POST-SARBANES-OXLEY SECTION 406: A QUALITATIVE CASE STUDY OF STAKEHOLDER PERCEPTIONS OF PERSISTENT UNETHICAL BEHAVIORS

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Post-Sarbanes-Oxley Section 406: A Qualitative Case Study Of Stakeholder Perceptions of Persistent Unethical Behaviors

by

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Abstract

Stakeholders have been repeatedly victimized by persistent unethical behaviors on the part of organizational leaders despite the Sarbanes-Oxley (SOX) Section 406 Ethical Provision. The purpose of this qualitative explanatory multiple case study was to explore the perceptions of organizational stakeholders about the persistence of unethical behaviors and decision making related to business practices within U.S. publicly traded corporations post SOX. In this study, behavioral integrity leadership theory and consequentialism theory serve as the conceptual frameworks. The research questions guiding this study are (a) what are the experiences and perceptions of stakeholders about organizational leaders' unethical behaviors and decision making post Section 406?, and (b) what are the experiences and perceptions of stakeholders about organizational leaders' exhibited integrity post Section 406? The data collection process consisted of a sample of 15 organizational stakeholders who met the unique criteria designated for selection to complete a qualitative survey. The data gathered were analyzed using Dedoose Analytic software to generate narrative findings. Using cross-case syntheses, the data analysis identified three emergent themes: (a) Theme 1: Employees of publicly traded organizations expressed disgust and distrust with the unethical behaviors and decision making by organizational leaders post-SOX, (b) Theme 2: Organizational stakeholders reported observations of organizational leaders' lack of adherence to published codes of ethics, and (c) Theme 3: Despite regulatory and organizational whistleblower protection programs, some organizational stakeholders experienced employee retaliations and reprisals for wrongdoings by some organizational leaders. The findings represent organizational stakeholders' exasperations with unethical behaviors and unethical decision making by organizational leaders post the Section 406 Ethical Provision, which was intended to promote ethical leadership and ethical organizational cultures. Organizational stakeholders desire that organizational leaders adhere to published organizational codes of ethics; and in the event of wrongdoings by organizational leaders, organizational stakeholders desire to have confidence about current whistleblower protection programs and be assured that regulations are effective.

Keywords: *codes of ethics, fraud, ethical organizational culture, leadership, Sarbanes-Oxley, scandals, stakeholders, whistleblower protection, and wrongdoings*

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Dedication

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CHAPTER I: INTRODUCTION

In spite of Congress establishing the Sarbanes-Oxley (SOX) Section 406 ethics code (107th Congress Public Law 204, 2002; Holder-Webb & Cohen, 2012), the effects of unethical behaviors and decision making persist across publicly traded United States (U.S.) corporations (Bryan, 2012; Chan, McBey, & Scott-Ladd, 2011; Thomas, 2012; Tourigny, Dougan, Washbush, & Clements, 2003). Daily, organizational leaders encounter a myriad of opportunities that call them to make decisions on behalf of their organizations and company stakeholders (Bryan, 2012). Investors, customers, and employees assume organizational leaders are ethical, credible, competent, and trustworthy to lead organizations (Bass & Riggio, 2006), and boards of directors have invested a great many resources in extensive recruitment, selection, training, and development programs to ensure the most appropriate organizational leaders are hired to facilitate organizational growth and financial return (Sisaye, 2011). Sarbanes-Oxley requires that organizational leaders are held accountable to facilitate organizational growth, ensure transparency in reporting of financial returns (Section 302), and promote ethical organizational cultures (Section 406, 107th Congress Public Law 204, 2002).

Unethical decision-making processes and behaviors by organizational leaders remain problematic for organizational growth and financial stability despite Congress having established SOX to increase organizational leadership's accountability and transparency to regain investor confidence after a myriad of fraudulent activities (107th Congress, 2002; Kaserer, Mettler, & Obernberger, 2011). Stakeholders lack confidence in organizational leaders due to fraud and wrongdoing, and the media tends to question the transparency and accountability of organizational leaders (Vogelgesang & Lester, 2009). Some companies' fraudulent activities are apparent, and these companies continue to exist today; however, in a few cases, because of the negative effect of the fraudulent activities, the organizations have been completely obliterated; wrongdoings have had widespread effects and have negatively affected the U.S. economy (Pendse, 2012). For example, the "Association of Certified Fraud Examiners 2010 Report to the Nations on Occupational Fraud and Abuse estimated annual global losses at $2.9 billon" (Bryan, 2012, p. 20; FEI Audit Fee Survey, 2006) to stakeholders. Each financial and accounting scandal depleted shareholder value, damaged organizational respectability and brand, lowered investor confidence, and increased distrust due to the decline in ethics and integrity (McCann & Holt, 2009).

A code of ethics has been identified as the instrument to curtail unscrupulous behaviors by organizational leaders (Holder-Webb & Cohen, 2012; Messikomer & Cirka, 2010). "While attention to code content continues, a significant body of work on code effectiveness emerged over the past decade" (Messikomer & Cirka, 2010, p. 58). Holder-Webb and Cohen (2012) posited that it was not surprising how Congress selected codes of ethics as the tool to address unethical/unscrupulous decision making by organizational leaders; because as discussed later, an organizational ethics code was commonly identified as the remedy to curtail unscrupulous behavior by other agencies. For example the stock exchange boards, including the NYSE, American Stock Exchange (AMEX), and NASDAQ Stock Markets (NASDAQ), have emphasized the significance of developing an effective code of ethics by mandating that corporate leaders ensure compliance to a code of ethics at each level of the organization (Holder-Webb & Cohen, 2012). Holder-Webb and Cohen further posited that it was essential for organizational leaders to develop effective codes of ethics; the most effective organizational codes are customized to align with organizational leaders' ethical philosophies and are coupled with the explicit specific content outlined in Section 406.

In Chapter I an explanation of what was to be achieved in this study is provided, along with the general and specific problem and purpose and significance of this study. The chapter incorporates (a) an overview of the chosen research methodology and design, (b) the conceptual framework, (c) the research questions, (d) definitions of specific terminology used, (e) the assumptions, and (f) the limitations. The chapter commences with a general statement as a synthesis of the expected accomplishment, significance, and implications of the study; and draws on scholarly articles to explain the study.

General Statement

More than 10 years have passed since the establishment of SOX. The persistence of fraudulent activities has produced negative consequences across the United States of America (USA) in publicly traded corporations. Congress established the Section 406 Ethical Provision over 10 years ago as a deterrent to unethical decision making and behaviors, and Drawbaugh and Aubin (2012) posited that a myriad of fraudulent financial and accounting activities have occurred since Congress constructed Section 406. On the 10th anniversary of SOX, Drawbaugh and Aubin concluded that SOX had resulted in significant improvements in some organizational areas, such as ethics. However, Drawbaugh and Aubin noted that SOX contains gaps and loopholes that allow organizational leaders to circumvent prosecution for breaches; Higson (2013) said that SOX requires interpretation and clarification with respect to the expectations for organizational financial reporting; Nordberg (2008) said that closure of the SOX's ethical loopholes pertaining to financial institution risks might have prevented the 2008 crisis; Merino, Mayper, and Tolleson (2010) said that SOX failed to address risky decision making to generate quarterly profits. At the same time, Verschoor (2012) praised SOX for improving “CEO and CFO responsibility and accountability” (p. 1) related to internal controls, along with improving audit resources interactions. Conclusions in the literature remain mixed about whether SOX achieved its original objectives, because much of the existing research supports the ineffectiveness of SOX to temper the myriad of wrongdoings over the past 12 years, including the financial crises that compounded the Great Recession of 2008. Continued fraudulent activities in the financial and accounting fields have compelled researchers to examine reasons for organizational leadership’s unethical behaviors in a post-SOX era (Alles & Friedland, 2012; Cohen, Ding, Lesage, & Stolowy, 2010).

Although researchers have addressed various aspects associated with the failure of the SOX (Bryan, 2012; Chan et al., 2011; Drawbaugh & Aubin, 2012; McCarthy, 2010; Thomas, 2012; Verschoor, 2012), the perceptions of stakeholders about organizational leaders’ inabilities to curtail persistent breaches post Section 406, and restore faith and trust in the ethical behavior of organizational leadership, has not been fully explored. In the current study, the perceptions of organizational stakeholders is explored to expand research that has addressed the SOX’s overall effectiveness to improve business practices and restore organizational leadership’s ethics and integrity (Bryan, 2012; Chan et al., 2011; Drawbaugh & Aubin, 2012; McCarthy, 2010; Thomas, 2012; Verschoor, 2012).

Thomas (2012), for example, conducted a quantitative study using an ethical assessment instrument to assess business and information technology (IT) managers at a university. Thomas found a lack of knowledge of the organization’s code of ethics as well as self-absorption. Thomas concluded that business and information technology (IT) managers’ decision making failed to comply with the organization's code of ethics due to lack awareness and managers' egocentricity.

Messikomer and Cirka (2010) claimed that all C-level executives should participate in creating an organization's code of ethics, because the code of ethics should capture the ethical values of the entire organization. The ultimate objective for Section 406, in conjunction with organizational codes of ethics, is to communicate explicitly acceptable behavior, promote ethical behavior, and discourage unethical behavior (Hopkins, 2013; Schrup, 2012); therefore, the intention is to explore stakeholder perceptions of continuous unscrupulous and unethical behaviors within organizations and by organizational leaders post Section 406.

Statement of Problem

Over the last three decades, the volume and frequency of unscrupulous behaviors by organizational leaders of U.S. publicly traded corporations have increased to the point where the media has developed routine segments to report on the myriad of infractions (Pritchard & Burton, 2014). The general problem was Congress required corporate leaders to establish codes of ethics as a remedy to the myriad of breaches; yet over the past two decades, many organizational leaders have continued to harm company stakeholders due to persistent unethical behaviors and unethical decision-making incidents (Abels & Martielli, 2013; Bryan, 2012; Chan et al., 2011; Thomas, 2012). The persistence of fraudulent activities among corporations has further damaged stakeholder trust and confidence in organizational leadership post Section 406 (Abels & Martielli, 2003; Bryan, 2012; Thomas, 2012). Congress explicitly designed Section 406 to address the ethical behaviors of senior financial officers (107th Congress Public Law 204, 2002; Drawbaugh & Aubin, 2012;); however, Section 406 has not deterred organizational leadership's unscrupulous or unethical behaviors in spite of the construction of stronger organizational codes intended to facilitate executive and senior management making better ethical decisions and improving organizational culture (Drawbaugh & Aubin, 2012; Weber & Wasieleski, 2013). Since the myriad of fraudulent activities that occurred prior to 2002, many individuals have questioned the effectiveness of Section 406's ethical provisions to deter unethical behavior and decision making by organizational leadership and promote ethical organizational cultures (Schrup, 2012). Pertinent examples have included (a) Madoff's $65 billion Ponzi scandal (Nolasco, Vaughn, & del Carmen, 2013, p. 383); (b) Lehman Brothers' $613 billion deception (Appelbaum, Keller, Alvarez, & Bedard, 2012, p. 287); (c) Fannie Mae and Freddie Mac's $150 billion accounting and risk-management scandal (Islam, Seitz, Millar, Fisher, & Gilsinan, 2013, p. 152); (d) American International Group's (AIG's) $170 billion accounting scandal (Shurden, Santandreu, & Shurden, 2010, p. 117); and (e) HealthSouth's $1.4 billion embezzlement and accounting scandal (Soltani, 2014, p. 263). The myriad of post-SOX fraudulent activities is a further indicator that organizational ethical issues remain problematic post Section 406 (McCarthy, 2010).

The specific problem is that stakeholders continue to be subjected to repeated financial victimization because of the myriad of organizational wrongdoings and fraud (Bishara & Schipani, 2009; Ingley, Mueller, & Cocks, 2011; Johnson, 2010). Austill (2011) gathered empirical evidence to demonstrate that countless regulations have not deterred unethical behaviors and decision making by organizational leaders; therefore, unless organizational leaders' integrity and ethical decision making improve, stakeholders may continue to suffer harm from organizational wrongdoings. Stakeholders' levels of confidence have decreased, along with corporate securities quotations that include company stock prices and bonds (Bonini & Boraschi, 2010; The Cost of Fraud, 2012). For this reason, stakeholders have applied pressure on organizational leaders to construct effective corrective action plans in order to diminish unethical behaviors and unethical decision making (Abels & Martielli, 2013). Post Section 406, accounting wrongdoings and corporate fraud have continued, and stakeholders are exasperated with the incessant unscrupulous behaviors that are the result of organizational leaders' inabilities to curtail fraud and wrongdoings (Abel & Martielli, 2003; Bonini & Boraschi, 2010; The Cost of Fraud, 2012). If troubled organizations fail to institute measures to deter fraud, customers might choose to conduct business with competing organizations (The Cost of Fraud, 2012).

The results of this study are intended to contribute to the industrial/organizational (I/O) and business ethics fields of study by exploring the perceptions of stakeholders about persistent unethical behaviors and decision making incidents. In this study the perceptions of stakeholders with respect to business practices and identified trends pertaining to the myriad of fraudulent incidents, effects, experiences of stakeholders of such incidents, and the most impressionable incidents are explored. The results of this study may be used by organizational leaders to construct corrective action plans to mitigate unethical behaviors and unethical decision-making. Organizational leaders may experience increases in profits on their bottom lines because of the reduction of losses from organizational fraud.

Purpose of the Study

The purpose of this qualitative explanatory multiple case study was to explore the perceptions of organizational stakeholders about the persistence of unethical behaviors and decision making related to business practices within U.S. publicly traded corporations post-

SOX (Chan et al., 2011; Thomas, 2012). The Enron collapse was the main driver behind Congress' motivation to establish SOX, because Enron's organizational leaders professed lack of knowledge of the wrongdoings that resulted in the demise of Enron (Ferrell & Ferrell, 2010). Congress specifically established SOX Section 406 Ethical Provision, which recommends organizational leaders adopt codes of ethics. If the adoption does not occur, organizational leaders are required to explain the decision (107th Congress Public Law 204; Nucube & Wasburn, 2006), because the objective of the SOX is to promote ethical organizational cultures. Although the intention of Section 406 is to mitigate the myriad of unethical decisions and behaviors on the part of organizational leaders, fraud has persisted. Employees and lower-level supervisors in this study have been financially victimized repeatedly (Abels & Martielli, 2003; Bryan, 2012; Thomas, 2012).

The objective of the study was to explore stakeholders' (or employees') reactions to business practices post Section 406 for two study constructs: unethical behaviors and decision making on the part of corporate executive organizational leaders (Appelbaum, Bishara, & Schipani, 2009; Vigneault, Walker, & Shapiro, 2009; Yallapragada, Roe, & Toma, 2012) and the integrity of organizational leadership (Bamberger, 2010; Ford & Hess, 2009; Tourigny et al., 2003; Verhezen, 2010). A qualitative case study is focused on a research topic, problem, or current phenomenon (Bloomberg & Volpe, 2012; Yin, 2014); a qualitative case study design employs various interrelated interpretive practices to perform a comprehensive exploration to comprehend identified constructs in the data gathered from the target population (Delyser, 2008). Thus a qualitative study allows for exploration of specific constructs within specific contexts (Yin, 2003) and the perceptions and experiences of individuals of the construct. A qualitative explanatory multiple case study is appropriate for in-depth exploration about a problem towards creating or modifying policies and procedures to mitigate problem areas (Leedy & Ormrod, 2013). Behavioral integrity leadership theory and consequentialism/utilitarianism theory serve as the conceptual framework for this study, because the behavioral integrity leadership theory addresses the expected behaviors of organizational leaders. Consequentialism/utilitarianism theory focuses on how individuals' decision making benefits the masses (Arnold, Audi, & Zwolinski, 2010; Yazdani & Murad, 2015).

The target population was U.S. publicly traded corporations (across all industries), and a purposive sampling method was employed to solicit 15company stakeholders who had experience with the study constructs. Participants were solicited via social media to include 30 LinkedIn groups, such as Brandeis University Graduate Professional Studies (GPS) Alumni, Ethics–Ethical Professionals, Project Management Institute (PMI), Sarbanes-Oxley Consultants, Society of Consulting Psychology (SCP), and Society for Industrial and Organizational Psychology (SIOP) discussion groups. The study participant criteria consisted of the following:

- Current or former employment in a U.S. publicly traded organization (whether financial, academic, retail, healthcare, manufacturing, technology, energy, and construction) involved in a publicly known scandal after July 2002.
- Employee to executive-level management roles; individuals who had been in C-level roles, and individuals under 18 years of age were excluded from participation. Individuals regardless of gender or geographic location within the USA were eligible to participate in this study.

- Knowledge of the organization's code of ethics.

Data collection consisted of manual and online surveys, and the Qualtrics Online Survey tool was used. Data analysis employed Yin's (2013) explanation-building analysis that involved the cross-case synthesis data analytic technique using Dedoose qualitative data analysis software, which is a sophisticated software for qualitative analysis. Results might offer information to corporate organizational leadership to assist with remediation that may help to curtail unethical behaviors, facilitate decision making, and restore stakeholder faith in the integrity of company leadership.

