armenian agencies is higher than that of public organisations in Kuwait and the USA. However, Armenian data indicated that agencies sampled are quick to respond without thorough inquiry into the causes of the problem. This study also revealed that ethics in the sampled public agencies is perceived on a personal level rather than on an organisational level. Furthermore, the absence of ethics codes, training and educational programs, etc., in governmental organisations hinders broader perception of the full scope of government ethics. In sum, although public agencies in Armenia are moderately inclined toward learning from ethics failure, the overall perception of the role that ethics may play in government agencies is rather narrow.

### **Introduction**

The subject of ethics in government has become a matter of intensive debate among scholars of public administration over last two decades. This interest is growing because of several factors such as the growing role of public administration as a profession, recognition of the impact that ethics (or ethics failure) may have on citizen faith in government, as well as the role of ethics in the protection of human rights and dignity.

The issue of government ethics is perhaps the most controversial and complex concern in the study of public affairs and administration. Public officials and servants exercise significant discretionary power in the process of decision-making and implementation while managing public resources or making policy choices. Therefore, the issue of government

## Ethics Failure in the Public Agencies of Armenia

ethics in public administration is of great importance since ethical standards serve as checks and balances against arbitrary use of that public power.

The debate over ethics in government covers several issues. Some scholars touch the very core of the subject, that is, whether ethics in government is a matter of individual perception or is related to organisational structure and policies. Others discuss the possibility of development of appropriate moral standards for operation within public organisations. Sometimes, theorists go further in their deliberations to argue that there is nothing objective in the world, and therefore, there is no traditional morality or ethical standards, so everything depends on the situation. Whatever the direction of the debate over ethics in government, and whatever the difference in the views of scholars, one factor undoubtedly unites all of them: they all recognise that the problem of ethics in organisations (including public agencies) does exist, and more importantly, it needs better understanding.

Public organisations deal with ethics problems differently; some of them may introduce ethical codes and try to comply to the standards outlined in "rule-books" and punish those who deviate from these standards, some are inclined to deny or ignore the existence of such problems. Still others may try to learn from mistakes. One cannot, however, say that public agencies adhere to one path or another; usually there is a combination of the actions mentioned above. Accordingly, the results of these strategies are also different. Although ethical codes and training programs are very important, if there is an ethics problem, sole adherence to the ethics codes or punishment may bring an immediate effect but be ineffective in the long term: as a result, recurrence of the problem occurs. Ignorance or denial may produce even worse results since, if a problem is not dealt with timely, it may become ingrained in the day-to-day routine and become a customary occurrence. The most effective strategy, thus, is recognised to be an *organisational learning response*, i.e., constant investigation of an organisation's core values, structure, and

policies to confront the problem efficiently and prevent recurrence.

The present study examines how public agencies in Armenia respond to ethics failure. This is a replication of a study conducted in 1996 by Gary Zajac and Ali Al-Kazemi in public agencies in Kuwait. Gary Zajac and Louis Comfort conducted a similar study earlier in the public health departments in the eastern United States and this study served as the basis for the Kuwaiti study. All three studies (in the USA, Kuwait and Armenia) are aimed at figuring out what the current strategies are for response to ethics problems in public agencies. According to Zajac and Comfort (1997), these strategies include such responses as ignorance or denial of the problem, punishment and learning. The authors argue that organisational learning strategies contribute more to organisational moral autonomy by correcting organisational causes of failure. Thus, all three studies are concentrated on organisational learning strategy as a corrective means for solving ethics problems in public agencies.

The research questions posed in this study are the following:

First, how do public agencies in Armenia respond to ethics failure? In other words, is their response characterized by organisational learning, by discipline applied to persons identified as being responsible for the failure, by attempts at denial or concealment of the problems, or by some combination of these?

Second, where organisational learning exists, how much effort is committed by the organisations to the learning process? That is to say, how seriously do the agencies appear to take such learning; is it comprehensive and exhaustive, or perfunctory?

Third, where organisational learning exists, what are its specific features (what does it "look" like) and how does this learning compare to organisational learning processes described in the literature?

The present study, like the Kuwaiti study, is a comparative study the findings of which will contribute to better understanding of organisational ethics learning practices; moreover, a comparison of Armenian data with the findings in the Kuwaiti and American

studies will allow us to view this research from the international perspective.

### Why Study Ethics in Government?

Students of public administration writing on ethics in government bring several practical reasons that support the need to study government ethics. As Huddleston puts it:

*...there are at least three good reasons to pay attention to ethical issues. First, we owe it to ourselves as citizens of a republic to insist on exemplary conduct by our public officials; "relatively good" or "no worse than usual" ought not to be considered acceptable grades when assessing the moral compasses of our political and administrative leaders. Second, even well-meaning public officials need guidance; clear-cut cases of theft and bribery excepted, there are very few simple "thou shalt" and "thou shalt not" rules in this area. Finally, thinking systematically about ethics in government involves thinking about the role of government in society and that is a useful and healthy thing to do (Huddleston 1987, emphasis added).*

Another author, H. F. Gortner (1991), substantiating reasons for growing interest in government ethics, finds that the subject of ethics in public administration should be stressed because the schools of public affairs and administration play the role of developing a "professional attitude" among public officials and servants. Furthermore, "if the democratic process is to function properly, government should remain strong and be able to address societal problems, and the citizenry at large should have faith in their government. Public bureaucracy must play a central role in creating the atmosphere or environment that encourages that trust and faith." (Gortner, 1991).

One of the pillars on which democracy rests is the rule of law, and deriving from this premise is the slogan "everybody is equal before the law." If a public official misuses his or her power in office for personal advantage,

then the rule of law and equality before law are violated. As P. Madsen and J. Shafritz (1992) state, "a public official's wrongdoing is destructive of the claim that in a democracy all individuals are equal." Mischief-making in public administration also impacts on the economic and social rights of citizens who become deprived of equal access to public goods. Moreover, promoting their own rather than public interest, government servants turn public office into a kind of "privileged access" (Madsen and Shafritz, 1992).

The scope of government ethics is wide enough. Besides mischief making, it embraces such problems as corruption, the "dirty hands" dilemma, hard choices, ethics of political campaigns, and patronage. In any of these cases, ethical violation entails extremely high costs that are financial, political, administrative, and democratic (Blumenstein, 1992; Zajac, 1996). Financial costs may include both money lost as a result of cheating or swindle, and expenses caused by investigating and remedying ethics problems. Political costs entail negative attitudes and feelings such as those that appear in the public after scandals and disclosures. An example of democratic cost is the loss of public faith in the "good intentions and operations of government" that results from widespread ethics failure (Zajac, 1996).

These costs underscore the importance of the government ethics studies, and justify the great attention paid by scholars to the problem of ethics failure. This is extremely important in respect to a transition country like Armenia since maintenance of government ethics, accountability of public officials and servants, and transparency of government actions are vital for consolidation of democracy to which Armenia is aspiring. Strengthening of government ethics is also indispensable for restoration of public trust toward government and public officials in Armenia. Moreover, this lack of confidence spreads not only over government as such, but also impacts the public's perception and attitude toward democracy as a political system creating distrust toward democratic principles in the public at large. Thus, the study of government ethics is even more important in fledgling democracies like

Armenia, where neither democratic principles, nor the economy are stable. For such countries, high political, financial, administrative and democratic costs that ethics failure may entail can be detrimental and even ruinous.

### The Theoretical Concepts of Organisational Ethics and Organisational Learning

Based on the literature and findings from a survey on organisational ethics conducted in 1994, Gary Zajac (1996) defines ethics failure as ... any behaviour of public servants or organisations that

- results in fraudulent use of public funds, materials, facilities, and so forth;
- results in conflict-of-interest in public decision making, wherein decisions are made in such a way as to advance the interests of a public servant(s) or agency to the detriment of the public interest;
- results in violations of individual civil or human rights or dignity; or
- results in injustice or harm to individuals, even where this outcome was unintended, and especially where it goes un-corrected (1996).