Importance of the Study

The findings of this study are significant, because the perceptual data gathered from the stakeholders about persistent accounting and financial breaches could be used by organizational leaders to remediate and enhance strategic organizational best practices, with the intention of promoting ethical organizational cultures and instilling company integrity (Cook, Probert, & Martin, 2009; Sonnenberg, 2011). The results of this study might bring to the attention of organizational leaders the perceptions of stakeholders about persistent unethical behaviors of organizational leaders, along with share stakeholders' insistence that organizational leaders exhibit higher ethical principles (Abel & Martielli, 2013). This study may contribute to the current research literature, because the findings provide insights regarding possible deficiencies in organizational best practices (Cook et al., 2009), incongruence between organization's espoused values, and organizational leaders' actual behaviors (Simons, 1999, 2002). The scholarly community might use the results to create new educational coursework, and future doctoral students may use this study as literature to support studies that may provide further guidance for organizational leadership to enhance best practices (Cook et al., 2009). The overall significance of this study is to provide organizational leaders with additional knowledge to understand the perspectives of stakeholders about persistent unethical behaviors and decision making.

Many researchers have addressed various aspects of the failure of Section 406 (Drawbaugh & Aubin, 2012; Thomas, 2012). First, Thomas (2012) examined SOX's ethical provision failures from a behavioral ethical decision-making process. Thomas linked contributors' unethical decision-making processes to thoughts and assumptions regarding lack of familiarity with the organization's code of ethics, including the contributors' personal interests. Next, Drawbaugh and Aubin (2012) assessed the 10 years of the SOX's existence and examined SOX's ethical failures from a legal enforcement perspective. Drawbaugh and Aubin discovered the enforcement of the consequences of the SOX was lacking, because courts were not prosecuting wrongdoers for violations where precedents did not exist; therefore, an incentive to discourage unethical behaviors was lacking from a legal enforcement perspective. In contrast, Verschoor (2012) argued that SOX's overall effectiveness has successfully increased accountability, enhanced internal controls, and improved audit vendor practices. However, Verschoor also acknowledged that SOX's provisions failed to prevent the 2008 financial crisis. This study might contribute to the current research by sharing the opinions of stakeholders regarding SOX's inability to deter the 2008 financial crisis.

Researchers in industrial and organizational fields of practice have not conducted studies analyzing multiple cases to explore the perceptions of stakeholders about the persistence of unethical behaviors within organizations (Jason, 2014; Parales, 2010; Thomas, 2012), which was one of the gaps identified for this study. The study provided stakeholders with an opportunity to comment on their organizations' best practices as related to persistent unethical behaviors by organizational leaders.

Conceptual Framework

The conceptual framework for the study incorporated two relevant theories, a core ethical theory developed by Bentham (1789), Mill (1861), and Sidgwick (1907) (as cited in Burgess-Jackson, 2013; Greenfield & Banja, 2009); namely, the consequentialism/ utilitarianism theory, and Simon's (1999, 2002) behavioral integrity leadership theory. Two specific constructs were explored in the study: unethical behaviors and decision making on the part of corporate executive organizational leaders, and the integrity of organizational leadership, as found across the literature of leadership, ethics, regulatory compliance, and governance. These constructs overlap; as such, it was necessary to view them within a complex conceptual framework. In addition, consequentialism or utilitarianism theory is important to the ethical construct when defined as individuals making decisions in the best interests of the majority (Rajczi, 2009).

Consequentialism or utilitarianism theory needs to be employed by organizational leaders during each decision-making process, because the results of a consequences analysis could be a motivator or deterrent for the decision being made for the greater good of the organization and stakeholders (Arnold et al., 2010; Freeman, Engels, & Altekruse, 2004). Derr (2012) posited that it is imperative for organizational leaders to identify ethical theories to drive leadership practices, because the theories may assist with leaders' ethical decision making and ethical performance or behaviors.

Consequentialism and utilitarianism theories are ethical theories that may assist organizational leaders during decision-making processes (Niederman, Taylor, Dick, & Land, 2011). Derr (2012) posited ethical principles are critical drivers behind how organizational leaders' make decisions and behave; Derr (2012) and Niederman et al. (2011) posited that organizational leaders should be mindful when making decisions, because the consequences of their decisions or behaviors are key determinants for whether the decision or act is morally correct. Utilitarianism theory aligns with SOX, because organizational leaders are expected to provide certification that organizational effectiveness is in the best interests of their organizations (Derr, 2012). Further, organizational leaders must model ethical behaviors and decision making in order to inculcate employees and lower-level managers with strong ethical standards and values (Derr, 2012).

Simons (1999) was credited with developing the behavioral integrity leadership theory, a leadership theory that emphasizes the importance of leaders espousing values and presentations that are congruent with their actual behaviors (Simons, 1999, 2002). In other words, the essence of behavioral integrity leadership theory is that followers (stakeholders) continually assess leaders' actions to determine that espoused terms align with behaviors (Simons, 2002). Stakeholders tend to trust organizational leaders with high integrity, which means that during decision-making processes, followers rely on organizational leaders to adhere to behavioral integrity and leadership's theoretical principles (Moorman & Grover, 2009). Furthermore, Moorman and Grover (2009) posited that ethical leadership is essential to followers, because leader integrity has been reported to be one of the key leadership attributes for transformational and transactional leadership (Matey, 1991). Hannes, Palanski, and Simons (2012) also concluded that leadership integrity may be interconnected with follower productivity, the ability to adjust to organizational changes, and the ability to remain loyal during tumultuous periods. Followers are eager to trust leaders as long as leaders' behaviors are congruent with their messages and demonstrate integrity and credibility coinciding with ethical leadership (Posner & Kouzes, 2011).

In summary, the combination of consequentialism/utilitarian theory and behavioral integrity leadership theory comprised the conceptual framework for this study and permitted stakeholder trust of organizational leader behaviors to be explored with respect to whether behaviors were aligned with verbal and written espoused values (Simon, 1999) and leaders' decision making. Behaviors should be based on overall organizational outcomes rather than individualism or individual gain (Ruedy & Schweitzer, 2010). In the final analysis, the conceptual framework consisted of an inter-connection between consequentialism or utilitarian theory and behavioral integrity leadership theory to explore the problem motivating this study. This dual conceptual framework provided a blueprint to support exploration of the perceptions of stakeholders about their organization's best practices associated with persistent unethical behaviors by organizational leaders. The dual conceptual framework was used as a backdrop against which to understand and evaluate the ethical principles perceived to have been used when making organizational decisions, and when demonstrating the level of leadership integrity.

Research Questions

Yin (2014) posited that case-study design research question formation consists of "how and why" (p.11), and two explanatory research questions were used as antecedents for this study and the basis for the study design. These questions are essential for identifying a research design that facilitates exploration of the research (Bloomberg & Volpe, 2012; Leedy & Ormond, 2013). To gather perceptions of stakeholders about organizational best practices as they pertained to the persistence of unethical behaviors and decision-making post Section

406, two research questions were constructed to align with the case study design and study constructs. To obtain stakeholder perceptions about the persistence of unethical behaviors and unethical decision-making, the following questions guided the study:

R1: What are current and former employees' experiences and perceptions of unethical behaviors by their organizational leaders following the implementation of the Sarbanes-Oxley (SOX)?

R2: What are the experiences and perceptions of stakeholders about organizational leaders' exhibited integrity post Section 406?

Overview of Research Design

The objective of this qualitative explanatory multiple case study was to explore the perceptions and experiences of stakeholders in publicly traded organizations across the USA about organizational best practices to remedy the fallout of the persistent wrongdoing post Section 406. The qualitative explanatory multiple case study approach for this study used a survey interview (Yin, 2014) as the data source for evidence. The qualitative method was appropriate for this purpose, and a case study design allowed for exploration of the experiences of stakeholders and their perceptions of general and specific problems. Qualitative methods include (a) ethnography, (b) narrative analysis, (c) grounded theory, (d) phenomenology, (e) critical analysis, (f) case study, and (g) historical research (Bloomberg & Volpe, 2012; Leedy & Ormrod, 2013). The aim of qualitative studies is to obtain participants' perceptions about specific topics or issues (Locke, Spirduso, & Silverman, 2007).

Researchers often use case studies to concentrate on a specific theme or problem (Bloomberg & Volpe, 2012), because case studies may be used to obtain data that may be inaccessible, expensive, or obtrusive (Vissak, 2010); explore topics in dire need of research from the participants' perspectives, and/or because limited information is known (Bloomberg & Volpe, 2012; Leedy & Ormrod, 2013); and reveal multiple facets of the phenomenon to be examined (Yin, 2014). The qualitative explanatory multiple case study design was appropriate as the choice for this study, because the focus of the research was to explore participant perceptions of the persistence of unethical behaviors and decision making within publicly traded organizations by organizational leaders (Bloomberg & Volpe, 2012; Locke et al., 2007). Furthermore, the qualitative explanatory multiple case study research methodology and research design are appropriate when needing to investigate complex questions for the purpose of gaining a greater in-depth comprehension of a phenomenon (Khan, Javed, Ahmed, Walley, & Khan, 2013). Explanatory qualitative study has sample-size limitations, because data gathering is typically in the form of interviews, which produces an enormous amount of data (Nakanishi, 2014).

A qualitative survey was used to gather the data collection. Participants were required to complete two mandatory forms, including an informed consent form (see Appendix A), and a demographic-characteristics questionnaire (see Appendix B); in addition, letters of collaboration (see Appendix C) were distributed to LinkedIn group managers to solicit participation in the study.

In summary, the unit of analysis for this exploration was two constructs, unethical behaviors and decision making on the part of corporate executive organizational leaders and the integrity of organizational leadership. The data analysis method employed by this study was Yin's (2014) cross-case synthesis, which entailed identification of patterns and linking the patterns to the research questions to determine emergent themes. The criteria used to assess the quality of the research design for this study consisted of three tests: (a) construct validity, (b) external validity, and (c) reliability (Yin, 2014). Construct validity was assessed by ensuring the appropriate operational measurements were objective and focused on the targeted concepts (Yin, 2014). Providing assurances for reliability was demonstrated via empirical evidence of the trustworthiness of the results (Bloomberg & Volpe, 2012; Yin, 2014). Due to the qualitative nature of the study, generalizability was unlikely; but transferability the findings of this study were applicable, because recommendations for future studies were identified.

Definition of Terms

The definitions of terms used in the study assisted in providing clarity and understanding of how the terms in this study were used.

Accountability refers to Congress requiring organizational leaders to take responsibility for their decisions and behaviors. According to SOX, Section 906 explicitly implies that the court system would hold organizational leaders accountable for known and unknown wrongdoings (107th Congress Public Law 204, 2002). Many individuals believe that lack of accountability and transparency are the root causes for fraudulent activities, such as Enron and Lehman Brothers' fraudulent activities (Kaserer et al., 2011). For example, Kenneth Lay, former CEO, attempted to escape accountability by professing lack of knowledge of the wrongdoings that occurred at Enron (Ferrell & Ferrell, 2010).

C-level roles are defined as leaders at the top of organizations, such as chief executive officer (CEO), chief financial officer (CFO), chief information officer (CIO), chief legal officers (CLO), Chief compliance officer (CCO), and chief human resources officers (CHROs) (King, 2011). King (2011) argued that the C-level concept originated from CIO and top leaders; however, now the "C" role title has been attached to non-leadership positions within organizations, and this is precisely the rationale for defining the C-level roles. The terms organizational leaders, senior leaders, and C-level executives are used interchangeably.

Code of ethics is defined as a set of standards and conduct established by organizational leaders and human resource managers (Society for Human Resource Management [SHRM], 2001). According to the SHRM (2001), a code of ethics should contain two key components; these are (a) provide clarity for employees regarding the beliefs and expectancies of their organizations and (b) promote confidence and dedication.

Customers are individuals who are consumers who purchase products and services from organizations; sometimes, customers may be referred to as clients. Sharabi (2010) described customers as playing a crucial role in the success of businesses, because customers can provide feedback to indicate the strengths and weaknesses of organizations, and many advise organizational leaders to listen to customers.

Fraudulent accounting activities or wrongdoings are terms used interchangeably. References to wrongdoings or fraudulent activities in this study mean unethical activities or conduct resulting in financial losses to organizations (Collins Dictionary, 2014). Fraudulent activities are the result of organizational leaders who have breached the trust and confidence of investors, customers, and employees. Fraudulent activities do not just occur at financial institutions; various industries have been affected, such as telecom companies (WorldCom), medical/healthcare services (HealthSouth Corporation), etc. (Pandey & Verma, 2005; The Cost of Fraud, 2012; U.S. Securities & Exchange Commission, 2003).

Investors are individuals who purchased financial instruments used to finance publicly traded corporations. Investors are stakeholders directly affected by the positive and negative events occurring in publicly traded corporations, because investors receive a return on investment (*Business Dictionary*, 2014).

Integrity is defined “as the consistency of an acting of words and actions” (Palanski & Yammarino, 2007, p. 17).

Post Section 406 represents any malfeasance, ethical breaches, unethical behaviors, and unethical decision-making incidents after July 2002, which was the date that the Sarbanes-Oxley Act of 2002 was enacted by Congress. For example Financial Executive Research International (FEI) and auditors tracked salient pre-SOX and post-SOX organizational data (Cassell, Giroux, Myers, & Omer, 2012). Post Section 406 implies an ethical provision within the SOX Act of 2002. Congress structured Section 406 Ethical Provision as a fundamental component to facilitate with minimize potential organizational debacles for the well-being of the U.S. economy.

Transparency implies organizational leaders are required to share accurate financial reports and communicate to investors any material or significant changes that could affect their investment. SOX Section 401 mandates organizational leaders enhance transparency in financial reporting (107th Congress Public Law 204, 2002).

Sarbanes-Oxley refers to an act Congress established, namely, the Sarbanes-Oxley Act (SOX) in July 2002, as a result of the Enron and WorldCom fraudulent activities for the purpose of increasing investors’ confidence and organizations’ accountability and transparency (107th Congress Public Law 204, 2002). Congress designed the main provisions of Sarbanes-Oxley to address unethical behaviors transpiring from the Enron and

WorldCom fiascos, which were related to lack of accountability from corporate executives and unethical auditor-vendor relationships toward the restoration of confidence (Garneau & Shahid, 2009; *The Wisconsin State Journal*, 2005). Enron's senior officers circumvented the organizational ethics of the organization by allowing peer senior officers to waive the organizational code of ethics (Mogielnicki, 2011). Mogielnicki (2011) argued that waivers for organizational senior leaders should be eradicated because of the potential negative consequences for stakeholders.

Stakeholders are typically known as anyone who has some type of invested interest in an organization. Stakeholders have been defined as customers, growers, government regulators, investors, non-government organizations, media, employees, suppliers, unions, and communities (De Maria, 2010; Ferrell & Ferrell, 2011; Kalbers, 2009; Yves, 2012). In this study organizational stakeholders and employees are used interchangeably.

Assumptions, Limitations, and Delimitations

Several assumptions and limitations are made in this study. First, it was assumed stakeholders provided their honest perceptions while completing the qualitative survey and accurately shared their experiences about the study constructs. Second, it was assumed a single multiple case study and stakeholders' perceptions would provide data that might contribute to the industrial and organizational field of study (Bloomberg & Volpe, 2012; Yin, 2014). Third, concern about persistent unethical behavior post Section 406 was assumed and would make this study useful for the industrial and organizational fields of study. Fourth, it was assumed organizational leaders and practitioners might use the recommendations from this study for enhancing organizational best practices to curtail unethical behaviors and decision-making. Finally, it was assumed that the combined conceptual framework comprising consequentialism/utilitarian theory and behavioral integrity leadership theory was an appropriate framework to view the study constructs and provide a blueprint for exploration (Yin, 2014).

The qualitative explanatory multiple case study was delimited to stakeholder perceptions from U.S. publicly traded organizational practices of persistent behaviors and decision-making; thus, the qualitative explanatory multiple case study did not capture every perspective. Next, this study was limited to internal and external stakeholder experiences and perceptions as opposed to senior-level leaders post Section 406. Finally, because this study was delimited to online social media groups to identify and solicit participants, the sampling frame is delimited to individuals within the specified social media groups; thus, participants may not be representative of all current and former employees of those organizations. The assumptions, limitations, and delimitations conclude the overview of Chapter I, and the next section summarizes key points in Chapter I.

Summary

In Chapter I, a comprehensive introduction to this study included components such as the problem motivating the study, the purpose of the study, the research questions, the research design, definition of terms, and the assumptions and limitations. The specific problem pertains to some organizational leaders repeatedly victimizing stakeholders due to persistent unethical behaviors and decision making post Section 406. A qualitative case explanatory multiple study design was considered the most appropriate methodical approach to explore stakeholders' perceptions of organizational leaders' inability to mitigate unethical breaches. Yin's (2014) case study model was used as a blueprint to execute this study.

Chapter II contains the literature review and communicates "the what, why, and how" (Bloomberg & Volpe, 2012, p. 73) of the study. An extensive discussion of the gap in existing literature and a comprehensive review of the current literature is provided in which five ethical failures post Section 406 are discussed. Literature that provided contrasting views has been reviewed and incorporated to provide a balance and comprehensive review of the issues pertaining to the research focus. Chapter III will provide an in-depth discussion of the chosen research design and detailed procedural actions, which includes identification of the participants, data gathering, and analysis approach required to execute a successful study.

CHAPTER II: REVIEW OF THE LITERATURE

The purpose of this qualitative explanatory multiple case study was to explore the perceptions of organizational stakeholders about the persistence of unethical behaviors and decision making related to business practices within U.S. publicly traded corporations post SOX. In this chapter, the search strategy to obtain relevant literature to support this study is described, and the key findings of past research into the study problem is discussed in order to provide insight into and to support the need for the qualitative explanatory multiple case study method and design. In this literature-review section, a discussion of key findings encompasses comparisons, contrasts, analysis, and synthesis of the literature to illustrate alignment with the study problem. The goal of this chapter is to articulate meticulously and provide support for the problem statement and research questions. The two research questions that guided this study were the following:

R1: What are current and former employees' experiences and perceptions of unethical behaviors by their organizational leaders following the implementation of Sarbanes-Oxley (SOX)?

R2: What are the experiences and perceptions of stakeholders about organizational leaders' exhibited integrity post Section 406?

In this chapter, the conceptual framework for this study, namely, the behavioral integrity leadership theory and consequentialism/ utilitarianism theory, is described. Noelliste (2013) posited that as professionals, organizational stakeholders expect organizational leaders to exhibit integrity during decision-making processes. Rozuel (2011) argued that many individuals' ethical behaviors and moral thoughts differ between their professional roles and personal behaviors, which is defined as "compartmentalization" (p.

2011); Rozuel suggested that some organizational environments could alter individuals' ethics, integrity, morals, and values. Rozuel concluded that when individuals are steadfast with their moral compasses, compartmentalization can be conquered; and individuals, such as organizational leaders, could function with integrity and ethical standards.

Organizational leaders need to grasp the importance of theoretical trust as it relates to transparency, which is essential to stakeholders (Schnackenberg & Tomlinson, 2014). Noelliste (2013) noted that human resource management remains challenged when attempting to facilitate organizational leaders developing ethical cultures, such that "Ethical scandals continue to challenge organizations globally and the cognitive hurdles to behaving with integrity remain unknown" (p. 474); therefore, persistent unethical behaviors and decision making by organizational leaders remain problematic and warrant further inquiry (Abels & Martielli, 2013; Bryan, 2012; Chan et al., 2011; Thomas, 2012).

Search Strategy

A myriad of searched sources were helpful in locating published and unpublished data useful to understanding the persistence of unethical behaviors and unethical decision-making. Because the conceptual framework covers two constructs, it was essential to gather relevant and current literature about both constructs to ensure a comprehensive search execution. The sources used to gather supporting literature included (a) journal articles within the SAGE database, (b) the *Business Ethics Journal*, (c) the *Consulting Psychology Journal: Practice & Research*, (d) the Association of Certified Fraud Examiners, (e) Financial Executive Research International (FEI), (f) Google Scholar between the years 2009 and 2014, (g) the ProQuest databases, (h) the EBSCOhost databases, (i) the American Psychological Association (APA) databases, (j) the *Society of Industrial and Organizational*

Psychology (SIOP) Journal, (k) multiple case studies, (l) archival documents, (m) reports from Business Source Complete, (n) the *Emerald Management Journal*, (o) ScienceDirect, and (p) other peer reviewed journals. Key search terms used to identify relevant articles were (a) Sarbanes-Oxley, (b) Section 406 Ethical Provision fraud, (c) post-SOX accounting scandals, (d) financial scandals, (e) accountability, (f) organizational governance, (g) organizational code of ethics, (h) stakeholders' studies, (i) multiple case studies, (j) integrity leadership theory, (k) wrongdoing, (l) fraudulent activities, (m) ethics, and (n) consequentialism/utilitarianism theory.

The key words and phrases yielded more than 100 peer-reviewed articles, and the strategic research approach entailed the gathering of related research in support and/or opposition to the effectiveness of the Section 406 Ethical Provision and for the two study constructs: unethical behaviors of corporate executive organizational leaders (Appelbaum et al., 2009; Bishara & Schipani, 2009; Yallapragada et al., 2012) and the integrity of organizational leadership (Bamberger, 2010; Ford & Hess, 2009; Tourigny et al., 2003; Verhezen, 2010). Using the sources identified, a thorough literature review was conducted to analyze and synthesize the relevant studies to demonstrate the contribution of the study to industrial and organizational fields of study. The sources for the literature review encapsulated studies within the last five years; extant sources approximately older than five years were included to comprehend the origin of the attempt to develop a resolution to on-going unethical practices.

Historical Background

Concern about unethical behavior and decision making extends back many decades, and the use of organizational codes of ethics has been proposed by five agencies as a remedy and/or coupled with other ethical policies to promote ethical behaviors within organizations: (a) Federal Sentencing Guidelines for Organizations (FSGO) (Hoffman & Rowe, 2007; Hopkins, 2013), (b) Committee of Sponsoring Organizations of the Treadway Commission or COSO (COSO, 2012; Hooks, Kaplan, Schultz, & Ponemon, 1994), (c) New York Stock Exchange (NYSE) (Baswell, Foster, & Poe, 2009; NYSE, 2003), (d) Security Exchange Commission (SEC) (107th Congress Public Law 204, 2002; Securities and Exchange Commission, 2003), and (5) the International Organization for Standardization (ISO) Certification (Jackson, 1997; Llopis, Gonzalez, & Gasco, 2007). Although overlap exists across these agencies, each agency has its own unique dynamics to promote ethical decision-making and ethical behavior, and each entity has attempted to alleviate unethical decisions and unethical behaviors, while wrongdoings and fraudulent activity have continued (Hopkins, 2013).

The Enron 2001 scandal was an indictment depicting unethical practices on several levels that included (a) corporate leadership intentionally misleading stakeholders about Enron's financial health, (b) Arthur Andersen Consulting firm's auditors being compensated by corporate leaders to misrepresent the organization's financial reporting, (c) corporate leaders encouraging stakeholders to increase company investments while corporate leaders divested company stock, (d) the use of unacceptable accounting practices, and (f) reward programs linked to corporate leaders' abilities to increase the company stock price that incentivized unethical behaviors and unethical decisions (Hirsch, 2003).

WorldCom stakeholders suffered devastating financial losses due to rapid devaluing of investments in WorldCom (Romero & Atlas, 2002). The SOX was intended to promote ethical behavior by organizational leaders and was expected to result in rebuilding stakeholder trust (Alkhafaji, 2007; Nucube & Wasburn, 2006). Alkhafaji (2007) conducted a study to assess ability to restore stakeholder trust in organizational leaders. The design of the SOX was intended to protect stakeholders and ensure organizational leaders' decision making was in the best interest of stakeholders (Alkhafaji, 2007), and Alkhafaji concluded that if organizational leaders complied with SOX, trust of organizational leaders would be rebuilt.

Nucube and Wasburn (2006) conducted a case study to obtain better insights, as documented in their journal article, *Strategic Collaboration for Ethical Decision Making Mentoring Framework* (p. 77), and in the strategic collaboration framework aimed to compliment SOX by promoting ethical decision making. Nucube and Wasburn's (2006) collaboration framework along with the code of ethics encouraged the adoption by Section 406 and promoted ethical decision making by organizational leaders.

Canary and Jennings (2008) conducted an exploratory study to compare organizations' codes of ethics before and after Section 406; the structuration theory and centering resonance analysis (CRA) methodology, established by the Giddens (1979; 1984) (as cited in Canary & Jennings, 2008), were combined to examine the effectiveness of organizational codes of ethics' structures pre and post Section 406. Canary and Jennings conducted a multiple case study analysis of over 40 organizational codes of ethics pre and post-SOX's provisions. The sample included 100 diverse public organizations (agriculture, airlines business services, computing and technology, consumer products/retail, defense, energy and utilities, financial, heavy industry and manufacturing, and pharmaceuticals). Canary and Jennings selected and evaluated for effectiveness 100 key words from the 40 organizational codes of ethics, and the authors concluded that post Section 406, many corporate leaders strengthened terminologies, because the results of the CRA indicated management needed to modify several terms to increase the effectiveness of organizational codes.

Comunale, Sexton, and Gara (2006) conducted a quantitative explanatory study to investigate the perceptions of post-SOX accounting students related to their knowledge of prior accounting wrongdoings and attitudes among experienced accounting professionals and organizational leaders, to establish whether accounting wrongdoings negatively affected accounting students' decisions to pursue accounting career paths. The target population included junior-level accounting students from a large public university and a small private university within the USA. Comunale et al. (2006) concluded that accounting students' had low perceptions of organizational leaders and low desires to be employed by any of the major accounting firms. Older accounting students held stronger opinions about experienced accountants. The results of the study revealed two major points: (a) The pre-SOX accounting wrongdoings damaged relationships between organizational leaders and future accounting students, and (b) future accounting students were opposed to employment in larger accounting firms and to working with experienced accountants due to knowledge that the ethical principles and the integrity of organizational financial reporting resided with accountants. The previous accounting wrongdoings demonstrated accountants' breaches, especially at larger accounting firms.

In summary, researchers have concluded two key findings pertaining to this study. First, development of customized and effective codes of ethics is essential to developing ethical organizational cultures (Canary & Jennings, 2008); over time, establishing codes of ethics have been frequently recommended by agencies to curtail unethical behaviors (107th

Congress Public Law 204, 2002; Baswell et al., 2009; Hoffman & Rowe, 2007; Hooks et al., 1994; Hopkins, 2013; Jackson, 1997; Llopis et al., 2007; NYSE, 2003; Securities and Exchange Commission, 2003). Second, future studies pertaining to the relationship between organizational leaders and accountants need to be performed to explore their experiences and perceptions in order to repair and/or resolve the disconnection between these two roles, and to ensure an organization's success (Comunale et al., 2006). In essence, findings from historical research post Section 406 emphasized the need for organizational leaders to adopt and develop effective organizational codes of ethics and improve organizational integrity.

Codes of Ethics and Organizational Integrity

Researchers have reported that it is essential for organizational leaders to develop strong organizational codes of ethics to promote ethical behaviors, decision making, and organizational integrity; and to influence ethical behaviors and decision making. For example, Alleyne and Elson (2013) conducted a study using archival data from the Association of Certified Fraud Examiners examining the effectiveness of the Securities Acts 1933 and 1934, and the SOX Act of 2002. Alleyne and Elson concluded that SOX was significantly more effective than the Securities Acts of 1933 and 1934 but added that SOX had not been effective with identifying, eliminating, and deterring fraud. The 2008 financial crises, for example, occurred post SOX and demonstrated the inability to identify and deter fraud (Alleyne & Elson, 2013). Congress designed Section 406 to encourage organizational leaders to adopt codes of ethics to promote ethical behaviors and decision making by organizational leaders (Alleyne & Elson, 2013). Alleyne and Elson also inquired whether business schools and universities sufficiently educated students to identify fraud in the auditing areas and found most unethical transactions were identifiable by individuals properly trained to detect fraud. Properly trained individuals were also able to create organizational codes explicitly promoting ethical behaviors. Alleyne and Elson also acknowledged limitations that included (a) the data gathered from the Association of Certified Fraud Examiners were not representative of all fraudulent activities transpiring in organizations, because organizational leaders did not report all frauds, and (b) the data end date represented the latest reporting date by the Association of Certified Fraud Examiners' report.

Similar to Rozuel's (2011) compartmentalization framework, Heller and Heller (2011) cited in a quantitative study that organizational leaders have two sets of ethics: professional and personal. Heller and Heller argued that organizational leaders should have one set of ethics. Heller and Heller conducted a quantitative study to examine the effectiveness of the Association to Advance Collegiate Schools of Business International (AACSB) ethics standards for undergraduate studies and contemporary ethical issues within organizations. Heller and Heller also explored whether AACSB-accredited business schools were complying with the mandate to prepare students for organizational ethical challenges.

A salient point communicated by Heller and Heller (2011) was that in response to the myriad of unethical decision making and behaviors in organizations, the AACSB created an "Ethics Education Task Force" in 2004 (p. 31), and one of the directives decreed management programs must incorporate ethics courses; and the topics must include "scandalous and unethical behavior" (p. 33) along with SOX in the curriculum. In addition, the Ethics Education Task Force recommended modifying the existing curricula to groom management students to develop critical-thinking skills in ethics in order to respond properly to ethical challenges within organizational environments. Between 2009 and 2010, Heller and Heller selected 50 AACSB schools randomly to participate in the quantitative study. Heller and Heller concluded that undergraduate programs had achieved the AACSB's mandate to implement ethics programs; however, educating students about the ethical challenges within organizations was lacking. Heller and Heller recommended further exploration about whether the ethics coursework is accurately and effectively preparing students as practitioners.

Dean, Beggs, and Keane (2010) conducted a mixed-methods study to investigate and explore whether newly hired MBA students, as lower- to mid-level managers, believed MBA programs provided sufficient curricula to prepare students to face ethical decision making and ethical issues within organizational environments. Dean et al. (2010) concluded 385 MBA students were ill prepared to make ethical decisions and manage ethical issues in the workplace. In addition, the cost of the lower to mid-level MBA managers unethical decision making did not equate with the senior-level managers' unethical decision making. Two key points in this research included (a) MBA respondents were asked to assess the effectiveness of bosses referencing organizational code of ethics as a facilitation tool in ethical decision making, which MBA students did not find helpful, and (b) in the study, it was revealed that existing policies and procedures were antiquated and inapplicable for addressing current organizational challenges and ethical decision making. Finally, Dean et al. (2010) posited organizational leaders should place newly hired MBA students in internship roles or require MBA students to shadow experienced managers rather than place MBA students directly into managerial roles with real-world responsibilities.

In order to develop ethical organizational cultures, researchers have found organizational leaders must possess ethical characteristics. The onus should be placed on auditors to adhere to Section 404, which requires auditors to assess the beliefs of organizational leaders associated with internal controls and governance (Cohen et al., 2010). In Cohen, Ding, Lesage, and Stolowy's (2010) quantitative study, 39 archival scandals were examined to better understand the reasons for organizational leaders' decision making and behaviors related to accounting wrongdoings over the last three decades. Cohen et al. (2010) used two conceptual frameworks for the study: (a) "Theory of the fraud triangle, which stated that corporate fraud is a function of incentives, opportunities, and attitudes/rationalizations and (b) the theory [of] planned behavior (TPD)" (p. 272). Cohen et al. posited the fraud triangle theory was linked to accountants' purposeful misrepresentation of organizations' financial positions in financial reporting and/or generated fraudulent financial statements to conceal embezzlement of corporate money by organizational leaders. Cohen et al. also applied the TPD framework to assess the predictability of organizational leaders' behaviors as related to making unethical decisions and displaying unethical behaviors. Cohen et al.'s findings revealed a few predictable negative characteristics of unethical organizational leaders, such as frowning upon anyone who questioned their decisions, developing enormous egos due to media attention, and obvious signs of organizational leaders' living standards exceeding family income.

Other researchers have also found that organizational integrity is tied to the development of an organizational leader's character. Laud and Johnson (2012) conducted a consensual qualitative research and included a miniature quantitative assessment to explore the strategic career path used by 187 organizational leaders in 136 organizations for advancement. The conceptual framework consisted of four groups: "(a) foundation strategies, (b) building self-brand, (c) being centered, and (d) seizing opportunities" (Laud &

Johnson, 2012, p. 231). The importance of reputation and integrity was a subgroup, which rated second behind training and education within the building of a self-brand theme, and rated seventh out of 15 categories (Laud & Johnson, 2012). Laud and Johnson posited it was essential for organizational leaders to be perceived as having integrity and demonstrating ethical behavior that translated to organizational leaders adhering to organizations' codes of ethics. Integrity ranked seventh out of 10 tactic or themes for career advancement in Laud and Johnson's quantitative survey results, which means in spite of the fraudulent activities over the last three decades, integrity is still a valued and significant organizational leadership attribute. Laud and Johnson concluded that in a highly competitive work force, organizational leaders' self-branding, which incorporates the building reputations of integrity and ethical behavior, is important despite the lack of organizational leadership's integrity portrayed over the last three decades.

The purpose of Golja, Morena, and Krstinic-Nizic's (2011) quantitative study was to examine the ethical perceptions of the Croatian bank's organizational leaders. Seven Croatian banks were selected, and bank leaders were requested to complete a survey consisting of three themes: "(a) corporate governance, (b) ethics and corporate social responsibility, and (c) corporate communication and reputation" (Golja, Morena, & Krstinic-Nizic, 2011, p. 253). Golja et al. (2011) reported a few key points; first, organizational leaders are responsible for ensuring corporate governance is adhered to throughout organizations, and ethical challenges are addressed rather than ignored. Second, due to coercion from stakeholders, organizational leaders have commenced developing strategic initiatives to remediate ethical dilemmas and issues. Third, the existence of ethical problems is widespread across all industries. Golja et al. concluded the Croatian bank leaders made deterring unethical decision making and behavior a priority with respect to managing corporate governance, and the bank leaders believed in stakeholders' involvement as an act of relationship building to enhance corporate social responsibility. The survey results indicated from a corporate social responsibility perspective that Croatian bank leaders excelled in "legitimacy, honesty, professionalism, responsibility, and consciousness and competency" (p. 258). In contrast, the organizational culture failed in the areas of ethical standards and integrity. The reputation of the Croatian banks' organizational leaders was unfavorable due to unethical organizational practices and principles (Golja et al., 2011). Golja et al. made several recommendations to Croatian banks' organizational leaders, such as improving the banks' codes of ethics, enforcing the deterrence of unethical behavior, and compelling organizational leaders' communication and behaviors to be congruent.