The author then goes on to explain that this definition is concerned not only with "managing the public purse," but also with advocating public administration as a "conservator of just, compassionate, and progressive social order" (1996).

According to Zajac and Al-Kazemi (2000), organisations can respond to ethics failure in several ways. Perhaps the easiest response is to simply ignore, deny or conceal problems. Another common organisational response is to assign blame for the failure to specific individuals within the organisation and discipline them. This method of punishment is often considered to be necessary or legally correct and mandated; however, it serves as a disincentive to the free flow of information and often creates an atmosphere of distrust and restraint within an organisation. Although the punishment response can often result from organisational learning efforts, as Argyris (1992) states, it hinders creation of a spirit of

open inquiry within the organisation, which is essential for substantive reform. Finally, organisations can respond to ethics failure by attempting to inquire into the *organisational* causes of the problem and implement strategic organisational changes. Thus, organisational learning from ethics failure occurs when an organisation inquires into any of its features such as its goals, policies, procedures, culture, and structure to find out how these may have contributed to the ethics violation within the organisation (Zajac and Comfort, 1997).

Discussing the level on which ethics problems may occur, G. Caiden and N. Caiden (1977) argue that ethics failure encompasses problems at both the individual and the organisational levels. Individual-level failure may be a result of misconduct of a single person within the organisation. Organisational-level failure results when wrongdoing becomes widespread throughout the organisation and is rooted in its day-to-day life (Caiden and Caiden, 1977). Accordingly, several approaches are suggested by the scholars to eliminate or reduce the cases of ethics misconduct in public agencies. Some of them, those believe that the cause of ethics failure is the personal greed of an individual, suggest legislating more laws and impose more penalties (Madsen and Shafritz, 1992). Others, who find the roots of ethical misconduct in the organisation itself, attach more importance to organisational learning methods such as "ethics audits," reinforcement of awareness (that ethics is an expectation within the public agency), application of ethics training programs, and introduction of ethical codes of conduct. (Madsen and Shafritz, 1992; Zajac, 1996). Finally, there are those who claim that the cause of the ethics violation lies somewhere between individual and institutional factors; that is to say, ethical wrongdoing in public agencies is a result of both human failure and organisational dysfunction so both people and places where people work should be considered and addressed when solving such a highly complex and "systemic phenomenon" as ethics failure (Madsen and Shafritz, 1992).

However, Zajac and Comfort (1997) put special stress on the institutional aspect of government ethics problems arguing that organisational learning is an effective means for correction of ethical misconduct in public agencies. In support of this idea, they state that organisational learning from ethics failure in public agencies is a form of organisational moral agency that promotes ethical public service (Zajac and Comfort, 1997). In their study of public health departments in the eastern US, they employed three streams in the literature to develop an exploratory model of organisational ethics learning. First, they reviewed literature concerning moral agency and learning by individuals and organisations to corroborate an organisational expression of *moral agency*; secondly, they resorted to organisational theory and public administration to devise a *typology of ethics failure* in public service; and finally, they worked out a model and a measure of organisational learning synthesizing the concept of moral agency and the typology of ethics failure with the dynamics of organisational learning (Zajac and Comfort, 1997).

Employing a citation from P. Jos (1990), the authors define moral autonomy as "the capacity for principled, reasoned action based on knowledge of the competing claims, traditions, theories, facts and contests surrounding a given ethical problem; facility at learning from previous lapses in ethical behaviour; and readiness to act consistently with ethical principles even under difficult conditions" (Zajac and Comfort, 1997). Then they conclude that a public agency demonstrates moral autonomy when it makes its choice of action based on a "reasoned consideration of alternatives" and selects those that serve the interests of the public at large rather than the narrow interests of any individual group. Thus, an organisation's strategy of response to ethics failure indicates its "state of organisational moral autonomy," that is, its capacity to give a constructive resolution to an ethics problem, advancing the moral development of the organisation and protecting the public interest rather than ignoring or denying the problem or punishing those who are to be blamed.

In their study of public health departments in the eastern US, Zajac and Comfort (1997) interpret ethics failure more broadly than the traditional concept of financial corruption in order to depict threats to the values of human dignity and rights, which are central concerns of a democracy. So, their definition of ethics failure includes "behaviour on the part of public servants or organisations that defrauds the government of resources, violates civil or human rights, or is otherwise destructive to justice or human dignity (Zajac and Comfort, 1997). For Zajac and Comfort, this definition serves as a basis for a typology of ethics failure in their empirical study, which they have derived from Ashforth (1992), Benveniste (1977), and Simon (1976).

Further, they identify several types of ethics failure. The simplest type is *marginal failure*, where simple organisational mistakes (i.e., record keeping mistakes) harm innocent people. Organisational characteristics that contribute to marginal failure include rules, procedures, and operational routines. Ethics failure results when agencies resist correcting such mistakes or do it very slowly. The second type of ethics failure is *malicious failure*, which represents the traditional concept of corruption. This type of failure results when public servants knowingly misuse public resources or authority for personal gain. Organisational characteristics that contribute to malicious failure include internal monitoring and control mechanisms, rules and procedures, and inadequate ethics training. Finally, the most complex type of ethics failure is *symptomatic failure*, which illustrates the failure of an organisation's core policies, goals, values, assumptions, or culture and contributes to systematic behaviour that violates legal, civil, or human rights or results in unjust treatment of individuals. Such a failure is an indicator of deeper dysfunctions within the organisation, and is a problem not with a few bad employees but with the organisation per se.

Furthermore, Zajac and Comfort describe the process of organisational learning from ethics failure. According to them, learning from ethics failure occurs when an organisation examines its characteristics such as organisational structure, policies, and

## Ethics Failure in the Public Agencies of Armenia

procedures to find out how these may have led to ethics failure. Then the organisation gathers information about its shortcomings, which it later uses to plan and implement a strategy to change those features that were found to be conducive to ethics failure. The processes described above are embodied in the organisational learning model presented by Zajac and Comfort.

Other scholars such as Levitt and March (1988) present organisational learning from the perspective of organisational routines. They argue that learning is organisational to the extent that it is built into these routines:

*Organisations are seen as learning by encoding inferences from history into routines that guide behaviour. The generic term "routines" includes the forms, rules, procedures, conventions, strategies, and technologies around which organisations are constructed and through which they operate... Routines are independent of individual actors who execute them and are capable of surviving turnover in individual actors (Levitt and March, 1988).*

In their book *Organisational Learning: a Theory of Action Perspective* (1978), Chris Argyris and Donald Schon developed a background for identification and changing the cultural system of an organisation. Here their focus is on a different aspect of organisational learning, namely, how organisations learn or fail to learn. The authors describe organisational learning in the following way:

*When the error detected and corrected permits the organisation to carry on its present policies or achieve present objectives, the error-detection-and-correction process is single loop learning. Single loop learning is like a thermostat that learns when it is too hot or too cold and turns that heat on or off. The thermostat can perform the task because it can receive information (the temperature of the room) and take corrective action. Double loop learning occurs when error is detected and corrected in ways that involve the modification of an organisation's*

*underlying norms, policies, and objectives (Argyris and Schon, 1978).*

Argyris and Schon have developed two models, corresponding to single and double loop learning known as Model I (single loop learning), which is the most prevalent, and Model II (double loop learning), which is an alternative ideal. The organisations which operate under Model I deal with error correction by making adjustments and changes

*within a constant framework of norms for performance. It is concerned primarily with effectiveness; that is, how best to achieve existing goals and objectives and how best to keep organisational performance within the range specified by existing norms. In some cases, however, error correction requires an organisational learning cycle in which organisational norms themselves are modified (Argyris and Schon, 1978).*

An alternative to Model I, single loop learning, is Model II, double loop learning. In the organisations dominated by this model, double loop learning leads to "organisational inquiry that resolves incompatible organisational norms by setting new priorities and weightings of norms, or by restructuring the norms themselves together with associated strategies and assumptions" (Argyris and Schon, 1978). Thus, the double loop learning culture is the most "purely organic strategic culture possible, as it is built on the notion that constant adjustment in the culture is necessary and desirable" (N. Tichy, 1983).