In summary, researchers have indicated the importance of codes of ethics. Alleyne and Elson (2013) and Heller and Heller (2011) recommended further research is needed to examine whether MBA students are accurately prepared for organizational ethical challenges and comprehend the importance of adhering to organizational codes of ethics. With such preparation, MBA students might discourage organizational leaders from engaging in unethical decision making and behaviors (Dean, Beggs, & Keane, 2010). In Section 406, Congress suggested organizational leaders adopt codes of ethics and outlined key components for organizational codes of ethics to promote ethical decision-making and behaviors and diminish ethical breaches (Alleyne & Elson, 2013). In addition, assessing organizational codes of ethics to ensure the effectiveness of the codes as deterrents to unethical decision making and behavior was recommended (Golja et al., 2011). Organizational leaders coupled with human resource managers might consider the administration of integrity evaluations, which may offer predictors of newly hired and/or existing organizational leader characteristics that may be relevant when confronted with ethical challenges (Cohen et al., 2010). Finally, executive coaches might communicate to future and experienced organizational leaders the significance of establishing and maintaining an excellent reputation through the demonstration of integrity (Laud & Johnson, 2012).

Organizational Leaders and SOX Requirements

As noted, SOX Section 406 regulations include an explicit outline for organizational leaders' expected behaviors. Sullivan (2010) conducted a qualitative study to obtain a better understanding of whether several Ohio MBA programs and universities adjusted core curriculums in response to SOX, and concluded that Ohio MBA programs and universities, in general, failed to modify core curriculum to reflect on SOX. Further, exclusion of SOX in core curriculums created a gap, because organizational leaders assumed new hires received ethical decision-making training in MBA programs and universities in response to SOX. Sullivan posited that one of the causes of organizational leaders lacking ethical skills was because many universities had not incorporated ethics courses in response to Section 406.

Strider and Diala-Nettles (2014) conducted a qualitative phenomenological study to explore the root cause of unethical behaviors by organizational leaders. Strider and Diala-Nettles showed it was due to an absence of standardized ethical codes, because the lack of standardized codes added complexity to the decision-making process for organizational leaders. Strider and Diala-Nettles found standardized or universally defined attributes for ethical codes were unknown despite being key components for ethics program curriculums. Although standardized codes did not exist, Strider and Diala-Nettles pointed to Section 406, which suggested organizational leaders adopt codes of ethics commonly used to draft organizational compliance programs. The experiences and perceptions of 20 organizational leaders (mid- to senior-level) about ethical decision-making business practices in 2014 were explored. One of the key findings of the study revealed that when organizational leaders had access to organizational ethics officers, none of the participants reached out to these officers for guidance. Strider and Diala-Nettles recommended that new best practices were required to ensure organizational leaders made ethical decisions on behalf of organizations, and that stakeholders' interests should be at the forefront of the organizational leaders' decision-making process.

Stevens (2013) conducted a phenomenological study to obtain the perceptions from Americans over the last 30 years using U.S. public Gallup poll perceptions of organizational leaders. Stevens posited many business schools encouraged unethical behaviors, because curriculums focused on the development of innovative methods to increase profits that could be void of ethical decision making. Stevens also noted the U.S. Congress specifically established SOX code of ethics requirements to promote ethical behaviors and accountability among organizational leaders; yet, over the past three decades, published organizational codes of ethics have failed to curtail unethical behaviors. Stevens concluded Americans' perceptions and experiences of organizational leaders were characterized by (a) low confidence levels, (b) perceptions that honesty had decreased, and (c) high ranking of unethical behaviors. Stevens recommended the incorporation of more ethics courses in MBA programs to train future organizational leaders to think ethically during decision-making processes, and for organizational leaders to make greater efforts to inculcate organizational codes of ethics within organizational cultures to improve Americans' level of confidence in corporate leadership.

Over the last three decades, many researchers have discussed leadership as related to the high volume of fraudulent activities and devious behaviors by organizational leaders. Stakeholders expect organizational leaders to possess ethical principles (Ruiz, Ruiz, & Martinez, 2011). Ruiz, Ruiz, and Martinez (2011) conducted a quantitative phenomenal study about the attributes of ethical leaders; approximately 500 employees from banks and insurance companies participated in the study. The findings indicated that many participants believed ethical leaders should exhibit proper conduct, lead by example, and indoctrinate organizational cultures with strong ethical principles. Ruiz et al. (2011) concluded that when followers perceived organizational leaders to be ethical, production results were usually higher, and organizational leaders were held in high esteem. Furthermore, the dissemination of healthy qualities within organizational cultures occurred from the organizational leadership downwards. Empirical evidence from the study revealed senior-level leaders' behaviors had greater influence than did immediate supervisors on employees' job satisfaction, morale, performances, retention, and loyalty. Finally, Ruiz et al. emphasized the importance of developing ethical leaders and managers on every level of organizations, because developing ethical supervisors and managers would be instilled when those supervisors and managers were promoted to higher leadership roles within organizations. Ruiz et al. also called for future mixed-methods studies to examine the precise effect of ethical leadership on each managerial and leadership level, because the study focused on senior-level leadership and direct supervisors of employees or "the trickle-down effect" (p. 604).

Organizational Leadership's Opinions Regarding SOX Survey

Organizational leaders have expressed mixed commentary regarding the effectiveness of SOX in general. For example, the Financial Executive Research Foundation, a part of the Financial Executive International (FEI), conducts annual audit fee surveys of financial executives to obtain direct feedback and report audit fees that are categorized by public, private, and non-profit companies (Financial Executives, 2009). Between 2005 and 2008, in one of the survey questions on the FEI Audit Fee Survey, executives were requested to vote on SOX's effectiveness regarding fraud prevention or detection, and survey results led to the conclusion that 34% of organizational leaders believed SOX's provisions were effective in preventing or deterring fraud post Section 406. The survey results also showed the majority of organizational leaders did not have confidence in SOX's ability to mitigate fraudulent challenges. After further analysis, it was concluded that SOX was unsuccessful at mitigating unethical decision making and behaviors (Financial Executives International, 2009).

Persistence of Corporate Unethical Behavior and Decision Making

Although the purpose of Section 406 was to recommend organizational leaders adopt organizational codes of ethics to diminish or curtail unethical behaviors of organizational leaders, wrongdoings have persisted (Alleyne & Elson, 2013; Chan et al., 2011; Thomas, 2012). Due to the countless number of fraudulent activities that have occurred post Section 406, five diverse organizational fraudulent activities, which included different industries and variations of ethical breaches, were selected for discussion. Discussion of each of the five cases addressed if the organizational leaders adopted a code of ethics; identified the partakers; provided the monetary loss due to the fraud; revealed a brief summary of the scandal; noted if the organization was publicly traded; conveyed if wrong doers were indicted under SOX statue; and catalogued the type of fraudulent activities, including accounting/financial reporting fraud, embezzlement, and operational risk. Below is a multiple case review of five ethical failure cases, post Section 406 (see Table 1), which depicts unethical behaviors of corporate executive organizational leader and the integrity of organizational leadership.

Table 1

Post-SOX Scandals

Scandals post 2002	Company/scandal type	Indicted under the SOX statue (Y/N)	Dollar value effect	Type of company
2008	Bernie Madoff/ embezzlement and accounting	N/A	\$65 billion (Nolasco et al., 2013, p. 383)	Investment company
2008	Lehman Brothers/ embezzlement and accounting	N	\$613 billion (Appelbaum et al., 2012, p.287)	Investment bank
2008	Fannie Mae and Freddie Mac/ accounting and risk management	N	\$150 billion (Islam et al., 2013, p. 152)	Government mortgage lender
2008	AIG/multiple scandals	N	\$170 billion (Shurden et al., 2010, p. 117)	Insurance & banking
2003	HealthSouth/ embezzlement and accounting	Y	\$1.4 billion (Soltani, 2014, p. 263)	Healthcare services

Bernie Madoff Scandal

The Bernie Madoff Ponzi scandal had a widespread effect, and stakeholders from all economic backgrounds were victimized. In a mixed-methods study by Kish-Gephart, JDetert, Trevino, Baker, and Martin (2014), it was posited that opportunities for greater self-promotion or individuals to profit were examined; whereby, rationalization replaced moral compasses as well as how individuals reacted to ethical challenges. Kish-Gephart et al. (2014) claimed that Madoff's moral compass failed to register properly. Likewise, Smith (2011) posited that Madoff believed the U.S. governmental structure functioned similar to a Ponzi scheme. Kish-Gephart et al. (2014) concluded that depending upon the situation, individuals may ignore ethical principles and practices, as did Madoff for self-profit. In some cases, organizational leaders failed to take responsibility and/or be accountable for unethical decision making and behaviors, because these individuals became ethically disconnected from the situation. Kish-Gephart et al. called for organizational leaders to recognize signs of ethical disconnection in order to curtail potential issues.

Further, Nolasco, Vaughn, and del-Carmen (2013) conducted an exploratory study and used "67 Ponzi and pyramid scheme cases within [a] 5 year period" (p. 375), which were retrieved from archival data (judicial and regulatory documents). The purpose of the study was to identify the variables that permitted the Ponzi and pyramid schemes to function, as well as the characteristics of unethical individuals. Nolasco et al. (2013) concluded Madoff's Ponzi scheme was able to exist due to stakeholders' failure to question the incredible investment return rates. Because the regulatory bodies lacked knowledge of Madoff's investment products, oversight was merely a façade (Nolasco et al., 2013). In addition, examples of the characteristics of unethical individuals who established Ponzi schemes tended to be organizational leaders who possessed a trusting persona and remained active in communities (Nolasco et al., 2013). Nolasco et al. posited these unethical individuals created or interacted best within exclusive groups where the members were benefactors; Nolasco et al. recommended further research to examine more in-depth the case settlements issued by regulatory bodies.

Lehman Brothers Scandal

Appelbaum, Keller, Alvarez, and Bedard (2012) conducted a qualitative case study and performed a comparative analysis of organizational leadership under crises between Lehman Brothers and Paulson & Company. Appelbaum et al. (2012) posited Lehman Brothers were compelled to file bankruptcy due to a $613 billion loss due to Lehman organizational leaders' inability to manage the 2008 subprime mortgage crises properly. Appelbaum et al. argued that sufficient information existed for Lehman's organizational leaders to forecast and create a strategic action plan that would have avoided Lehman's collapse. In contrast, Paulson & Company's organizational leaders predicted and developed a crises management plan for the 2008 financial crises that resulted in an over-500% gain for the organization (Appelbaum et al., 2012). Appelbaum et al. concluded organizational leaders' abilities to manage crises was crucial to the survival of organizations; therefore, proactive forecasting, strategic planning, and recovery planning were noted as key leadership skills essential for organizational leaders to manage crises properly.

Fannie Mae and Freddie Mac Scandal

The Fannie Mae (Federal National Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation) scandal demonstrated that accounting and fraudulent activities were not isolated to financial organizations. Islam, Seitz, Millar, Fisher, and

Gilsinan. (2013) conducted a case study to examine the multiple attempts to restructure Fannie Mae and Freddie Mac. Fannie Mae and Freddie Mac were key contributors to the 2008 financial debacle that nearly derailed the U.S. economy (Islam et al., 2013); the estimated loss of Fannie Mae and Freddie Mac was "$150 billion" (Islam et al., 2013, p. 152). Islam et al. (2013) examined the legislative process and revealed the lobbying component was powerful and influential; depending upon the subject matter. Lobby groups have the ability to facilitate the passing of legislation or deter the passage of legislation (Islam et al., 2013). Subsequent to the 2008 financial crises, lawmakers were committed to reforming Fannie Mae and Freddie Mac to prevent future financial disasters (Islam et al., 2013). Islam et al. concluded the legislators failed to pass legislation to reform Fannie Mae and Freddie Mac due to countless stalling tactics; therefore, Fannie Mae and Freddie Mac are still in a vulnerable state or in the same crippling financial state as in 2008 (Islam et al., 2013). The power of lobbying groups was blamed for legislators' inabilities to reform Fannie Mae and Freddie Mac (Islam et al., 2013).

American International Group (AIG) Scandal

Shurden, Santandreu, and Shurden (2010) conducted a quantitative phenomenological study and used data surveyed from the *Wall Street Journal* regarding approximately 150 students' experiences and perceptions of ethics as predictors of future organizational leaders' behaviors for three consecutive years. The participants were followed from the sophomore to senior period between 2006 and 2009 (Shurden et al., 2010). The design of the survey questions were intended to capture student responses to ethical questions that were not typically or explicitly documented (Shurden et al., 2010). For example, "Due to on-the-job pressure, have you taken credit for someone else's work or idea?" (Shurden et al., 2010, p.

121). The objective of the question was to assess the students' personal ethical values. In the initial survey year, a little over 5% of the respondents confessed to stealing the credit; and in the second year, an increase of 1% confessed to stealing credit; while in the final year; students who confessed to stealing others' work decreased by 3%, but by less than 5% (Shurden et al., 2010).

Another salient point in the Shurden, Santandreu, and Shurden (2010) study was that AIG organizational leaders were rewarded for poor job performances. American International Group organizational leaders' poor management resulted in a loss of $170 billion for the organization (Shurden et al., 2010). American International Group's C-level leaders requested and received a bail out of $170 billion from the U.S. government to offset the losses (Shurden et al., 2010); subsequent to receiving the bailout money, AIG organizational leaders received $165 million in bonuses, which organizational leaders conveyed was a "contractual obligation" (Shurden, Santandreu, and Shurden, p. 117). Shurden et al. (2010) noted that while the awarded bonuses were legal, they questioned whether it was ethical for the organizational leaders to receive the bonuses after enormous financial losses, which were the result of poor job performances by organizational leaders. Shurden et al. (2010) posited the unethical decision making and behaviors of AIG organizational leaders could be passed on by AIG's organizational leaders' offspring, and concluded the decrease in students' misappropriating credit was acceptable due to the ethical courses in which the students were required to engage. It is important to note that 75% of the organizational leaders returned the bonuses after outcries from governmental officials and the public (Shurden et al., 2010). Shurden et al. (2010) also reported that most of the survey results decreased in the third year, which indicated ethics had become a teachable outcome, and professors had the ability to reprogram students' ethical compasses. Groves and Larocca (2011) posited there was a relationship between Burns's (1978) transformational leadership and leaders' moral duties to engage in ethical practices; therefore, Shurden et al. (2010) concluded it was essential that professors attempt to enhance students' experiences and perceptions of the importance of ethical cultures.

HealthSouth Scandal

Soltani (2014) conducted a multiple case study. The data collection entailed using archival data, and the purpose of the study was to conduct a comparison analysis of fraudulent organizational activities between three U.S. organizations including "Enron, WorldCom, and HealthSouth" (p. 251) and three European organizations, including "Parmalat, Royal Ahold, and Vivendi Universal" (p. 251). Scrushy, HealthSouth's chief executive officer (CEO) provided instructions to overstate HealthSouth's company's earnings; Scrushy certified the attestation, and then redeemed company stock at the erroneous stock price (Soltani, 2014). Soltani's theoretical framework included six concepts, one of the concepts, "corporate ethical climate and management misconduct" (p. 253) closely aligned with both constructs in this study. Soltani incorporated the "ethical climate theory (ECT)" (p. 254), which pertained to organizational leaders' decision making and behaviors. Soltani noted that in previous studies (Bulutlar & Oz, 2009; Victor & Cullen, 1987, 1988 as cited in Soltani, 2014), connections between ethical organizational cultures and ethical decision making was identified. Soltani pointed out that Kaptein's (2010) study revealed that from 2004 to 2008, a significant improvement in ethical behaviors was noted due to an increase of ethical education and training. Soltani concluded in respect to HealthSouth that the financial scandal was due to unethical tone at the top, along with an unethical organizational climate.

Five Ethical Cases Discussion

The five ethical failures equaled $999.4 billion in losses over five years, and these five cases represented a small sample of ethical breaches post Section 406. Unethical decision-making and behaviors were a common theme across the five cases (Appelbaum et al., 2013; Islam et al., 2013; Nolasco et al., 2013; Shurden et al., 2014). Stakeholders placed trust in the organizational leaders and expected ethical behaviors to be exhibited (Shurden et al., 2014). Another key finding that pertained to the code of ethics and organizational integrity among the five ethical failures was the identification of MBA programs and business schools' lack of response to Section 406 (Alleyne & Elson, 2013; Dean et al., 2010). Shurden, Santandreu, and Shurden (2014) concluded there were benefits in teaching and reprogramming students to becoming future ethical organization leaders in spite of what had transpired within the last three decades. Finally, gaps were identified within the five ethical failures; these included (a) further examination of the settlements between the government and violators to determine how to deter future violations effectively (Nolasco et al., 2013); (b) further research to identify organizational leadership incompetence versus intentional unethical decision making and behaviors (Appelbaum et al., 2012); (c) further studies on what actions stakeholders could institute to compel Congress to pass legislation to prevent another Fannie Mae and Freddie Mac financial debacle (Islam et al., 2013); and (d) studies to explore the reasons MBA programs and business schools have not enhanced curriculums with ethical courses, which might bridge the gap and deter organizational leaders lacking ethics to enter organizational environments (Alleyne & Elson, 2013; Dean et al., 2010). Each of the five cases discussed resulted in the victimization of stakeholders on multiple levels in terms of lost jobs and plummeting investments.

Stakeholder Perspectives

In the over-three decades of unethical decision making and behaviors by organizational leaders that have persisted post SOX, stakeholders have suffered the brunt of the fraudulent activities. Although current research within the USA has not been performed to obtain stakeholders experiences and perspectives, Fassin and Gosselin (2011) conducted a qualitative single-case phenomenological study to analyze stakeholders' ethical perspectives regarding an inept decision by organizational leaders that resulted in the demise of a major European bank. Fassin and Gosselin posited that the U.S. 2007 subprime mortgage crisis had a global effect. The Fortis Group, one of Europe's major banks, collapsed in 2008; shortly thereafter, Lehman Brothers fell. The unethical practices of the subprime mortgages produced distrust amongst banks (Fassin & Gosselin, 2011). Data collection consisted of archival data and public documentation between 2007 and 2010 and incorporated triangulation.

Fassin and Gosselin (2011) revealed a few salient points: (a) Fortis's organizational leaders neglected to perform due diligence in evaluating the effect of the U.S. financial crisis on global banking system prior to embarking upon a major acquisition; (b) Fortis developed a reputation as a model bank with excellence in corporate social responsibility due to its emphasis on professional integrity and ethics, along with transparency to shareholders; and (c) Fortis's stakeholders endorsed the acquisition of ABN AMRO bank, although stakeholders relied upon Fortis's organizational leaders to make prudent decisions. Fassin and Gosselin applied Freeman's (1984) stakeholder theory, which presumed organizational leaders' decision-making process included consideration of stakeholders. A critical finding of Fassin and Gosselin (2011) was that Fortis's stakeholders' definition, which was known as "intra-heterogeneity of stakeholders" (p. 175), revealed conflicts of interest because "many of these individual stakeholders have different roles: many of them are also customers of the bank, as depositors and/or creditors; most employees are also shareholders, and all private shareholders are citizens and taxpayers" (p. 175). The stakeholders' definition was essential because it emphasized the ethical perspective of Fortis's organizational leaders' decision-making process. The revelation of inequities, unfairness, and unethical decision making were by products of the intra-heterogeneity of stakeholders (Fassin & Gosselin, 2011).

Fassin and Gosselin (2011) concluded Fortis's organizational leaders failed to apply any of the ethical principles, such as utilitarian principles during decision-making processes. The complexity of the intra-heterogeneity of stakeholders produced perceptions of unethical decision making and behaviors. Prior to the acquisition of the ABN AMRO bank, Fortis's organizational leaders held a reputation for strong integrity and high ethical standards, but the collapse of the bank disclosed an incongruence in Fortis's values. Fassin and Gosselin conducted a comparison analysis of Fortis's corporate social responsibility's (CSR) excellence and ethical organizational culture with that of "Arthur Andersen and AIG" (p. 187). The comparison analysis revealed incongruence between organizational leaders' communication and behaviors. Finally, Fassin and Gosselin showed that similar to the U.S. fraudulent activities, organizational leaders' decision to acquire ABN AMRO bank was motivated by organizational leaders' desire to earn bonuses (Fassin & Gosselin, 2011).

Reuber and Fischer (2010) conducted a quantitative study to examine the reasons stakeholders were forgiving of organizational leaders' malfeasance despite their victimization. The assumption was that stakeholders would cease supporting or patronizing organizations caught up in frauds and wrongdoings (Reuber & Fischer, 2010). Reuber and Fischer found organizational leaders applied tactics to recover from damaging incidents and strategies such as rationalizing bad behavior, blaming a person or specific department for the mishap, selling off the division directly affected by the unethical deed, and manipulating media to spin the breaches. Reuber and Fischer learned that stakeholders perceived organizational leaders as defying organizational norms. They were unforgiving of unethical behaviors. For example, Arthur Andersen auditors' fraudulent actions in the Enron scandal demonstrated stakeholders rejected Andersen's organizational leaders, because the brand was irreparably damaged (Reuber and Fischer, 2010). Reuber and Fischer noted, however, that the frequency of stakeholders' interactions with organizations was influential in stakeholders' decisions to continue patronizing organizations where organizational leaders exhibited unethical behaviors.

Reuber and Fischer (2010) concluded that despite reports of organizational leaders' unethical behaviors and unethical decision making, organizations' reputations and brands could survive, especially when organizations had built strong brands. In other words, whether stakeholders would exonerate breaches depended upon the infractions by the organizational leaders and strength of the brand (Reuber & Fischer, 2010). Reuber and Fischer recommended future research to examine how organizational leaders from the scandalous organizations spread negative perceptions regarding competitors within the industry to stakeholders (Reuber & Fischer, 2010).

Summary

The literature review and two high-level conceptual frameworks, namely, behavioral integrity leadership theory and consequentialism/utilitarianism theory, aligned with the research questions for this study. The literature review provided contemporary case studies (Alleyne & Elson, 2013; Appelbaum et al., 2012; Cohen et al., 2010; Dean et al., 2010; Fassin & Gosselin, 2011; Golja et al., 2011; Heller & Heller, 2011; Islam et al., 2013; Kish-Gephart et al., 2014; Laud & Johnson, 2012; Nolasco et al., 2013; Ruiz et al., 2011; Shurden et al., 2010; Soltani, 2014; Stevens, 2013; Strider & Diala-Nettles, 2014; Sullivan, 2010), attesting to the persistence of unethical behaviors and decision making by organizational leaders post Section 406. In essence, the literature review provided validation and empirical evidence that stakeholders expect organizational leaders to exhibit ethical behavior and integrity (Ruiz et al., 2011; Shurden et al., 2014). Researchers have focused on the importance of organizational leaders creating effective organizational codes of ethics, the need for organizational leaders to demonstrate organizational integrity, and the importance of newly hired organizational leaders to study ethics and possess familiarity with the workforce's ethical challenges in MBA programs and business schools prior to proceeding to workplaces (Alleyne & Elson, 2013; Dean et al., 2010; Stevens, 2013).

The five ethical failures represented a sample of the persisting unethical decision making and behaviors post Section 406 (Appelbaum et al., 2012; Islam et al., 2013; Kish-Gephart et al., 2014; Nolasco et al., 2013; Shurden et al., 2010; Soltani, 2014) . The 2008 financial crisis along with unethical decision making and behaviors by organizational leaders affected organizations in the USA as well as in Europe (Appelbaum et al., 2012; Fassin & Gosselin, 2011; Islam et al., 2013; Nolasco et al., 2013; Shurden et al., 2010). Based on the literature review, current research from stakeholders' perspectives and stakeholders' experiences of the persistence of unethical/unscrupulous decision making and behaviors by organizational leaders has not been conducted within the USA.

Chapter III provides in-depth discussion of the qualitative explanatory multiple case study research design to explore stakeholders' perceptions of persistent unethical decision making and behaviors by organizational leaders post Section 406. The chapter incorporates detailed procedural actions required to execute a successful study, which includes identification of the participants, data gathering, and analysis approach.

CHAPTER III: METHOD

The purpose of this qualitative explanatory multiple case study was to explore the perceptions of organizational stakeholders about the persistence of unethical behaviors and decision making related to business practices within U.S. publicly traded corporations post-SOX. Specifically, the study problem was that as a result of the myriad of organizational wrongdoings and frauds, stakeholders have been subjected to financial victimization repeatedly (Bishara & Schipani, 2009; Johnson, 2010; Ingley et al., 2011). A multiple case study research design was used to gather empirical evidence to explore this phenomenon, as well as situate it within the conceptual framework based on the relevant participant perspectives.

A multiple case study research design was used to focus on the phenomenon for the current research, and a qualitative explanatory approach facilitated the exploration of stakeholders' perceptions of organizational leaders' abilities to establish best practices as a deterrent to unethical behaviors. The use of a multiple case design approach in this study elicited findings and provided a rigorous qualitative method for the multiple case study approach (Yin, 2014). Further, the design allowed for an exploration of the perceptions of stakeholders of organizational leaders' exhibition of integrity post Section 406 Ethical Provision. A qualitative explanatory multiple case study approach aligned with the purpose of the study, which was to learn from the stakeholders' perceptions about persistent unethical behaviors post Section 406 (Bloomberg & Volpe, 2012). This chapter includes a discussion about trustworthiness and ethical issues.

Methodology

A qualitative research method was selected to explore information about the phenomenon from the participants' perspectives (Bloomberg & Volpe, 2012), which allowed for exploration of participants' descriptions of various phenomena (Bloomberg & Volpe, 2012). The qualitative research approach was used to understand the experiences and perceptions of stakeholders about the persistence of unethical behaviors of organizational leaders post Section 406. In contrast, quantitative research typically uses an investigative descriptive approach to establish cause-effect relationships between clearly identified variables (Bloomberg & Volpe, 2012). Quantitative and mixed-methods methodologies were not used, because the quantitative research method is generally used after the qualitative findings have been categorized or summarized into themes, which means the data are ready to be quantified into operationalized variables (Bloomberg & Volpe, 2012). Generally, researchers use qualitative methodology when topics require further or deeper exploration of the construct or phenomenon (Dollins, Bray, & Gadbury-Amyot, 2013), and when appropriately aligned, trustworthiness of the study increases (Hays & Wood, 2011). Further, many researchers couple explanatory and case study approaches when the desire is to better understand a phenomenon and address gaps in prior research studies (Yin, 2014).

The explanatory research questions in this study were intended to explore the experiences and perceptions of stakeholders about persistent unethical practices post Section 406, which aligned with this study and established the case study boundaries (Yin, 2014). Explanatory research questions are linked to a study's purpose, drive the study's direction, and establish the study's scope (Bloomberg & Volpe, 2012). Because two constructs were explored, unethical behaviors and decision making of corporate executive organizational leaders and the integrity of organizational leadership, two research questions were derived to facilitate exploration of the topic. The two research questions were the following:

R1: What are current and former employees' experiences and perceptions of unethical behaviors by their organizational leaders following the implementation of the Sarbanes-Oxley (SOX)?

R2: What are the experiences and perceptions of stakeholders about organizational leaders' exhibited integrity post Section 406?

Qualitative data collection and analysis methods offered the means to comprehend and address the research questions and accept objectively the empirical data and results of this study. Assurances of objectivity served to reduce personal bias and increase neutrality so as not to affect adversely the credibility of this study (Bloomberg & Volpe, 2012).

Study Participants

Participants were recruited to explore their perceptions of U.S. publicly traded organizations for the persistence of unethical behaviors and decision making post Section 406 among corporate leadership. The study design employed purposive sampling, because the recruitment process targeted participants that would fit specified criteria (Anderson, 2010):

- Current or former employment in a U.S. publicly traded organization (whether financial, academic, retail, healthcare, manufacturing, technology, energy, and construction) involved in a publicly known scandal after July 2002.
- Employee to executive-level management roles; individuals who had been in C-level roles and individuals under 18 years of age were excluded from

participation. Individuals regardless of gender, or geographic location within the USA were eligible to participate in this study

- Knowledge of the organization's code of ethics.

Because the recruitment targeted stakeholders of U.S. publicly traded organizations, a professional social networking site to access diverse industries and organizations to identify participants was used for sampling. Due to the popularity of LinkedIn, which is a professional social networking site, the number of interested parties exceeded the number of individuals required to complete the study. Thirty LinkedIn group accounts were selected because of the diverse organizations representative of the target population. The comprised membership served a total sampling frame of 310,537 individuals from 30 LinkedIn group accounts; some examples were (a) Brandeis University Graduate Professional Studies (GPS) (642 members), (b) Ethics–Ethical Professional (6,387 members) (c) Project Management Institute Project Management Professional (132,249 members), (d) Sarbanes-Oxley Consultants (2,206 members) (e) Society of Consulting Psychology (SCP) (344 members), and (f) The Society for Industrial and Organizational Psychology (SIOP) (20,754 members). Some of these LinkedIn groups were closed accounts, implying membership was required to access the membership and permission secured from the group managers; the majority of the LinkedIn accounts were open accounts, implying that membership was not required.

The sample represented the target population, because the sampling method was designed to access multiple U.S. publicly traded organizations. Individuals across the 30 LinkedIn group accounts were invited to participate in this study, vetted on a first-come basis. Volunteers were selected to participate in the study sample for a minimum sample size of 15-20 (homogeneity) participants; which was considered sufficient due to the anticipated volume of qualitative data to be gathered and data analytics to be conducted.

Although the sample size was small, the quality of the responses provided insightful data about this study's phenomenon. Further, a small sample captured empirical evidence of the conceptual frame presented in this study (Yin, 2014). The primary source of the data collection was generated from the 15-20 participants who shared their experiences and perceptions in response to the survey (see Appendix D).

Data Collection

The data collection process consisted of using one data source for exploration of the phenomenon. Yin (2014) posited case study data collection consisted of "six sources of evidence: documentation, archival records, interviews, direct observations, participant-observation, and physical artifacts" (p. 105). The data collection process for this study included several steps. The data collection method used in this case study research was a qualitative survey (Bloomberg & Volpe, 2012; Yin, 2014). The type of data collected and unit of analysis for this study consisted of capturing individual stakeholders' perceptions post Section 406 about organizational leaders' abilities to establish best practices to curtail persistent unethical behaviors and stakeholders' descriptions of organizational leaders' lack of integrity.

A qualitative survey was created. It consisted of six required open-ended questions generated to answer R1 and R2. An email solicitation notification was extended to recruit participants via 30 LinkedIn group accounts, such as Brandeis University GPS Alumni, Ethics–Ethical Professionals, PMI, Sarbanes-Oxley Consultants, SCP, as well as SIOP.

Subsequent to posting the email solicitation, due to the two distribution methods, interested parties responded via email or online.

Procedures Followed

In this study, the case study protocol consisted of detailed sequential steps and basic guidelines that followed an established protocol in a strategic manner, which was repeatable and appropriate to explore the study constructs (Yin, 2014). The case study protocol contained the case study questions, data collection, a qualitative survey (see Appendix D), number of participants, sampling procedure, data sources and types, and changes made during the research process (Yin, 2003).

Case Study Protocol

The sequence of steps this study followed were first, each manager of the closed LinkedIn groups were contacted (see Appendix C) and authorization obtained to recruit candidates to participate in this study. After receiving University of Rockies IRB approval to conduct this study, an authorized recruitment notification (see Appendix F) was posted on each of the closed and open LinkedIn groups' accounts inviting participation. The recruitment notification provided the title and a short overview of the study, listed the participation criteria, informed potential participants that the study was voluntary and that withdrawal at any time was permissible, provided an explanation of confidentiality guidelines, and requested pertinent personal contact information.

Next, the selection process entailed an electronic invitation to potential participants across the 30 LinkedIn group accounts. The first 15-20 participants who completely satisfied the criteria and who completed the informed consent form were deemed participants. The participant criteria included the following:

- Current or former employment in a U.S. publicly traded organization (whether financial, academic, retail, healthcare, manufacturing, technology, energy, and construction) involved in a publicly known scandal after July 2002.
- Employee to executive-level management roles; individuals who had been in C-level roles and individuals under 18 years of age were excluded from participation. Individuals regardless of gender, or geographic location within the USA were eligible to participate in this study.
- Knowledge of their organization's code of ethics.

Two survey distribution methods were used. First, participants who received manual surveys were instructed to first complete the University of the Rockies' informed consent form (see Appendix A); then participants received the email notification distributed to selected participants (see Appendix E), completed the demographics characteristic questionnaire (see Appendix B), and finally completed the qualitative survey (see Appendix D). Those selected completed manual forms, on average, within 10 days from distribution to final submission. Second, participants completing the online qualitative survey accessed Qualtrics Online Survey (Qualtrics, 2014), which comprised three separate pages: (a) University of the Rockies' informed consent form (see Appendix A) where participants provided authorization in order to proceed to page two; (b) completed the demographics characteristics questionnaire (see Appendix B), which contained screening questions that participants were required to complete prior to proceeding to page three; and (c) a qualitative survey. Using the online survey process, authorized and completed forms took an average of two days from respondents' initiations to completion of the online survey.

After receiving the last completed qualitative survey, the data collected via Qualtrics Online Survey tool were downloaded into a Microsoft Excel spreadsheet. The data gathered from the manual surveys were consolidated into the Microsoft Excel spreadsheet and uploaded into the Dedoose Analytic Software (Dedoose, 2014). Each participant was assigned a numerical code, which was uploaded to Dedoose to protect participants' identities. The data file was encrypted with a code known solely by the researcher, and the data were organized, assessed, and coded. Three major themes were created that aligned with both research questions (Yin, 2014).

Trustworthiness

The purpose of this section is to assess the trustworthiness of this qualitative explanatory multiple case study, which includes its

- credibility;
- transferability;
- dependability; and
- confirmability (Bloomberg & Volpe, 2012).

To ensure credibility of this study, Yin's (2014) cross-case synthesis technique was employed along with a reflective journal, which used MindManager Map (Mindjet, 2015) software to minimize researcher bias. First, the dependability and constancy (Bloomberg & Volpe, 2012) of this study affords future researchers repeatable opportunities for validation and expandability for future studies. In essence, this study developed a repeatable case study protocol for other researches to reproduce similar findings, which enriched the dependability of this study (Houghton, Casey, Shaw, & Murphy, 2013). Holm and Severinsson (2014) described dependability as "the systematic, logical, and document inquiry process in addition to data stability over time and conditions" (p. 408). In other words, the strategic approach for this study was to establish a procedural flow where the consistency of the data was traceable, attainable, and confirmable (Haji-Kazemi & Andersen, 2013).