In order to formulate the model used in their study of Health Departments in the eastern US, Zajac and Comfort drew upon Argyris's (1982) general model (Model O-II) of double-loop learning, as well as the work of other models of organisational learning and change, such as Beckhard (1975), Bennis (1966), Deming (1986), and Ishikawa (1985). So, their emphasis is on an organisation's ability to make a thorough inquiry into the organisational feature when an ethics failure occurs. Thus, in their empirical study, Zajac and Comfort employ a model, which



illustrates a process of organisational learning where:

- an ethics failure occurs within an organisation;
- the organisation identifies what type of failure has occurred;
- the organisation determines the seriousness and urgency of the problem;
- the organisation gathers information about and diagnoses the organisational causes of the failure;
- the organisation creates a strategy for organisational change based on the finding of the inquiry;
- the organisation identifies material, personnel, and other resources that can aid in the learning process;
- the organisation implements the change; and
- the organisation monitors and evaluates the outcomes of the learning process (Zajac and Comfort, 1997).

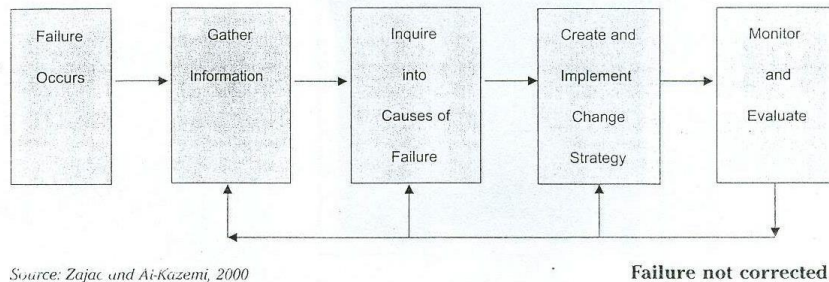
In the Kuwaiti study (2000), Zajac and Al-Kazemi have employed a little bit more improved and more concise version of this model (Fig. 1). Each of the steps in this model corresponds to one of the four variables employed in their study of Kuwaiti public agencies. The present study is also based on this model of organisational learning from ethics failure, and utilizes the same principle of fitting the steps in the organisational learning model to each of the four variables.

Although responsibility for ethical conduct rests on individuals, it is a fact that organisations are main agencies for "social control;" therefore, some kind of "institutional

foundation" for professional and ethical conduct is useful since "decisions made in government must supersede personal preferences" (J. Bowman, 1992). Several techniques are employed in order to deal with ethics issues in public agencies. Since this study is more concerned with ethics and learning on the organisational level, it is worth mentioning organisational development efforts as a means of achieving high ethical standards and behaviour. Among the mechanisms that have been used are ethics training, as well as an introduction of codes of conduct or ethics codes which contain formal statements of values and beliefs, internal ethics audits, appointment of an ethics ombudsman or creation of ethics boards, and other measures (Madsen and Shafritz, 1992). These techniques have been borrowed by the public service from the private sector, and as these two sectors differ in their purpose, goals, resources and in a wide array of other specific features, setting and institutionalisation of ethical standards in these two types of organisations may have different results (Madsen and Shafritz, 1992). In this regard, public organisations may have difficulties in achieving these standards because of lack of resources in terms of money and time, "an already confusing set of ethics laws, the problems of lack of professionalism and pride in the public workplace, and the absence of organisational mechanisms that can institutionalise ethics in government" (Madsen and Shafritz, 1992).

A survey conducted by James Bowman among public administrators in 1989 showed

**Figure 1**  
**Organisational Ethics Learning Process**



Source: Zajac and Al-Kazemi, 2000

that there are no agreed-upon standards or procedures to guide decision-making in most public agencies. Consequently, many agencies either ignore this fact or simply have no strategy for dealing with ethics problems (J. Bowman, 1992). Although most of the respondents in his study reported that there is no consistent approach to ethical issues, Bowman (1992) states that administrators do believe that ethics in the workplace can be "empowering." Moreover, public managers accept that "properly designed codes of conduct can have a crucial role in fostering integrity in agencies" (J. Bowman, 1992).

Another scholar, Ritchie Bowner (1988), also stresses the importance of codes of ethics arguing that there is some evidence that a code of ethics does make a positive contribution to organisational behaviour. The author believes that "sometimes members of an organisation simply don't know many of the ethical dilemmas they may encounter and how to think about them. A review of a code of ethics can be very helpful in generating advance consideration of problems and developing personal principles" (R. Bowner, 1988).

### Research Design

Like in the American and Kuwaiti studies conducted by Zajac and Comfort (1997), and by Zajac and Al-Kazemi (2000), in the present study a research survey has been employed. The organisational actions taken in response to all three types of ethics failure described above (symptomatic, malicious and marginal) have been examined within a purposive sample of eleven taghapetarans in Yerevan. Taghapetarans are local self-government bodies. According to the Constitution of the Republic of Armenia (RA) (article 105), taghapetarans, along with the community council, the avagani, manage community property and deal with several community issues. The avagani is an elected body comprised of 5-15 members and this body performs oversight functions, as well as establishes local charges and fees, while the taghapetaran is an executive body (RA Constitution, article 106). The head of the taghapetaran, the taghapet, is elected every three years and forms the taghapetaran staff immediately after being elected (RA

Constitution, article 105). The taghapetarans have been selected for sampling to provide the widest possible range of local government agencies. There are only twelve taghapetarans in Yerevan and it was possible to survey almost all of them (the twelfth taghapetaran was not included in the sample because it is very small). Moreover, the local government agencies are the closest to the citizens, and trust toward the government, on the whole, should be built on all government levels, but especially the local level since it is the first link in the chain of government levels.

The sampling has been performed with stratification of position and function within the agency. The sampled positions included three levels: 1) direct service providers, 2) middle-level managers, and 3) executives. For the comparability of the data, three departments of the same profile were selected in each of the taghapetarans. The stratification was done to find out whether the level of position (managerial or line) held by public servants has an impact on the perception of ethics problems and learning response to such failures. Altogether, ten public servants from each taghapetaran were selected: one on the executive level (the executive or deputy), three department heads, and six direct service providers (two from each of three departments).

The executive (or deputy) of each taghapetaran was interviewed personally. A self-administered research instrument was distributed to a random sample of 107 employees (ten questionnaires to each of the ten taghapetarans, and seven questionnaires to the smaller, eleventh taghapetaran). This survey produced a response rate of 96 percent.

The research instrument in this study is an Armenian translation of the survey questionnaire used by Zajac and Al-Kazemi in their Kuwaiti research. The questionnaire is constructed around three hypothetical ethics vignettes, which are designed to generate data regarding the nature and strength of organisational response to ethics failure. These vignettes correspond to the typology of ethics failure discussed above and illustrate ethics problems that occur frequently within public organisations. The first vignette

corresponds to *symptomatic failure* - widespread favouritism in evaluation and promotion of an employee. The second vignette represents *malicious failure* - employee theft or misappropriation of agency materials and resources. Finally, the third vignette corresponds to *marginal failure* - several mistakes done by employees that harm innocent citizens.