Next, confirmability as it related to trustworthiness demonstrated this study was void of biasness; the case study protocol gave direction to the data source and provided the ability to evaluate data objectivity (Bloomberg & Volpe, 2012). Wester (2011) posited it is essential that the research be confirmed by others to ensure data gathered are managed properly from the data's origins to the results, and that the researchers only incorporate data related to the phenomenon of the study. The context and perceptions in this study were expected to be transferable to similar studies (Borrego, Douglas, & Amelink, 2009). In other words, other researchers may be able to employ the results to conduct similar studies in the future. Finally, transferability was measured by the similarities of the purpose of the gathered data and the results that determined transferability conditions (Bloomberg & Volpe, 2012). In summary, the trustworthiness components of credibility, dependability, confirmability, and transferability were incorporated into the study design to provide a confidence level of believability and credibility for this study. Further, the consistency of the results (Houghton et al., 2013) and the monitoring and controlling of researcher bias increased the plausibility and dependability of this study.

Finally, a field test was used to validate the interview protocol with three organizational stakeholders who met the study participant criteria, but whose data were not included in the final sample. The field test of 23 days duration was for the purposes of validating the survey questions, survey protocol, and construct validity. The field test respondents were requested to provide feedback, the survey questions were validated, and organizational stakeholders in the field test offered assurances that the survey questions would yield sufficient data to respond to both research questions for this study.

Ethical Concerns

University of the Rockies (UoR) Institutional Review Board (IRB) provided approval for the case study prior to data collection or solicitation of potential participants. Tilley, Powick-Kumar, and Snezana (2009) posited the role of institutional review boards was to assess each study's protocol and ethical soundness; ensure protection of participants; and provide decisions about risky areas. The UoR IRB had authorization to reject the study if there were any indications of potential harm (Luckerhoff & Gillemette, 2011) to participants.

Subsequent to obtaining the UoR's IRB approval to commence data collection, the recruitment process was initiated using social media LinkedIn's groups. Thirty LinkedIn group accounts were identified, and a letter of collaboration (see Appendix C) was distributed and authorized by closed LinkedIn group account owners prior to posting the solicitation notification. Although 30 LinkedIn groups were identified to promote this study, only the closed LinkedIn groups provided with authorized letters of collaboration were solicited. In addition, the authorized letter-of-collaboration forms were sent only to the closed LinkedIn groups (see Appendix C) along with letters of solicitation to open LinkedIn group accounts. Every effort was exerted to ensure the protection of participants in this study. As suggested in Chapter I, participants were requested to complete two required forms that included the informed consent form (see Appendix A) and the demographic characteristic questionnaire (see Appendix B). These forms were used to inform participants in writing that the study was voluntary, that no compensation of any would be granted for participation, and to assure ethical protection and privacy.

Data Analysis

Data analysis for qualitative data consisted of organizing, assessing, coding, and identifying concepts and themes (Yin, 2014). The multiple case study structured questions stemming from two research questions: (a) What are current and former employees' experiences and perceptions of unethical behaviors by their organizational leaders following the implementation of the Sarbanes-Oxley (SOX)?, and (b) What are the experiences and perceptions of stakeholders about organizational leaders' exhibited integrity post Section 406? To ensure participants' privacy and confidentiality, code assignments were executed prior to importing data into Dedoose software. The data analysis plan entailed importing the data into Dedoose software, analyzing a reflective journal used to capture the direct observation data, and analyzing the participants' validation feedback.

The qualitative analytic software, Dedoose, was used to support the questionnaire's data analysis (Dedoose, 2014). Dedoose software was used to organize, categorize, and identify themes (Dedoose, 2014). Yin's (2014) cross-case synthesis technique (Lieber, 2014) was used to analyze the multiple case study data gathered.

Summary

The purpose of this qualitative explanatory multiple case study was to explore the perceptions of organizational stakeholders about the persistence of unethical behaviors and decision making related to business practices within U.S. publicly traded corporations post-SOX. A review of the methodology for this study entailed devising an appropriate approach to explore the phenomenon of persistent unethical behaviors of organizational leaders post Section 406 based on stakeholders' perceptions. A qualitative explanatory multiple case study research design was used to explore the experiences and perceptions of stakeholders.

Data were gathered from a purposive sample of 15 stakeholders across diverse U.S. publicly traded organizations from a sampling frame comprised of LinkedIn group members. The data were organized, categorized, analyzed, and assessed against both conceptual frameworks within this study using Dedoose qualitative analytic software. Chapter IV presents the findings of the analysis of the data gathered as outlined in Chapter III.

CHAPTER IV: RESULTS

The purpose of this chapter is to present the data analysis and detailed results of the stakeholders' perceptions of business practices related to the persistence of unethical behaviors and unethical decision making by organizational leaders within United States publicly traded corporations, post-Sarbanes-Oxley. Further, the objective of this selection of the research is to obtain answers to the research questions, which were the following:

R1: What are current and former employees' experiences and perceptions of unethical behaviors by their organizational leaders following the implementation of the Sarbanes-Oxley (SOX)?

R2: What are the experiences and perceptions of stakeholders about organizational leaders' exhibited integrity post Section 406?

In this chapter, an overview of the field test of the study instrumentation, a description of the sample demographic characteristics, the data collection protocol, and the results of the data analysis are included.

Field Test

A field test was conducted that assessed the validity of the survey questions and data collection protocol. The field test involved three participants who reviewed the study instrumentation and provided feedback. The three field-test respondents were recruited via LinkedIn and were not included as part of the study sample. The field test duration was 23 days over which the field-test participants provided feedback. The field test validated the survey questions, and field-test respondents offered assurance that the survey questions would yield sufficient data in response to the research questions guiding the study. Instrumentation was not modified prior to the instrument's administration.

Sample

Potential participants were screened for the unique eligibility criteria for the study, and the recruitment process entailed notifications via four LinkedIn groups, which included

- Brandeis University GPS
- PMI Project Management Professionals
- SIOP
- SCP

Additional notification was sent to 26 LinkedIn groups making up more than 4,700 members for a 0.3% return rate. The final sample included 15 participants, and 43 potential participants were excluded primarily because these individuals' organizations included the private sector, non-profit, and governmental agencies where organizational leaders exhibited unethical behaviors and decision making. All 15 participants met the following sampling criteria:

- Current or former employment in a U.S. publicly traded organization (financial, academic, retail, healthcare, manufacturing, technology, energy, and construction) involved in a publicly known scandal after July 2002.
- Employee to executive-level management roles; individuals who had been in C-level roles and individuals under 18 years of age were excluded from participation. Individuals regardless of gender, or geographic location within the USA were eligible to participate in this study
- Knowledge of the organization's code of ethics.

Demographic Characteristics

The final sample consisted of 15 individuals currently or formally employed (93.3%) within publicly traded organizations within the USA. At least 60% of the participants reported their employment levels were of the level of supervisor, and 100% of the participants reported their organizational leaders had demonstrated either unethical behavior and/or unethical decision making. Further, the company type included all major industries: financial (26.7%), manufacturing (26.7%), education (13.3%), technology (13.3%), energy (6.7%), pharmaceuticals (6.7%), and retail (6.6%). All participants reported knowledge of their organizations' published code of ethics (100%), and a majority of participants had familiarity with SOX (86.7%). Frequency tables for the sample demographic characteristics are presented in Tables 2-8.

Table 2

Publicly Traded Organizations

Characteristic	*f*	%	Valid %
Yes	15	100.0	100.0
No	0	0	0

Note.: N = 15.

Table 3

Employment Status

Characteristic	*f*	%	Valid %
Current	1	6.7	6.7
Former	14	93.3	93.3

Note. N = 15.

Table 4

Company Type

Characteristic	*f*	%	Valid %
Financial	4	26.7	26.7
Manufacturing	4	26.7	26.7
Education	2	13.3	13.3
Technology	2	13.3	13.3
Energy	1	6.7	6.7
Pharmaceutical	1	6.7	6.7
Retail	1	6.6	6.6

Note. *N* = 15.

Table 5

Role

Characteristic	*f*	%	Valid %
Supervisor	9	60.0	60.0
Employee	6	40.0	40.0

Note. *N* = 15.

Table 6

Familiarity with Sarbanes-Oxley

Characteristic	*f*	%	Valid %
Yes	13	86.7	86.7
No	2	13.3	13.3

Note. *N* = 15.

Table 7

Familiarity with Organization's Code of Ethics

Characteristic	*f*	%	Valid %
Yes	15	100.0	100.0
No	0	0	0

Note. *N* = 15.

Table 8

Organizational Leaders' Exhibited Unethical Behaviors/Decision Making

Characteristic	*f*	%	Valid %
Yes	15	100.0	100.0
No	0	0	0

Note. *N* = 15.

Data Collection

Data were collected using two types of media, namely, a manual survey and an online survey using Qualtrics Online Survey Software. The informed consent form (see Appendix B), demographics characteristics Questions Form (see Appendix C), and survey questions (see Appendix E) were emailed to 22 potential participants who met the selection criteria. The residual data collection occurred via Qualtrics Online Survey Software. Data for the final 15 participants were prepared in a Microsoft Excel spreadsheet prior to importing into Dedoose analysis software for data analysis.

Data Analysis and Results

The data collected from the 15 participants were organized, assessed, and coded into three major themes that aligned with both research questions. The first research question in this qualitative explanatory multiple case study was devised to explore the perceptions of organizational stakeholders about business practices of organizational leaders of U.S. publicly traded corporations as related to the first study construct of unethical behaviors since the passing of the SOX Act of 2002.

> R1: What are current and former employees' experiences and perceptions of unethical behaviors by their organizational leaders following the implementation of the Sarbanes-Oxley (SOX)?

This question allowed organizational stakeholders to share their lived perceptions with respect to when they learned of organizational leaders' unethical behaviors, allowed stakeholders to share experiences of the unethical behaviors, and permitted stakeholders to share emotions as related to breaches caused by organizational leaders' unethical behaviors.

The second research question allowed organizational stakeholders to discuss their lived perceptions and experiences related to exhibited integrity by organizational leaders.

> R2: What are the experiences and perceptions of stakeholders about organizational leaders' exhibited integrity post Section 406?

This question probed organizational stakeholders experiences with respect to their lived perceptions after learning their organizations were involved in corruption as a result of unethical decision making. The objective was to explore organizational stakeholders' emotions and discover if stakeholders were directly affected by the second study construct, namely, exhibited integrity by organizational leaders.

The data analysis method used in this study was cross-case synthesis, which allowed identification of patterns linked to both research questions, requiring several steps and adherence to strict protocol for identity protection of respondents and data integrity. First, prior to importing the data gathered into Dedoose software, the participants selected were assigned numerical codes to protect participants' identities. Immediately, the file was encrypted with a key code. Only the researcher had the ability to decrypt the code to access the data. Second, each participant's responses to the survey questions were reviewed multiple times for the purpose of code identification. Although Dedoose software eradicated a few steps after manually analyzing qualitative data, such as manually organizing the data, the data were highlighted and labeled by hand, using white boards to assist with categorizing the data to identify patterns. In addition, the automated data analysis via Dedoose software, entailed data organization, coding, categorization, and identification of patterns to determine the emergent themes. Three major themes that arose in the course of open and selective coding were identified, which meant the data were first assessed to identify the themes and then re-assessed a few times to select suitable responses to determine the emergent themes for both R1 and R2. The three major themes identified in the course of the analysis were (a) Theme 1: Employees of publicly traded organizations expressed disgust and distrust with the unethical behaviors and decision making by organizational leaders, post-SOX, (b) Theme 2: Organizational stakeholders reported observations of organizational leaders' lack of adherence to published codes of ethics, and (c) Theme 3: Despite regulatory and organizational whistleblower protection programs, some organizational stakeholders experienced employee retaliations and reprisals pertaining to wrongdoings by some organizational leaders (see Table 9).

Table 9

Major Themes

Theme	*f*	%
Theme 1	14	93.3
Theme 2	13	86.7
Theme 3	10	67.7

Note. *N*=15.

Theme 1

Theme 1 showed employees of publicly traded organizations expressed disgust and distrust with the unethical behaviors and decision making by organizational leaders, post-SOX. The emotions described by the majority of participants were exasperation with the unethical behaviors and decision making they had witnessed on the part of organizational post-SOX leaders. Participants P4 and P6 described feeling enraged and disgusted when learning about the breaches. P6 said, "[I] learned of many things through news media outlets and was disappointed in the direction of the company," and P4 stated, "I felt an assortment of emotions from rage to disappointment to sadness and depression." P13 reported emotions of "shock, awe, disgust, frustration, fear, and betrayal." P8 and P15 also reported emotions of "hurt, fear, shame, and depression" and "anger, frustration, and fear." Likewise, P7 said, "Eliminated what little respect I have in leaders and diminished my respect for the organization, which many other regard as reputable… total disrespect and drop in communication with higher leadership." P12 noted, "Learning that my company was being charged with federal charges of fraud that resulted in them paying a $92 million fine, was devastating to me…It made me feel as if this was not a company I wanted to work for, and for good reason." P9 reported, "I was very irritated as it affected the employees' stock portfolios and not the executive managements' pockets." Finally, P10 stated, "Very upset. The local U.S. and international news fully reported the fraudulent activities. Horrified, angry, and embarrassed that I was working for such an unethical, dishonest organization," and P15 shared, "It was horrible. When I heard of the unethical behavior, I felt cheated and lied to. Who wants to work for an organization that harms those we are supposed to be helping?"

Theme 2

Theme 2 revealed organizational stakeholders reported observations of organizational leaders' lack of adherence to published codes of ethics. In Theme 2, organizational stakeholders perceived organizational leaders lacked adherence to the published code of ethics and considered this hypocrisy. P1 best illustrated organizational leadership hypocrisy: "He pressured me to claim it was delivered. However, I refused. He was able to find another manager from another location to help him out by stating one was delivered when it was not." P12 conveyed the following:

> Sadness is what I felt, knowing I worked for a company that had reiterated their ethical stance during training vigorously could end up being charged with a crime of this magnitude was overwhelming…I was upset that the leaders of the organization would not only make these types of decisions but would openly endorse them.

Similarly, P13 shared the following:

> My supervisor called me into his office, told me that senior leadership had been discussing this matter, and instructed me to disregard the regulations so that the

> company could benefit from incremental sales. I was stunned by these instructions to violate intentionally federal laws. I knew that this entire episode was carefully choreographed as there was no document or email trail. I kept my mouth shut.

P2 reported "a loss of respect for the organization, because they knew that these rules were being broken, which damaged the faith that shareholders had in senior management." Likewise, P8 said, "From that and other experiences, I perceived a particular organizational leader and all other organizational leaders, as well as publicly traded companies in general as unethical." P15 conveyed that organization leaders failed to uphold the organization's "mission and vision." Further, P8 noted as follows:

> Corporate leadership can quote the Institute of Internal Auditors (IIA) Standards, and knows them well enough to manipulate around them. I believe that until and unless internal auditors are put in prison…. internal auditors… will never stand up to management and properly execute their duties.

Finally, P9 said, "It seems to verify that he was in it for himself and not the good of the company," and P1 stated, "I left the company because even with multiple re-organizations, it was plain that they were not going to change."

Theme 3

Theme 3: Despite regulatory and organizational whistleblower protection programs, some organizational stakeholders experienced employee retaliations and reprisals pertaining to wrongdoings by some organizational leaders. As a result of unethical behaviors and unethical decision making exhibited by some organizational leaders, a majority of organizational stakeholders reported experiences with retaliation and reprisal within the company. P5 shared, “They tried to sweep it under the table. They then outsourced me,” and P3 said as follows:

> My direct manager told me that I would need to leave the company if I wanted to continue to be an executive, and that I was too idealistic for the real world….They blocked anyone in the company from hiring me even though I had multiple offers, and was told they said not to hire me because I pissed off my executives.

P4 shared, “I experienced a hostile work environment so I kept my interactions with my managers to the bare minimum, preferably through emails to keep a record of our conversations.” Likewise, P10 said, “Was laid off to the significant business downturn that occurred after this organization made a record financial settlement with the U.S. government rather than going to court and facing criminal charges.” As an internal auditor, P5 uncovered the corruption and reported, “[I] was going to trigger whistleblower, but it does not protect fraud or other SEC violations… [Regulators should] allow criminal prosecution of retaliation against whistleblowers,” and P9 acknowledged the organization’s code of ethics which, “I knew it very well; however, I also knew that whistleblowing could have repercussions on me.”

Conclusions

In summary, the purpose of this qualitative explanatory multiple case study was to explore the lived experiences and perceptions of organizational stakeholders in relation to unethical behaviors and decision making by organizational leaders. In order to gain an understanding of organizational stakeholders lived experiences, a qualitative survey was designed to answer questions about the first construct, namely, unethical behaviors, and the second construct, namely, exhibited integrity by organizational leaders. Three major themes were identified in the qualitative data analysis. The themes included (a) Theme 1: Employees of publicly traded organizations expressed disgust and distrust with the unethical behaviors and decision making by post-SOX organizational leaders, (b) Theme 2: Organizational stakeholders reported observations of organizational leaders' lack of adherence to published codes of ethics, and (c) Theme 3: Despite regulatory and organizational whistleblower protection programs, some organizational stakeholders experienced employee retaliations and reprisals pertaining to wrongdoings by some organizational leaders.

All of the participants shared their lived experiences and perceptions about unethical behaviors and decision making by post-SOX organizational leaders. Participant responses were consistent across each of the three themes; the frustrations of participants described in Theme1 were closely linked to participants' countless observations of organizational leaders' failure to comply with organizational codes of ethics in Theme 2, as well as to retaliation against some participants for refusing to execute unethical instructions in Theme 3.

The three themes served to answer R1 and R2. Theme 1, leadership disgust and distrust, was reported by the highest number (93.3%) of organizational stakeholders who expressed negative emotions based on their lived experiences of unethical behaviors and decision making by their respective organizational leaders. The majority of participants expressed emotions that ranged from rage and disgust to sadness and disappointment related to unethical behaviors and decision making by organizational leaders. In Theme 1, participants expressed feelings of hurt and shame about their affiliation and employment with scandalous organizations. In Theme 2, 86.7% of organizational stakeholders noted a lack of adherence to published codes of ethics by organizational leaders, and participants reported organizational leaders' demonstrated hypocrisy for failing to comply with organizational codes of ethics. Many participants reported experiences with organizational leaders who adopted codes of ethics that employees were required to follow, yet organizational leaders failed to comply with these same codes. Finally, in Theme 3, 67.7% of organizational stakeholders reported whistleblowing and/or employee retaliation and reprisal. The lived experiences of these participants entailed job losses, retaliation, and reprisals as a result of questioning the unethical behaviors and decision making of post-SOX organizational leaders. In Chapter V, an interpretation and discussion of these emergent themes is provided.

CHAPTER V: DISCUSSION

The purpose of Chapter V is to provide an overview and interpretation of the results and discuss the limitations, implications for concepts and research, implications of the findings for the industrial organizational psychology field of study, and recommendations for further research. The chapter includes a review of the need for this study, the purpose of this research, the two research questions that guided the study, and a brief restatement of the findings.

The problem addressed in the study was organizational stakeholders who had been victimized as a result of the myriad of organizational wrongdoings and frauds (Bishara & Schipani, 2009; Johnson, 2010; Ingley et al., 2011) in the light of empirical evidence revealing that numerous regulations had been unsuccessful in deterring unethical behaviors and decision making by organizational leaders (Austill, 2011). The two constructs that were the focus of this study are (1) unethical behaviors of organizational leaders and (2) the integrity of organizational leadership.

The purpose of this study was to use a qualitative explanatory multiple case study method to explore the lived experiences and perceptions of organizational stakeholders, mainly employees and managers, regarding business practices. The phenomenon under investigation was persistent unethical behaviors and decision making by organizational leaders within U.S. publicly traded organizations that had experienced scandal post Sarbanes-Oxley Act of 2002 (SOX) (Chan, Mueller, & Cocks, 2011; Thomas, 2012). Although many organizational wrongdoings had been reported prior to Enron's 2001 scandal, the collapse of Enron was a catalyst that stimulated the U.S. Congress to establish SOX. The intention of the Congressional act was to promote ethical organizational cultures as addressed specifically in the Section 406 Ethical Provision. The Section 406 Ethical Provision encouraged organizational leaders to adopt codes of ethics (107th Congress Public Law, 2004) for the purpose of promoting and cultivating ethical organizational environments.

This study addressed two research questions, which were the following:

R1: What are current and former employees' experiences and perceptions of unethical behaviors by their organizational leaders following the implementation of the Sarbanes-Oxley (SOX)?

R2: What are the experiences and perceptions of stakeholders about organizational leaders' exhibited integrity post Section 406?

A qualitative explanatory multiple case study was used to explore the phenomenon for the purposes of gaining an understanding of organizational stakeholders' perceptions of unethical behaviors and decision making by post-SOX organizational leaders. The objective was to gain insight into the lived experiences and perceptions of stakeholders via a qualitative survey that answered the query about the study constructs of unethical behaviors, unethical decision making, and integrity. The data analysis results identified three themes: (a) Theme 1 (93.3%), (b) Theme 2 (86.7%), and (c) Theme 3 (67.7%).

Interpretation of Findings

The findings of this study revealed that organizational stakeholders were negatively affected by the persistence of unethical behaviors and decision making by organizational leaders. The interpretation of the findings is discussed by theme.

Theme 1

Theme 1 revealed that employees of publicly traded organizations expressed disgust and distrust with the unethical behaviors and decision making by organizational leaders post

Sarbanes-Oxley. In addition, organizational stakeholders suffered financially as well as experienced negative emotions due to the persistence of unethical behaviors and decision making by organizational leaders. Fida et al. (2015) posited that negative emotions lead to counterproductive behavior and high turnover rates of high performing talent within organizations, and when organizational stakeholders experienced negative emotions caused by unethical behaviors, organizational relationships with stakeholders changed and became disengaged. Theme 1 revealed that organizational stakeholders who experienced emotions such as disgust, shame, hurt, etc. with respect to learning about the unethical behaviors and decision making by organizational leaders, they desired to separate from these organizations. The results confirmed the findings of Palanski, Avey, and Jiraporn (2014). Roundy (2015) posited that organizational stakeholders responded with disgust, anger, and distrust when they learned of the wrongdoings by organizational leaders. Palanski, Avey, and Jiraporn (2014) found a positive relationship between unethical leadership and employees' desire to separate from the organization, which was supported by empirical evidence provided earlier by Tepper (2000).

Trust and integrity are key characteristics organizational stakeholders typically expect from organizational leaders; unethical behaviors and decision making by organizational leaders erodes the stakeholders' perceptions of trust and integrity. Kazuhito (2010) posited that Barnard's (1938) leadership and development method assumed that organizational leaders' failure to comply with ethical codes destroyed their employees' trust "and often, the distrust produced disheartenment, lack of interest, and disgust in the employees" (p. 223) towards organizational leaders. The leadership development research confirmed the finding in Theme 1 that employees' trust was eroded, and employees experienced disgust when organizational leaders exhibited lack of adherence to published codes of ethics.

Theme 2

As shown in Theme 2, organizational stakeholders reported observations of organizational leaders' lack of adherence to published codes of ethics, towards which organizational stakeholders reacted negatively when organizational leaders lacked adherence to published codes of ethics. "In a post-scandal government agency, Pelletier and Bligh (2008) found that employees attributed poor ethical leadership in part to breaches of trust and hypocrisy, which resulted in feelings of cynicism" (Maclean & Holderness, 2015, p. 354). Organizational stakeholders believed organizational leaders should "play by the same rules they required of the employees" (p. 354). In Theme 2, it was noted that employees were disappointed and disheartened when organizational leaders exhibited a lack of adherence to published codes of ethics that were inculcated into organizational cultures, and when organizational leaders failed to lead by example (Eliophotou-Menon, 2014).

Theme 2 confirmed Mogielnicki's (2011) argument that waivers for organizational leaders be eradicated because of the risks of negative effects on organizational stakeholders. For instance, Mogielnicki posited Enron organizational leaders issued waivers of exemption from Enron's codes of ethics, while many organizational stakeholders were either unaware of the waivers and/or believed organizational leaders were above codes of ethics, which was inconsistent with Theme 2. Theme 2 findings indicated the expectations of employees were that organizational leaders would comply with organizational codes.

Further, Theme 2 supported Thomas's (2012) findings that organizational leaders failed to comply with the organizations' codes of ethics because of lack of knowledge and self-absorption. Theme 2 confirmed, based on the stakeholders' perceptions, that many organizational leaders' disregard for the codes of ethics was blatant, especially when organizational leaders were to earn bonuses. Theme 2 provided evidence that organizational leaders dismissed codes of ethics and instructed direct reports to be complicit in violating codes of ethics in order to achieve projected goals to earn bonuses appended to salaries. The findings in Theme 2 were also aligned with Fassin and Gosselin (2011) who reported many organizational leaders who participated in the U.S. financial scandals had motivations that originated from desires to earn bonuses.

Theme 3

Theme 3 disclosed despite regulatory and organizational whistleblower protection programs, some organizational stakeholders experienced employee retaliations and reprisals pertaining to wrongdoings by some organizational leaders. Whistleblowing, a remedy found in SOX Section 806 Whistleblower Protection (107th Congress Public Law 204, 2002), was designed to protect employees from retaliation and reprisal. Section 806 states management and employees/contractors cannot be subjected to any type of discrimination, discharged, threatened, and harassed for reporting unethical behavior (107th Congress Public Law 204, 2002). However, Theme 3 suggested that Section 806 failed to protect some employees from job losses, blocked hiring, and hostile work environments. Although the whistleblower protection regulation was created to protect employees, some organizations ignored Section 806 and/or maneuvered regulations to cover up wrongdoing and retaliated against employees who were not complicit (Lee & Kleiner, 2011). Findings based on Theme 3 also revealed that a number of organizational stakeholders were reluctant to report unethical behaviors and decision making by organizational leaders due to a lack of confidence in the whistleblower protection regulation. Those organizational employees who did not report unethical behaviors and decision making were unaware of the perception of complicity when participating in the frauds (MacGregor & Stuebs, 2014). As found in Themes 2 and 3, stakeholders were compelled to participate or subjected to reprisals for a lack of participation if not complicit with unethical behaviors and decision making by organizational leaders for the purposes of obtaining executive bonuses. Rather than report unethical behaviors, some organizational stakeholders "resign[ed] rather than be complicit in the action" (Kasner, 2015, p. 268). Theme 3 also revealed fear of job loss (potential loss of income) if not complicit. Other stakeholders chose to participate in the wrongdoing and decided not to report the frauds for fear of retaliation.

Pendse (2012) posited that until deficiencies within whistleblower protections are rectified, organizational stakeholders may choose to be silent when they learn of unethical behavior and decision making by organizational leaders. Regulators have since seen the flaws within whistleblower protection programs and remain focused on processes to close the gaps to improve whistleblowing programs and protections (Kasner, 2015; Gurkaynak & Durlu, 2013). However, until regulators address the deficiencies within whistleblowing programs, many organizational stakeholders may remain silent about wrongdoings (Kasner, 2015), which includes unethical behaviors and decision making by organizational leaders, as reflected by Theme 3 in the current study.

Limitations and Delimitations of Study

The results of this study were subject to certain limitations. First, ideally, conducting face-to-face interviews or Skype interviews would have afforded opportunities to gather additional data, such as witnessing stakeholders' emotions firsthand via facial expressions, body language, and voice inflection, which may have also provided the opportunity to probe responses in greater depth. However, the qualitative survey used to gather the data in this study resulted in profound responses that created a rich data analysis based on participants expressing lucid emotions about their lived experiences and perceptions.

Second, the validity of a qualitative explanatory multiple case study design for research has not been fully accepted by the entire research community as a legitimate research approach, because some argue that using a small sample is insufficient to draw generalizations for a population (Ghazzawi, 2011; Urciuoli, Mohanty, Hintsa, & Boekestijn, 2014); the results from this study are not intended for generalization to other populations.

Third, honesty and recollection of the participants may have limited the results, because 93.3% of the participants who participated in this study were former employees of the organizations they described; it is possible that some unintentional exaggeration and miscommunication of the facts were incorporated in the data gathered. Overall, responses appeared to be honest, especially from those respondents who confessed to either being complicit through their silence or actively participating out of fear of reprisal.

Fourth, this study was limited to publicly traded organizations subject to the SOX regulations. The number of individuals expressing interest in participating in this study was triple the actual sample size, but many of those interested parties were employed by not-for-profit organizations, governmental agencies, and the private sector. In recent years, the media have been reporting more unethical behaviors and decision making by organizational leaders within non-profit organizations, governmental agencies, and private companies (Vermeer, Raghunandan, & Forgione, 2013; Yallapragada, Roe, & Toma, 2010).

Moreover, a further delimitation excluded individuals who were not members of the 30 LinkedIn groups, and/or members who did not have LinkedIn accounts were unable to participate in this study, which is a limitation. Countless individuals who did not have LinkedIn accounts expressed interest in participating in this study; however, the sampling frame remained limited to individuals who were members of the 30 LinkedIn group accounts. Finally, researcher bias and values may have limited interpretation of results, because the researcher is a Certified Sarbanes-Oxley practitioner; however, tools such as Dedoose Analytic software and MindManager software were used to reduce researcher bias.

Implications for Theory and Research

The findings of this study have implications for theory and research about organizational leaders across all organizational types: Publicly traded companies, not-for-profit organizations, governmental agencies, and private companies. Two relevant theories were identified for this study: (a) A core ethical theory, namely, consequentialism/utilitarianism developed by Bentham (1789), Mill (1861), and Sidgwick (1907) (as cited in Burgess-Jackson, 2013; Greenfield & Banja, 2009) and (b) behavioral integrity leadership theory (Simons, 1999, 2002). First, the results of the study conducted revealed that unethical behaviors and decision making by organizational leaders were contrary to the consequentialism/utilitarianism theory, which denotes organizational leaders should make ethical decisions that are in the best interest of organizations and stakeholders (Arnold, et al., 2010; Freeman et al., 2004). In this study, unethical behaviors by organizational leaders failed to align with consequentialism/utilitarianism ethical business practices (Derr, 2012). Specifically as it relates to the findings in Themes 1, 2, and 3, the consequences of the behaviors and decision making (Derr, 2012; Niederman et al., 2011) were egotistical, because many organizational leaders were focused on earning bonuses, which involved a lack of adherence to published codes of ethics, coupled with employee retaliation/reprisals. The participants in the study refuted consequentialism/utilitarianism theory, because the unethical organizational leaders failed to exemplify ethical leadership, which resulted in disgust, depression, fear, shame, and distrust on the part of organizational stakeholders.

Second, behavioral integrity leadership theory, which has similar characteristics to consequentialism/utilitarianism theory, signifies organizational leaders should lead with integrity and exhibit ethical behaviors, especially because organizational stakeholders would be observing and assessing actual actions by organizational leaders (Simons, 1999, 2002). As revealed in Themes 1, 2, and 3, the behaviors exhibited by organizational leaders were unethical, which eroded trust, loyalty, and respect from organizational stakeholders. Finally, the findings divulged organizational leaders who made unethical decisions and exhibited unethical behaviors caused harm to organizational stakeholders psychologically, professionally, and personally, because of failing to apply consequentialism/utilitarianism principles as a guide when decisions were made and/or failing to exemplify behavioral integrity leadership. Consequentialism/utilitarianism theory and behavioral integrity leadership theory were designed to develop ethical transformational leaders, but the lived experiences and perceptions of the participants included in this study were incongruent with both theories.

Implications for Practice

In the area of ethical leadership, the three themes stimulated three implications for practice that included (a) restructuring executive incentive compensation, (b) re-evaluating whistleblower programs, and (c) proposing organizational leaders offer organizational psychological therapy to assist organizational stakeholders with working through fraudulent or scandalous events. The first implication for practice was to propose restructuring of executive incentive compensation to a manageable level to minimize or eradicate the temptation for organizational leaders to exhibit unethical behavior or decision making as noted with Theme 2. Pendse (2012) stated, “When the motive to earn a large bonus by exaggerating earnings is combined with the means and opportunity to do so, it can be expected that unethical behavior may take place” (p. 272). It is essential to restructure or eradicate the incentives that promote unethical behaviors (Jooste, 2013; Pendse, 2012). For example, Hurt (2014) posited that during the 2008 financial scandal, many of the fraud cases stemmed from organizational leaders making high-risk strategic plans as motivated by executive and sales bonus. Fassin and Gosselin (2011) noted that many of the U.S. fraudulent activities were motivated by organizational leaders’ focus on earning bonuses. In another example, Lloyd, Banerjee, Harrington, and Jacobsen (2014) noted the bonus system was eradicated, because it was discovered that nursing home managers made unethical decisions to save on cost in order to earn bonuses. Finally, academic training and programs, similar to the academic ethics programs incorporated within some undergraduate programs (Heller & Heller, 2011), may assist in educating existing and new organizational leaders about how essential it is to adhere to organizational codes of ethics.

The second implication for practice involves the need for regulators and internal organizational ethics programs to strengthen whistleblower protection programs (Pendse, 2012). Thirteen years after the enactment of SOX, Theme 3 revealed that individuals were still fearful of job losses, bullied, and received threats to damage/end careers for wanting to report wrongdoings by organizational leaders. Bjorkelo (2013) noted empirical evidence of a connection between whistleblowing and organizational stakeholders' bullying in the workplace. In the sample selected, a large number of candidates expressed a desire to participate; but out of fear of recognition, some potential participants declined to participate. Others held their organizations in high regard and wanted to protect their organizations' brands by reporting unethical behaviors; but out of fear, they remained silent (Pendse, 2012).

Delk (2013) posed the question in a paper entitled "Whistleblowing—Is It Really Worth the Consequences?" (p. 61). Delk posited that individuals should consider reporting unethical behaviors as a last remedy due to the possible repercussions personally and professionally. Empirical evidence provided with Theme 3 was aligned with Delk's advice, because many of the organizational stakeholders in this study shared lived experiences of desires to report wrongs, but lacked confidence in the current whistleblower protection regulations, and doubted they were effective. In response, the U.S. Congress passed the Dodd-Frank Act of 2010, which was intended to address the gaps in some of the SOX's provisions, such as the whistleblower protection (Blount & Markel, 2012). The Dodd-Frank Act incentivized individuals to report wrongdoings and allowed individuals to report unethical behaviors and decision making directly to the Securities and Exchange Commission (Blount & Markel, 2012). Blount and Markel (2012) noted, however, that many believed the Dodd-Frank's whistleblower protection provision was ineffective, because Dodd-Frank's whistleblower protection provision included incentives that might add to the risk of abuse, and encouraged organizational stakeholders to circumvent internal organizational ethics programs. Despite Dodd-Frank's attempt to address the gaps in SOX's whistleblower protection provision, organizational stakeholders are still fearful of repercussions and reprisals, as reported in Theme 3 of this study. It is critical that regulators and internal organizational ethics programs redesign the whistleblower program to ensure organizational stakeholders are genuinely protected from reporting unethical behaviors and decision making by organizational leaders.