Each vignette is followed by a common set of questions designed to produce data on the Learning Effort Measure (LEM) variables, which correspond to the steps of organisational learning model described above. These LEM variables are: (1) information, (2) inquiry, (3) change, and (4) evaluation. Zajac and Al-Kazemi (2000) cite G. Cavanaugh and D. Fritzsche (1985) to argue that the vignette approach is a valid and innovative means of gathering empirical data on sensitive topics, which might otherwise arouse the suspicion of the respondents and provoke defensive responses. Thus, "the use of vignettes as a data generation device coupled with a series of questions relating to the vignettes asking how a respondent [or his organisation] would act has yielded a rich database" (Cavanaugh and Fritzsche, 1985).

The questions asked in response to each vignette, which correspond to each of the four LEM variables, employ either multiple response items, or standard, Likert-type scales. The multiple response items were used for questions concerning the information and inquiry LEM variables. Here the respondents were asked to report on the range of sources of information, and types of inquiry that their agency would undertake in response to the situations described in the vignettes, marking as many answers as apply. The standard, Likert-type scales (0-4) were utilized for the questions dealing with LEM variables change and evaluation. Here respondents were prompted to report the *extent* to which their agency would commit itself to attempt to change the organisation, based upon the findings of the inquiry, and the extent of organisational effort committed to monitoring and evaluating the outcomes of the organisational learning process. The questionnaire was translated into Armenian and reviewed by a number of bilingual

colleagues. A preliminary version of the translated document was pre-tested on a small sample of public employees during the pilot study.

For the comparability of Armenian findings with data obtained from the American and Kuwaiti studies, the findings of the Armenian study were subjected to a data reduction procedure borrowed from the program evaluation and organisational analysis literature. This procedure converts the raw responses to the questions about the level of effort committed to the steps in the learning process into a Learning Effort Measure (LEM), which shows the level of effort that public agencies commit to each of the four variables. The calculation was done in Excel. The number of actions reported on the multiple response variables, information and inquiry, was counted and the sum was divided by the maximum number of possible actions that could be reported in response to each question. No weighting was imposed on these variables. The resultant was multiplied by 100 to yield a percentage-based index of learning effort on these variables. The other two variables, change and evaluation, were calculated by standard scales and were taken at face value. The mode (the most frequently reported answer) for each of the four variables in all three types of ethics failure was calculated, too. All the above mentioned calculations were also done based on several factors, namely, the LEM was calculated from the perspective of different types of departments engaged in the survey such as functional (i.e., the Financial Department) and service delivery (e.g., the Utility Department) departments. Two position levels, managerial (executives and heads of departments) and line (direct service deliverers) were also measured as well as different levels of experience from 1 to 5 years and 5 or more years. This was done in order to find out whether these factors have any impact on learning effort committed by the agencies.

The LEM reflects the range of likely organisational effort that could be taken by public agencies in response to ethics failure. A high percent index of LEM (e.g., 80%) would be an indicator of a high-level of commitment to learning from ethics failures. This index

# Ethics Failure in the Public Agencies of Armenia

**Table 1**  
*Learning Effort Measures for All Variables and Types of Ethics Failure*

Type of Failure	Symptomatic Failure			Malicious Failure			Marginal Failure		
	Armenia	Kuwait	U.S.	Armenia	Kuwait	U.S.	Armenia	Kuwait	U.S.
Variable									
Information	30%	31%	56%	41%	29%	43%	34%	37%	43%
Inquiry	30%	22%	60%	35%	24%	51%	41%	32%	60%
Change	81%	55%	44%	88%	63%	36%	88%	75%	43%
Evaluation	84%	53%	53%	91%	59%	41%	89%	71%	44%
All Variables	56%	32%	56%	64%	35%	47%	63%	45%	50%
Total - across all three failures	61%	37%	51%						

**Table 2**  
*The Learning Measures Fitted to the Learning Model: Armenia, Kuwait, USA*

Model Step	Variable	Learning Effort Measure		
		Armenia	Kuwait	U.S.
Gather Information	INFORMATION	35%	33%	47%
Inquire Into Causes of Failure	INQUIRY	35%	26%	57%
Create & Implement Change Strategy	CHANGE	86%	49%	41%
Monitor & Evaluate	EVALUATION	88%	46%	47%

allows not only an estimate of the strength of organisational learning effort, but also makes possible a comparison of learning activities between and across different types of ethics failure, and draws parallels between different administrative systems.

## Findings and Discussion

The following tables present the summary of findings from the exploration of learning response to ethics failure in public agencies of Armenia, and comparison of this data with findings from American and Kuwaiti studies. Table 1 shows the learning effort measures for all variables, for all three types of ethics failure, in Armenia, Kuwait and the USA. At the bottom of Table 1, the overall learning effort measure across all variables and all types of failure for each of the three countries is shown. Table 2 fits the findings of this study

to the ethics-learning model presented above. The four learning effort variables - information, inquiry, change and evaluation - correspond to the four steps in the learning model - gather information, inquire into causes of failure, create and implement change strategy, and monitor and evaluate. LEM percentages are presented across all three types of failure, for all three of the countries.

## Overall Results

The main finding of this study shows that the agencies sampled in Armenia make a slightly more than moderate effort toward learning from ethics failure. Organisational effort devoted to learning across all three types of failure is 61 percent of the maximum possible effort that could be measured by this study. Table 1 indicates that public agencies in

Armenia commit more effort toward learning from ethics failure than public organisations sampled in Kuwait (37%) and the USA (51%). However, in neither country do public agencies commit much more than moderate efforts for organisational learning. The pattern of the overall tendency for all three types of failure in the study of public agencies in Armenia differs from that of Kuwaiti and American studies. Armenian data show that the most learning effort would be committed to the malicious failure (the second highest being marginal type of failure); the study of Kuwaiti public agencies suggests that the most learning effort would be devoted to the marginal failure (malicious failure is second), while for the American public agencies, the highest percentage of LEM index is detected in the symptomatic failure (the second highest index is for marginal failure).

#### **Information and Inquiry variables vs. Change and Evaluation variables**

The Armenian study shows that percentage results of information (35%) and inquiry (35%) variables are close to each other; moreover, the percentage indices for the change and evaluation variables are also nearly the same (86% and 88% respectively). In other words, the public agencies in Armenia devote much more effort to the creation and implementation of change strategies, and evaluation and monitoring activities than to gathering information and inquiring into the causes of ethical problems. Kuwaiti data shows a similar tendency, though the difference between the two pairs of variables, information-inquiry and change-evaluation, is not as great as in the Armenian study. On the contrary, American data shows that the greatest amount of organisational effort is made toward inquiry into the causes of failure, while the least organisational commitment is devoted to the creation of change strategies.

The relative similarity of Armenian and Kuwaiti data may be explained by the history of public administration in these countries, both of which have gained their independence relatively recently (Kuwait in

1961, Armenia in 1991). The public administration systems in both countries were affected by previous regimes and their value systems. In the case of Kuwait, public administration was influenced by the Islamic values and Arabic tribal traditions, where greater emphasis is placed upon familial and clan ties, rather than to a broader civic interest (Zajac and Al-Kazemi, 2000). On the other hand, the Communist regime in Armenia (from 1920 to 1991) also had a great impact on public administration, giving much more importance to "belongingness" to the Communist party, rather than to professionalism or interests of people on the whole. Whatever the reasons, in both cases, the evolution of public administration systems were affected by values quite different from democratic principles, and that is why although both countries are intensively engaged in public administration system reform, the power of inertia still works. Because of this, public personnel decisions in Kuwait and Armenia (hiring, evaluation and promotion) are still driven not by objective, job-related criteria, but by social values and inertia that comes from the past.

Thus, the overall picture is that public organisations in Armenia (and to a lesser extent in Kuwait) are more inclined toward change implementation without *thorough* inquiry into the causes of the problem and a proper information gathering process. As Zajac and Al-Kazemi state, the inquiry phase of the overall learning process is crucial to determine organisational causes of the problem. Moreover, further organisational steps, implementation of change strategies, should be based on the results of that inquiry. Therefore, if the effort made toward inquiry is low, this may suggest that changes implemented may have a superficial character and may not "cure" the problem properly. In other words, high organisational efforts toward change action coupled with a low level of effort toward inquiry may indicate incomplete or incorrect problem analysis before the development and implementation of change strategies.

This pattern of the present study suggests that when and where learning effort to correct ethics failure is made, this process bears

characteristics of the single loop-learning model described above. The public agencies sampled in Armenia try to correct ethics problems without any change in core policies, goals and values. This type of change brings short-term organisational adjustment, and may result in an underestimation of the nature of the organisational problems studied here, ignoring aspects that may demand double loop solutions (Zajac and Al-Kazemi, 2000). In other words, moderate and non-comprehensive efforts toward learning from ethics failure in Armenian public agencies suggests that organisational learning is a type of *satisfying* behaviour. The organisation engages in an incomplete process of learning that satisfies only the limited and immediate demands of a problem, while it serves the established needs and interests of the organisation (Guy, 1991; Simon 1976). The *satisfying* response reflects an incomplete process of learning, which fails to fully examine and correct the ethical "lapse", making recurrence more likely (Argyris, 1982). Furthermore, Christopher Hood (1974) has identified these types of organisational change as administrative failure. In his typology of administrative failures, this type of change is called "reorganisation: structural changes as symbolic responses, tokenism leaving substance untouched" (Caiden, 1994).

### **Correlation Between Learning Response and the Type of Ethics Problem**

This study also found that the strength of the organisational response depends on the type of ethics failure. Namely, the learning response and the complexity of the type of ethics failure seem to be inversely related. In other words, the most complex type of ethics failure, symptomatic failure, induces less organisational effort toward learning from ethics failure (56%) than do the other two types. On the contrary, with regard to simpler types of ethics failure, malicious and marginal, respondents reported a greater commitment to the learning effort from ethics failure (64% and 63% respectively). Thus, while logic dictates that more complex problems should produce more and thorough learning efforts, this was not found in the

study of Armenian public agencies. Public agencies in Kuwait show a similar tendency toward more effort committed to less complex problems. Conversely, American public agencies commit more learning effort to symptomatic failure (56%) rather than to malicious (47%) or marginal (50%) failure. These differences between the results of the American study, on the one hand, and Armenian and Kuwaiti, on the other may be explained by the history and traditions of American bureaucracy due to which a Weberian type of bureaucratic system with instituted procedures was established. In other words, in public agencies in the US, several procedures, including those related to investigation and inquiry, are rooted in the day-to-day life of an organisation, whereas in the Armenian and Kuwaiti public agencies, being in the process of reform, there is a lack of such routine procedures.

The low level of effort devoted to learning from symptomatic failure in Armenian public agencies may be an indicator of an overall passive attitude of public servants toward this type of ethics problem, which involves widespread favouritism in the performance evaluation and promotion of an employee. Public servants seem to perceive this type of ethics failure as a kind of problem that has always been there and defies solutions. In response to the question "To what extent do you think it is possible to change the sort of behaviour and attitudes reflected by this problem?" fifty percent of the respondents reported that it is possible to change this to *some extent* (10% reported *to little extent* and 5% *not at all*). Only about 34% of respondents found that it is possible to change widespread favouritism in their agencies *to a great extent*. Thus, about 65% of the public servants engaged in this survey find that such behaviour cannot be rooted out completely.

Such a view of this type of problem may be explained also by the peculiarities of the public agencies sampled. The executive heads of the taghapetarans, the taghapets, are elected leaders of their communities who are responsible for self-government in a given community. After being elected, taghapets form their staff to provide regular and quality services to the community population. There is another representative body of the local

government elected by the community population which is the community council called the avagani. However, the taghapetarans, the taghapet and his/her staff, carry out the executive part of community governance (Republic of Armenia Law on Local Self-Government, Article 5). Therefore, taghapets are perceived to be responsible for the proper functioning of the taghapetaran with the aim of provision of quality service; hence, they are free in their actions in the matters of employee performance evaluation and promotion. The implied logic is the following: if the taghapet is responsible for the regular functioning of the taghapetaran to serve the community, he or she would not make irrational decisions related to evaluation or promotion; otherwise, the taghapet would be blamed for the failure to deal with community problems and would not be elected next time. All this may be the reason why respondents view the symptomatic type of ethics failure as a "normal" state of affairs.

Such an attitude toward favouritism may also result from inertia (mentioned above); that is to say, favouritism (especially "party favouritism") was a widespread practice during Soviet times, and this could have remained in the mentality of public servants in Armenia. Moreover, most of today's local self-government bodies in Armenia (including taghapetarans) are situated in the buildings of former Regional Committees, which were executive bodies of the Soviet Armenia. This fact may have psychological effects not only on public servants, but also on the public at large, and contributes more to preservation of the old mentality. The specifics of an organisation's internal culture may also have played a role in the formation of such an attitude toward favouritism. As Smircich (1985) states, the internal culture of an organisation "is a possession – a fairly stable set of taken-for-granted assumptions, shared meanings, and values that form a kind of backdrop for action." Another scholar, Richard H. Hall (1972), supports this idea claiming that "...people come and go, but the culture remains robust." So, once rooted in the culture of organisation, values and perceptions cannot be easily changed. On the other hand, one should keep in mind that Armenia is undergoing transition and regime

change, which also impacts organisational characteristics and behaviour. As V. Gabrielian (1999) has pointed out, one of the modes of regime transition employs *cadre organisation*. The author explains cadre organisation as

*"goal-oriented or... based on substantive rationality, as opposed to the formal organisation of bureaucracy. It [cadre organisation] is founded on commitment to goals of the organisation and commitment to the organisation itself. Legitimacy comes not from the rules, but from the ideology. Merit principles are not important, and recruitment is done on the basis of ideological orientation" (V. Gabrielian, 1999).*

Thus, organisational learning efforts are sensitive not only to the nature of the ethics problem, but also to the social, political and cultural context in which the public organisations operate.

Regarding malicious and marginal types of failure, both of them have a relatively high index of LEM (64% and 63% respectively) as compared to the LEM index produced by symptomatic failure (56%). But again, the percentage indices for information and inquiry variables are much lower than those of change and evaluation variables. For malicious failure, percentage indices of information and inquiry variables are 41% and 35% accordingly, while change and evaluation variables generated 88% and 91% indices respectively. Although this type of failure yielded the highest LEM percentage, one can see from these figures that public agencies still are reluctant to investigate the problem deeply – the inquiry variable has a 35% index. The same picture appears when examining marginal failure: information and inquiry indices are relatively low (34% and 46% respectively), while change and evaluate indicators are comparatively high (88% and 89% respectively).

However, there are characteristics that are similar in these two types of failures (malicious and marginal) and differ from that of symptomatic failure: the punishment strategies are far more widespread in malicious and marginal types of failure than they are in symptomatic failures. Thus, for malicious failure, about 75% of the

## Ethics Failure in the Public Agencies of Armenia

respondents chose to “require restitution from the employee”, about 44% found that the employee should be fired, and 18% stated that the agencies should “report the employee to legal authorities.” Furthermore, although 70% of the respondents reported that the problem and its causes should be examined, only 33% found that there should be examination of the ethical aspect of such a problem. The marginal failure produced almost the same responses: about 70% of the respondents think that the employee should be reprimanded, while the options of firing and/or transfer of the employee were chosen by 15% and 14% respectively. Similar to malicious failure, a rather high percentage of the respondents (82%) believe that the problem and its causes should be examined, while only 27% accept that the ethical aspects of the problem should be investigated. Thus, the implications from these indicators are the following: public agencies in Armenia are more inclined to punish a person identified as guilty for the occurrence of the problem, rather than to examine the *ethical* aspects of the failure. This is further evidence that the public agencies sampled are engaged in *satisfying* learning strategies. As Argyris (1982) states, such learning strategies (satisfying) are a by-product of punishment strategies. Furthermore, as mentioned earlier, organisational policies that emphasize identifying and punishing parties responsible for failures can discourage organisational learning efforts, even where such punishment is warranted.

Comparative reluctance to investigate ethical aspects of the problem may indicate a narrow perception of the concept of ethics in the public organisations of Armenia. For example, only 40% of the respondents think that the marginal type of ethics failure is an ethical problem to a *great* extent. 24% of the survey participants found that this type of failure is not an ethics problem at all, while 21% and 14% of the respondents reported that the marginal type of failure is an ethical problem to *some* extent and to *little* extent respectively. The issue of narrow perception of ethics concept was touched upon by Gary Zajac in his article “Beyond Hammurabi: A Public Service Definition of Ethics Failure” (1996). According to him

*Various scholars have noted the absence of a broader conception of ethics failure in empirical research on corruption. Evidence of a narrow definition of ethics failure can be found within public agencies. Zajac (1994) found that nearly 15 percent of respondents to a survey on organisational ethics learning volunteered that marginal failure is an ordinary management problem, with little or no ethical import. Further, among those respondents who acknowledged this as an ethics problem, one-third reported that punishment would be applied by their agencies to those responsible, a classic external approach to ethics failure. Organisational learning in response to such problems was seen as a companion to, rather than a substitute for, punishment strategies.*

In sum, public servants in Armenia lack awareness of the “many faces” of ethics failure. Their perception of what is defined as an ethics problem is rather narrow, so that some of the ethics problems (i.e., the ethics failure described in the third vignette) are viewed as simple managerial drawbacks.

Analysis of the data obtained from public agencies in Armenia did not show any essential differences between responses of participants from the perspective of different departments, position levels, and work experience. Perhaps the most significant insight in this sense is the difference in LEM indices between functional departments (in this case it was the Financial Department) and service delivery departments (in this study the Utility, Agriculture, and Urban Development Departments were surveyed). On the whole, all four percentage indices (for the four variables) from the Financial Department are about 5% less than overall LEM indices. This may not be a significant difference given that the data from the other departments (Utility, Agriculture, Urban Development) have no significant differences with overall LEM indices.

### **Other Factors Affecting Learning Response**

As to the other types of stratification, position level (managerial and line), and work



experience (0.5 years of experience, and 5 or more years of experience), the analysis did not indicate that these might have had an influence on the extent of learning effort committed by the public agencies in Armenia.

The present study also revealed that there are no ethics codes of conduct or other guidelines for ethical behaviour in the public agencies sampled in Armenia. Nor do public agencies use other strategies such as ethics seminars or internal ethics audits for the solution of ethics problems. This may suggest that public servants in taghapetarans may even not know what expectations are in ethical behaviour within a public organisation. This fact also can be considered as some evidence that ethics in the public agencies sampled is perceived on a personal level only since none of the taghapetarans as a public agency approaches this matter as an organisational issue. Otherwise, there would be some form of expression of organisational ethical standards in the form of codes, trainings, etc. This is not to say that employees of the organisations sampled behave unethically because there are no clearly defined codes or guidelines; however, this is an indicator of a personal rather than organisational mode in perception of moral obligations within public agencies.

Furthermore, for the public servants of the organisations sampled in Armenia, the study of ethics seems not to be treated as an important factor for effective and professional performance of public organisations. In this regard, comments from executive heads of taghapetarans interviewed personally may shed some light on the state of affairs concerning ethics in public agencies in Armenia. Eight of 11 executive heads commented that ethics is not so important as to waste time studying it. They further commented that there are more urgent problems such as scarce resources, small budgets, tax collection problems, or drawbacks in law on local self-government, etc., which hinder effective functioning of taghapetarans. So, it is unnecessary and useless to spend time and energy on such "unimportant" issues as ethics. Meanwhile, many students of public administration acknowledge the role of the leader in a public agency as an "ethical anchor" (H. Gortner,

1991), and "institutional embodiment of purpose" (Sleznik, 1957) thus emphasizing the example setting function of a leader who plays a critical role in goal setting, and influences the shaping of value preferences in an agency. Given all this, the overall indifferent attitude toward ethics among public servants may be explained by the attitude that the executive heads of their agencies have towards organisational ethics ignoring its importance in the successful management of public organisations.

### Conclusion

To summarize, the study conducted in a sample of public agencies in Armenia found that public organisations in Armenia commit more than moderate efforts toward learning from ethics failure: the Learning Effort Measure across all three types of failure for all four variables (information, inquiry, change and evaluation) is 61% of the maximum possible learning effort that this study could measure. This index is higher than that of the public health departments in the eastern United States (51%) and is greater than a similar index obtained from the study of ministries sampled in Kuwait (37%), indicating that public agencies in Armenia are more inclined toward learning from ethics failure than public organisations surveyed in the US and Kuwait.

However, specifics of the indicators generated by the Armenian study lies in the relatively high difference between indices produced by information-inquiry and change-evaluate variables: information-inquiry variables yielded much lower results (35% for both variables) than did change-evaluation variables (86% and 88% accordingly). This may show that public agencies in Armenia have an inclination toward making superficial changes; that is, changes that are implemented without thorough investigation of the ethics problem. This is an indicator of an organisational preference for single loop rather than double loop learning, which means that public agencies are engaged in change activities that leave the core values, policies, goals, etc., untouched while making organisational adjustments to the changing environment. The drawback of such learning may be recurrence

of the failure, as the causes of the failure have not been explored profoundly.

The Kuwaiti public agencies displayed a similar tendency of preference toward simple, single loop learning though the contrast between information-inquiry and change-evaluation variable pairs was not as high as it was in the case of Armenian public organisations: 33% and 26% LEM indices were produced by information-inquiry variables respectively, while change-evaluation variables produced indices equal to 49% and 46% respectively. The US public agencies, on the contrary, showed a higher propensity toward inquiry rather than toward change. Thus, in the USA, the highest LEM index (57%) was yielded by the inquiry variable, while the change variable produced a 41% index indicating low organisational effort devoted to change activities. Such differences in the reports of these three countries studied may be explained by differences in traditions, democratic experience and approaches to public administration. A relatively high level of effort committed toward inquiry in the US public agencies may be a result of longer history and evolution of public administration in the US, with a consequently more complex and scientific approach towards public administration. As for Armenia, ten years of independence is a fairly short period to go through evolutionary processes in order to establish traditions and get necessary experience. Rather, public administration in Armenia is suffering from post-communist inertia and lack of democratic as well as scientific traditions applied to public management.

Organisational efforts committed by public agencies in Armenia appeared to be sensitive toward the nature of the ethics problem. In other words, different types of ethics failure generated different learning efforts; more importantly, the complexity of the problem seems to be inversely correlated to the learning effort devoted by the public agencies. Thus, the most complex type of ethics failure, symptomatic failure, produced the least learning effort (56%), while more simple types of ethics problems, malicious and marginal failure, showed a higher commitment to learning (64% and 63%

respectively). Punishment strategies were chosen by the respondents much more often in the marginal and malicious types of ethics failure than in symptomatic failure. A relatively high percent (71-79%) of the respondents opted for punishment along with investigation of the causes of the problem; at the same time, the percentage of the respondents who reported that examination of ethical aspects is also needed was comparatively low (28-33%). Thus, this is perhaps an indicator of the narrow perception of the concept of ethics among public servants in Armenia; that is, there is little belief that problems described in malicious and marginal types of failure refer to ethics issues.

On the whole, the overall attitude of public officials and servants in Armenian local self-government bodies toward ethics in government displays widespread indifference to, ignorance in, and unawareness of the role ethics may play in government agencies. The absence of ethics codes, ethics training seminars and internal ethics audits contributes much to such an attitude toward ethics among public servants and officials. Coupled with the absence of Civil Service Law until recently (at this moment the Law has already been adopted), an ignorant attitude toward the importance of organisational ethics may bring in a great confusion among public servants on the part of their duties, responsibilities and rights. Introduction of ethics codes or ethics training programs would not, of course, correct all the ethical problems in Armenian government; however, ethics in government bodies should be made an expectation.

### Policy Recommendations

Based on the results of this study, several policy recommendations for public organisations in Armenia can be made.

First, public agencies in Armenia must become more aware of the role ethics may play in government organisations. To this end, ethics codes with clear definitions should be introduced in the agencies. Such codes should serve as guidelines for public servants in their day-to-day life, spelling out what is the expected ethical behaviour within the agency.

They also will prevent, rather than punish, unethical conduct.

Second, several ethics training programs should be developed and introduced to public agencies. Educational and training programs should involve public servants at all levels to be most effective. Educational and ethics training programs will enhance an understanding of the nature of ethical dilemmas and problems that may arise in a public agency. These programs should be a required for public servants at all levels since they will serve as promotional ethical practices and will reinforce ethical standards within the agency. Educational and ethics training programs should be developed and introduced in parallel with ethics codes; otherwise, the values and standards outlined in the codes of conduct will have little effect.

Third, public organisations should make sure to commit more attention to inquiry into the causes of the problem before planning and implementing a strategy change. Failure to make a complete investigation may cause recurrence of the problem thus complicating further solution of the issue in question. Generation and implementation of change policies must be based on the results of inquiry so that the change produced will have the expected outcomes.

The introduction of ethics codes, training programs, and more focus on the inquiry into causes of ethics problem will draw the attention of public servants to ethics concepts, deepening their perception of the scope of ethics. In other words, if the employees of the agencies sampled treated marginal failure as an administrative or managerial problem, after the changes proposed above, they would see it as an ethics failure.

Fourth, public organisations should have people responsible for dealing with ethics problem that might arise in the agency. Given the difficult economic and financial situation peculiar to all transition countries, the creation of a new position of Ethics Manager would be considered a costly and unjustified endeavour. However, the functions of the Ethics Manager may be given to another manager, such as the Personnel Manager, or all department heads or other managers may

share these duties. This will assist in a constant information gathering and analysis process, as well as in the development and implementation of change strategies with further monitoring, to cope with ethics problems in an organisation. They also may settle disputes and act in an advisory function in case of occurrence of several ethical dilemmas. Persons responsible for ethics should develop and review rules regarding standards of conduct, facilitate education and training programs providing information and other kinds of assistance, monitor agency ethics programs and review compliance.

Fifth, to deal with ethics problems, public agencies should place more emphasis on organisational learning as a corrective mechanism rather than relying on the personal ethical beliefs of public servants. Agencies should become organisational learning systems, which constantly gather and analyse information about ethics failure with consequent application of obtained results to create and implement change strategies. This necessitates more thorough investigation of the core beliefs and policies of the agency, and increases the ability to find new ways by which organisational integrity and the moral health of the organisation can be enhanced. Further monitoring of implemented changes is required to find out whether failure was corrected completely, and if the monitoring shows that the changes made in the agency did not remedy the ethics problem, further inquiry into the causes of the problem should be made. In sum, this process of organisational learning from ethics failure should bear a constant character, with permanent information gathering and analysis with further application of the results.

Sixth, public organisations should try to build an atmosphere of openness and employee participation in organisational change and reform efforts. This may encourage a more free flow of information, which is important for substantial changes in an agency. The process of information exchange should be extended to exploration and information search from other public organisations, possibly from other countries, in order to find out more efficient ways of dealing with ethics problems.

## Ethics Failure in the Public Agencies of Armenia

The implementation of these recommendations will contribute to the establishment of certain procedures bringing public administration closer to an ideal type with impartiality and neutrality. The establishment of Ethics Boards, as well as the creation of an atmosphere of openness and trust, will arouse feelings of being protected against arbitrary decisions among public servants thus advancing overall organisational efforts toward learning.

Also, further studies on ethics on the whole, and on learning response to ethics failure particularly, should be conducted on a different level of government, at the central government level in Armenia, in order to gain broader insights into the state of affairs regarding ethics issues in the higher levels of government in Armenia.

Further research on this topic should be continued to explore organisational ethics learning strategies within a variety of public administration systems. A similar study conducted in several countries of the FSUR (Former Soviet Union Republics) may flesh out similarities and differences in public administration systems that have the same legacy of the Soviet past.

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## Appendix A

### Research Instrument (English version)

#### Ethics vignettes

This section will present you with a set of hypothetical problem vignettes that involve ethics issues. These vignettes were not derived from any specific events that may have occurred in your ministry. Rather, they represent ethics problems that could occur in a public agency such as yours. More broadly, they represent general types of problematic ethics situations which have cropped-up in many public agencies worldwide. These vignettes were designed to apply to a variety of ministries which this study has sampled. Thus, it is important that you think about the *general features* of these vignettes, especially if you feel that none of these specific problems have occurred in your ministry. Finally, please respond to all three vignettes, even if they concern divisions of the ministry other than the one in which you work.

#### First Vignette

Many employees throughout the ministry are aware of the problem of favouritism in evaluation and promotion practices within the ministry. In other words, there is a well-founded impression that promotion within the ministry depends as much upon "who you know" as upon one's job performance. This is a problem which is perceived as occurring throughout the ministry, at all levels and branches. As a result, employee morale and performance is suffering. Employees are beginning to feel that something must be done about this problem.

##### 1.1 What actions would your ministry take in response to this type of problem? (Please circle as many as apply).

1. Examine the problem and its causes
2. Examine the ethical aspects of such a problem
3. Investigate specific cases of such favouritism
4. Apply discipline where appropriate
5. Other
6. Don't know

##### 1.2 In response to such a problem, from what parties would your ministry gather information regarding the problem? (Please circle as many as apply).

1. The aggrieved employees
2. Ministry officials named in complaints
3. Other employees who haven't made complaints
4. Ministry officials not named in any complaint
5. The general public
6. Other public agencies
7. Other
8. Don't know

##### 1.3 To what extent would your ministry attempt to gauge the seriousness of this type of problem before taking any action? (Please circle only one).

1. Great extent
2. Some extent
3. Little extent
4. Not at all, no such problems acted upon
5. Don't know

##### 1.4 In response to such a problem, what measures would your ministry take to inquire into the causes of the problem? (Please circle as many as apply).

1. Reflect upon the fundamental values and assumptions which exist within the ministry
2. Evaluate the organisational climate within the ministry
3. Examine the ministry's goals regarding promotion
4. Examine policies on promotion
5. Examine employee understanding of these policies
6. Examine procedures for creating job classifications
7. Examine criteria for promotion
8. Other
9. No attempt to examine causes of problem
10. Don't know

**1.5 To what extent does your ministry implement the findings of the inquiry by taking the appropriate actions? (Please circle only one).**

1. Great extent
2. Some extent
3. Little extent
4. Not at all
5. Don't know

**1.6 To what extent does your ministry monitor and evaluate the actions taken in response to the problem? (Please circle only one).**

1. Great extent
2. Some extent
3. Little extent
4. Not at all
5. Don't know

**1.7 To what extent do you think it is possible to change the sort of behaviour and attitudes reflected by this problem? (Please circle only one).**

1. Great extent
2. Some extent
3. Little extent
4. Not at all
5. Don't know

**Second Vignette**

An employee of the ministry has quietly been using ministry resources, including office supplies, copiers, phones, vehicles and health supplies, to operate a small, private business. Over a period of several years, this has resulted in the misuse of several thousand dollars in ministry resources. This information comes to the attention of ministry officials.

**2.1 What actions would your ministry take in response to this type of problem? (Please circle as many as apply).**

1. Examine the problem and its causes
2. Examine the ethical aspects of such a problem
3. Report the employee to legal authorities
4. Fire the employee
5. Require restitution from the employee
6. Transfer the employee
7. Reprimand the employee
8. Other

9. Don't know

**2.2 In response to such a problem, from what parties would your ministry gather information regarding the problem? (Please circle as many as apply).**

1. The employee in question
2. The employee's supervisor
3. Other employees
4. Other public agencies
5. Other
6. No attempt to gather information
7. Don't know

**2.3 To what extent would your ministry attempt to gauge the seriousness of such a problem before taking any action? (Please circle only one).**

1. Great extent
2. Some extent
3. Little extent
4. Not at all, no such problems acted upon
5. Don't know

**2.4 In response to such a problem, what measures would you ministry take to inquire into the causes of the problem? (Please circle as many as apply).**

1. Examine ethics rules and policies on personal use of ministerial materials
2. Examine employee attitudes and knowledge of these rules and policies
3. Examine ethics training given to that employee
4. Overall examination of ethics training procedure
5. Examine detrimental internal financial controls
6. Other
7. No attempt to examine cause of problem
8. Don't know

**2.5 To what extent does your ministry implement the findings of the inquiry by taking the appropriate actions? (Please circle only one).**

1. Great extent
2. Some extent
3. Little extent
4. Not at all
5. Don't know

## Ethics Failure in the Public Agencies of Armenia

**2.6 To what extent does your ministry monitor and evaluate the actions taken in response to the problem? (Please circle only one).**

1. Great extent
2. Some extent
3. Little extent
4. Not at all
5. Don't know

**2.7 To what extent do you think that it is possible to derive some useful organisational lessons from investigating this sort of problem? (Please circle only one).**

1. Great extent
2. Some extent
3. Little extent
4. Not at all
5. Don't know

### Third Vignette

A new computer operator within the Bureau of XXXXX in the Ministry of the XXXXX has been making mistakes in data entry, resulting in several fines being charged to the wrong people. Although the victims of these mistakes petitioned the Bureau to correct the mistakes, they had to pay the fines anyway, which compounded financial hardships being experienced by some of them.

**3.1 To what extent do you think this type of problem is an ethics problem? (Please circle only one).**

1. Great extent
2. Some extent
3. Little extent
4. Not at all
5. Don't know

**3.2 What actions would your ministry take in response to this type of problem? (Please circle as many as apply).**

1. Examine the problem and its causes
2. Examine the ethical aspects of the problem
3. Fire the employee
4. Transfer the employee
5. Reprimand the employee
6. Other
7. Don't know

**3.3 In response to such a problem, from what parties would your ministry gather information regarding the problem? (Please circle as many as apply).**

1. The computer operator
2. The operator's supervisor
3. The affected citizens
4. Other citizens not affected by the problem
5. Other computer operators in the ministry
6. Other public agencies
7. Other
8. No information would be gathered
9. Don't know

**3.4 To what extent would your ministry attempt to gauge the seriousness of such a problem before taking any action? (Please circle only one).**

1. Great extent
2. Some extent
3. Little extent
4. Not at all, no such problems acted upon
5. Don't know

**3.5 In response to such a problem, what measures would your ministry take to inquire into the causes of the problem? (Please circle as many as apply).**

1. Examine computer policies or procedures
2. Examine employee attitudes and knowledge of professional ethical obligations
3. Examine training given to that operator
4. Overall examination of operator training
5. Examine policies for response to citizen complaints
6. Other
7. No attempt to examine cause of problem
8. Don't know

**3.6 To what extent does your ministry implement the findings of the inquiry by taking the appropriate actions? (Please circle only one).**

1. Great extent
2. Some extent
3. Little extent
4. Not at all
5. Don't know



**3.7 To what extent does your ministry monitor and evaluate the actions taken in response to the problem? (Please circle only one).**

1. Great extent
2. Some extent
3. Little extent
4. Not at all
5. Don't know

The research instrument was translated into Armenian and adjusted to the specific features of local self-government bodies sampled. Instead of the word "ministry," the word "taghapetaran" was used. In the third vignette, along with computer operations, bookkeeping was also mentioned since it is still a widespread method of record keeping in taghapetarans. In the beginning of the questionnaire, there was a blank space to fill in position level. Two questions were added to the questionnaire:

**3.8 How long have you worked in the taghapetaran?**

1. 1 - 3 years
2. 3 - 5 years
3. 5 - 7 years
4. 7 or more

**3.9 What is the highest level of education obtained?**

1. Secondary school (middle school)
2. High school
3. College
4. Technical college
5. University

**Appendix B**

**List of Sampled Taghapetarans**

No	Names of Taghapetarans	Number of public servants interviewed
1.	Davitashen	10
2.	Ajapniak	10
3.	Arabkir	10
4.	Zeitun-Kanaker	10
5.	Shengavit	10
6.	Erebuni	10
7.	Nor-Nork	10
8.	Avan	10
9.	Kentron	7
10.	Malatia-Sebastia	10
11.	Nork-Marash	7

**Appendix C**

**Learning Effort Measure for All Variables and Types of Failure:  
Functional (Financial) Departments vs. Service Delivery (Utility, Agriculture,  
and General) Departments**

**Functional Departments**

Variable \ Type of Failure	Symptomatic Failure	Malicious Failure	Marginal Failure
Information	25	37	32
Inquiry	24	30	35
Change	51	83	83
Evaluation	74	86	83
All Variables	44	59	58

Total across all three types of failure – 54%

**Service Delivery Departments**

Type of Failure Variable	Symptomatic Failure	Malicious Failure	Marginal Failure
Information	25	37	32
Inquiry	24	30	35
Change	51	83	83
Evaluation	74	86	83
All Variables	44	59	58

Total across all three types of failure – 60%

**Appendix D**

Learning Effort Measure for All Variables and Types of Failure:  
Managerial Positions vs. Service Delivery Positions

**Managerial Positions**

Type of Failure Variable	Symptomatic Failure	Malicious Failure	Marginal Failure
Information	25	37	32
Inquiry	24	30	35
Change	51	83	83
Evaluation	74	86	83
All Variables	44	59	58

Total across all three types of failure – 61%

**Service Delivery Positions**

Type of Failure Variable	Symptomatic Failure	Malicious Failure	Marginal Failure
Information	25	37	32
Inquiry	24	30	35
Change	51	83	83
Evaluation	74	86	83
All Variables	44	59	58

Total across all three types of failure – 61%

# Ethics Failure in the Public Agencies of Armenia

## Appendix E

Learning Effort Measure for All Variables and Types of Failure:

### “New” Public Servants

Type of Failure Variable	Symptomatic Failure	Malicious Failure	Marginal Failure
Information	25	37	32
Inquiry	24	30	35
Change	51	83	83
Evaluation	74	86	83
All Variables	44	59	58

Total across all three types of failure – 61%

### “Old” Public Servants

Type of Failure Variable	Symptomatic Failure	Malicious Failure	Marginal Failure
Information	25	37	32
Inquiry	24	30	35
Change	51	83	83
Evaluation	74	86	83
All Variables	44	59	58

Total across all three types of failure – 63%

New Public Servants (Working Experience 1 – 5 years) vs.  
Old Public Servants (Working Experience 5 years or more)