Based on findings in Themes 1, 2, and 3, the final implication for practice entails proposing organizational leaders offer psychological therapy to assist organizational stakeholders with working through traumatic experiences as a result of the wrongdoings of unethical organizational leaders. “Whistleblowing that has been followed by retaliation and bullying at work is associated with consequences on health and wellbeing in the form of psychological problems (e.g. depression, anxiety, symptoms analogous to PTSD, sleep problems), physical problems (e.g. muscular problems), etc.” (Bjorkelo, 2013, p. 313). Findings with respect to Theme 1 suggested many organizational stakeholders experienced hurt, shame, cynicism, and disengagement after learning of unethical behaviors and unethical decision making by organizational leaders who were once held in high esteem. Damages to organizations’ brands caused by frauds and wrongdoing were felt by organizational stakeholders, and many perceived the stigma of wrongdoings remained tacked onto organizational stakeholders (Grandey, Krannitz, & Slezak, 2015; Wyland, Bollmus, Freimark, & Hedrich, 2012).

Further, destructive or dysfunctional leadership caused harm to organizations’ reputations as well as damaged organizational stakeholders’ well-being (Li, Xu, Tu, & Lu, 2014; Throughgood, Hunter, & Sawyer, 2011). For instance, Vandekerckhove and Tsahuridu (2010) stated, “The risk of harm to whistleblowers is substantial as they are often harmed psychologically and financially despite any whistleblower protection that may apply to them (p. 374). In the absence of psychotherapy, organizational stakeholders would most likely attempt to suppress their negative emotions about corruption and wrongdoings while in the workplace; therefore, it is essential organizational leaders provide or offer psychological treatment to organizational stakeholders after wrongdoings, fraud, and unethical behaviors were exhibited within organizations (Bjorkelo, 2013).

Recommendations for Further Research

Further research may be required for three areas identified during the course of this study: (a) a qualitative explanatory multiple case study of a number of talented stakeholders, especially high performers, who have resigned from organizations as the result of unethical behaviors and decision making by organizational leaders in order to further explore Theme 1; (b) a quantitative causal comparative design study to compare whether organizational stakeholders are more inclined to report wrongdoings by organizational leaders to internal organizational ethics programs or to SEC regulators; (c) a quantitative descriptive study to operationalize the three themes elicited in the current study.

First, a qualitative exploratory multiple case study of a number of talented stakeholders, especially high performers who have resigned from organizations as the result of unethical behaviors and decision making by organizational leaders, would be based on findings from Theme 1. While many of the participants expressed disgust, distrust, shame, and disengagement, the need to disassociate themselves from scandalous organizations was a thought and executed action. A correlation study would involve a purposive sampling from all types of organizations within the USA and intentionally across all sectors (publicly traded, not-for-profit, governmental, and private organizations). The qualitative exploratory multiple case study would target management/supervisors and salaried/hourly employees.

The second recommendation for further research includes a quantitative causal comparative design study to examine further Theme 3 to compare whether organizational stakeholders are more inclined to report wrongdoings by organizational leaders to internal organizational ethics programs or to SEC regulators (Blount & Markel, 2012; Hansberry, 2012; Jennings, 2011). Regulators and organizational internal ethics departments have established policies and procedures to eradicate or minimize retaliation and reprisals against employees; however, Theme 3 revealed organizational stakeholders still lacked confidence in whistleblower protection programs. Further research needs to be conducted using an expanded random sample of organizational leaders to demonstrate unethical behaviors and decision making in United States publicly traded organizations.

The third recommendation for further research entails conducting a quantitative descriptive study to operationalize the three themes identified in the qualitative study and to provide a foundational quantitative study of the themes that may be generalized to similar populations. A rigorous sample size for the quantitative study would consist of more than 100 organizational stakeholders employed in U.S. publicly traded organizations where organizational leaders exhibited unethical behaviors and decision-making.

Conclusion

In the qualitative explanatory multiple case study conducted, the lived experiences and perceptions of 15 organizational stakeholders as related to the unethical behaviors and decision making by organizational leaders was explored. Two research questions guided the study and focused on two constructs from a post-SOX perspective: Organizational leaders' unethical behaviors and the integrity of organizational leadership. The first research question explored current and former organizational stakeholders' lived experiences and perceptions regarding unethical behaviors by the organizational leaders following the implementation of Sarbanes-Oxley (SOX), and the second research question explored organizational stakeholders lived experiences and perceptions with respect to integrity exhibited by organizational leaders after SOX's implementation in 2002. Both research questions were used as a guide to construct the qualitative survey questions, which yielded rich data. The findings revealed three major themes as identified in a qualitative data analysis. Theme 1 illustrated the majority of organizational stakeholders experienced numerous emotions such as disgust and distrust of the leadership; and shame, hurt, and disappointment in the face of unethical behaviors and decision making by organizational leaders. Unethical behaviors and decision making by organizational leaders have harmed organizational stakeholders on multiple levels. Theme 1 confirmed the observations of Li, Xu, Tu, & Lu (2014) and Throughgood, Hunter, & Sawyer (2011), who reported organizational stakeholders expressed negative emotions resulting from wrongdoings. Organizational leaders need to implement recovery strategies and crises management plans in an attempt to rebuild brands and reputations after reported corruptions (De Maria, 2010); in addition, organizational leaders need to incorporate psychological counseling to assist organizational leaders with working through the psychological effects caused by organizational fraudulent activities (Li et al., 2014; Throughgood et al., 2011).

Theme 2 revealed that 86.7% of organizational stakeholders expressed concern when organizational leaders demonstrated a lack of adherence to published codes of ethics. Organizational stakeholders also perceived hypocrisy based on organizational leaders' lack of adherence to adopt published organizational codes post-SOX Section 406 Ethical Provision. Moreover, 86.7% of organizational stakeholders reported familiarity with SOX, which translates to expectations of ethical leadership and ethical organizational cultures, which the Section 406 Ethical Provisions suggests and promotes (107th Congress Public Law 204, 2002). It can be concluded the adoption of organizational codes of ethics increased the expectation that ethical standards and values be exemplified by organizational leaders (Holder-Webb & Cohen, 2012).

De Almedida (2014) posited that regulations, such as SOX, were designed to improve internal governance as well as increase organizational leadership accountability and ethical business practices. Further, SOX Section 406 Ethical Provision was intended to establish an ethical tone from top down and reverberate throughout organizations (Lail, Macgregor, Stuebs, & Thomasson, 2015). In spite of the ethical failures reported post SOX, for SOX's 10th anniversary, former Senator Sarbanes and Congressman Oxley proclaimed SOX's successful achievement with increasing ethical tones at the top (Lail et al., 2015). However, Theme 2 contradicted former Senator Sarbanes and Congressman Oxley's proclamation regarding the ethical tone at the top. Further, Theme 2 suggested that organizational stakeholders expect organizational leaders to model ethical leadership and lead with integrity. Caldwell, Hayes, and Long (2010) suggested that organizational leaders must model ethical behaviors and demonstrate integrity (Brown & Trevino, 2014) in order to earn organizational stakeholders' trust and loyalty, which aligns with Theme 2.

Theme 3 drew attention to concerns about whistleblowing, employee retaliation, and reprisal when organizational stakeholders encountered and reported wrongdoings by organizational leaders. The theme revealed organizational stakeholders' lack of confidence in whistleblower protection programs from retaliation and reprisals. The SOX Section 806 pertains to whistleblower protection for employees of publicly traded organizations and was designed to protect organizational stakeholders who reported unethical behaviors and decision making by organizational leaders (107th Congress Public Law 204, 2002). Since the enactment, regulators have identified gaps within SOX Section 806 Whistleblower Protection. The enactment of Dodd-Frank Act's whistleblower protection was an attempt to remedy SOX Section 806 Whistleblower Protection deficiencies (Blount & Markel, 2012; Rose, 2014). Blount and Markel (2012), Rose (2014), and Hansberry (2012) claimed the intention of the Dodd-Frank Act was to correct the issues with SOX Section 806 Ethical Provision, but the Act did not resolve all of the issues, as attested by many of the organizational stakeholders who participated in this research and who expressed fear of retaliation and reprisal for reporting wrongdoings by organizational leaders. A concerted effort involving SEC regulators, compliance/ethics programs, and organizational stakeholders is required to increase the effectiveness of whistleblower protection programs; when corruption occurs. When reporting fraudulent behavior by organizational leaders, organizational stakeholders desire assurance of protection from either internal organizational ethics programs or regulations, such as SOX and Dodd-Frank or both.

Additionally, organizational stakeholders seek ethical leadership to cultivate ethical environments (Frisch & Huppenbauer, 2014; McKinney, Emerson, & Neubert, 2010). McKinney, Emerson, and Neubert (2010) posited ethical leadership dictates as well as sets the tone for establishing ethical organizational climates. Moreover, organizational stakeholders expect organizational leaders to apply consequentialism/utilitarianism theory, which implies that ethical decision making benefits the masses (Arnold et al., 2010; Yazdani & Murad, 2015). Additionally, Simons' (1999, 2002) behavioral integrity leadership theoretical principles means that organizational leaders are expected to demonstrate ethical and integrity behaviors during decision making.

In conclusion, the study results may contribute to the organizational leadership field of study, because the empirical findings signified a possible systemic problem regarding organizational leaders' unethical behaviors and decision-making. In the empirical findings, it was shown that the primary motivator of these behaviors and decision making stemmed from organizational leaders' desires to earn compensation bonuses. Unfortunately, organizational stakeholders have been continuous victims of fraudulent activities, and perhaps the study results may offer organizational leaders information to reevaluate possible negative stimuli, resulting in wrongdoings by organizational leaders, which has also tarnished organizational leaders' characters. A re-branding of organizational leaders may be essential for organizational stakeholders to regain respect, trust, and admiration towards post-SOX organizational leaders.

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Appendix A: Informed Consent Form

Research study title: Post Sarbanes-Oxley Section 406: A Case Study of Stakeholder Perceptions of the Persistence of Unethical Behaviors

Date prepared: April 16, 2015

Principal researcher: Audrey E. Brown, Psy.D. Candidate University of the Rockies of Organizational Leadership, 555 Pikes Peak Avenue, Colorado Springs, CO 80903

Dear Participant:

You are invited to participate in a study conducted by Audrey E. Brown, a doctoral candidate at the University of the Rockies. The information below is intended to provide information to assist you with making an informed decision on your choice to participate.

- **Purpose of this Study:** The purpose of this study is to explore the perceptions of stakeholders about business practices as related to the persistence of unethical behaviors and decision making within United States publicly traded corporations post Sarbanes-Oxley (after July 2002).
- **Procedures:** You are invited to participate in this study by completing a qualitative survey that contains six questions. In addition, each participant will be requested to complete a demographic characteristic form.
- **Risks:** This research contains minimal risks. Due to the sensitivity of this topic, you might encounter slight discomfort when responding to the qualitative questions. Participants are requested to share any discomfort with the researcher. The researcher will enquire if the study participant is willing to proceed or discontinue completing the qualitative survey.

- **Benefits:** The findings from this study will allow researchers to better understand stakeholders' perspectives and experiences with respect to the persistence of unethical behaviors by organizational leaders of publicly traded organizations.
- **Confidentiality:** To protect your confidentiality, you will be addressed by your assigned numerical code. All documents will be kept on file, under your numerical code only, for five years, as recommended by the American Psychological Association (APA). Your identity will be maintained and secured, and your identity will not be revealed in any publications or journals.
- **Voluntary Participation:** It is important that you are aware this study is strictly voluntary. At any time, you are free to terminate your participation. You have the right to refuse to answer any question(s) as well as the right to withdraw your consent or discontinue participation at any time without prejudice or penalty. Should you elect to withdraw, your consent form and survey will be destroyed immediately when you request to withdraw.
- **Post Section 406 Definition**: Any unethical behavior that occurred after July 30, 2002, which was the date of the enactment of the Sarbanes-Oxley (SOX) Act of 2002 by Congress. Section 406 is the ethical provision within the SOX that instructs organizational leaders of publicly traded organizations to establish an organizational code of ethics.
- **Questions:** If you have questions regarding your rights as a research participant or any concerns regarding this project, you may report them in confidence to the University of the Rockies' Internal Review Board (IRB) at IRB@Rockies.edu and the IRB number, 15-014-0.

To be a participant in this research, you will have to review, sign this form, and return this Informed Consent Form via email. You will receive a signed copy of this consent form.

I understand the above information and agree that all of my questions regarding my participation in this study have been addressed. I voluntarily consent to participate in this study and acknowledged I am 18 or older.

Signature of Participant: ________________________ Date: ___________________

Print Name of Participant: __________________________

Signature of Researcher: ________________________ Date: ___________________

Print Name of Researcher: ___________________________

Appendix B: Demographic Characteristic Questions

Name: ____________________ Contact Phone(s): __________________

Email (if used): ____

Code #:______

Study #: 15-014-0

Stakeholder Information	
Provide company TYPE *(please do not include the company's name)*	*(For example: Financial energy healthcare, manufacturing, etc.)*
Employment at a U.S. publicly traded organization (on the stock market)	*(circle one)* Yes or No
What is your employment status	*(circle one)* Current or Former
What is or was your role within your organization?	*(circle one)* Supervisor or Employee
Are you familiar with the Sarbanes-Oxley Act of 2002?	*(circle all that applies)* Yes or No
Are/Were you familiar with the organization's code of ethics?	*(circle all that applies)* Yes or No
Did your organizational leader(s) make unethical decisions and/or exhibit unethical behaviors after July 2002?	*(circle all that applies)* Yes or No

Appendix C: Letters of Collaboration

Date of Request:

Dear LinkedIn __________ Manager:

The purpose of this letter of collaboration is to request your authorization to recruit members of ________________ to participate as strictly volunteer participants in the study "Post Sarbanes-Oxley Section 406: A Qualitative Case Study of Stakeholder Perceptions of Persistent Unethical Behaviors."

Attached is a copy of the "LinkedIn: Recruitment Notification" that I am planning to post on ________________ LinkedIn. If you agree to allow me to recruit members, please provide your authorization below. Should you have any questions, please do not hesitate to contact me.

I, _____________________ and date__________, hereby provide authorization for Audrey E Brown, to recruit __________________ members via the LinkedIn Group to participate in the study "Post Sarbanes-Oxley Section 406: A Qualitative Case Study of Stakeholder Perceptions of Persistent Unethical Behaviors."

Sincere thanks,

Audrey E Brown

Doctoral Candidate of University of the Rockies

Appendix D: Survey Interview

Below are the questions used for the manual and online survey. The questions were used as a guide to help explore the perceptions of stakeholders of organizational leaders' inability to curtail the persistent ethical breaches post Section 406, and restore faith and trust in the ethical behavior of organizational leadership. Below is the definition of *post Section 406.*

> ***Post Section 406 Definition****: Any unethical/unscrupulous behavior that occurred after July 30, 2002, which was the date of the enactment of Sarbanes-Oxley (SOX) Act of 2002. Section 406 is the ethical provision within the SOX that instructs organizational leaders of publicly traded organizations to establish an organizational code of ethics.*

R1: What are current and former employees' experiences and perceptions of unethical behaviors by their organizational leaders following the implementation of the Sarbanes-Oxley (SOX)?

R2: What are the experiences and perceptions of stakeholders about organizational leaders' exhibited integrity post Section 406?

a) Can you describe your experience when you learned of your organizational leader's unethical behavior?

b) How did the unethical behavior affect your perceptions of the organizational leader and organization in general?

c) Can you describe if you experienced any particular emotion with respect to the unethical incident?

d) Can you describe how the incident changed your interactions with your direct manager, subordinates (if applicable), and/or peers?

e) Describe your level of knowledge regarding your organization's code of ethics?

f) What would you recommend to help shift your organization's culture into a more ethical culture?

g) Additional comments (optional)

Appendix E: Email Notification Distributed to Selected Participants

Dear Study Participant:

Thank you for agreeing to participate in the study "Post Sarbanes -Oxley Section 406: A Qualitative Case Study of Stakeholder Perceptions of Persistent Unethical Behaviors." The purpose of this study is to explore the perceptions of stakeholders regarding business practices relating to the persistence of unethical behaviors and decision making within United States publicly traded corporations post Sarbanes-Oxley (after July 2002). The findings from this study will allow researchers to better understand stakeholders' perspectives and experiences of the persistence of unethical behaviors by organizational leaders of publicly traded organizations. This study is being conducted by Audrey E Brown, a doctoral candidate at the University of the Rockies' Organizational Leadership program in fulfillment of dissertation requirements.

Should you have any questions, please feel free to contact me.

Thank you again for your participation in this study.

Sincere Thanks,
Audrey E. Brown

Appendix F: LinkedIn: Recruitment Notification

Wanted

- Wanted for short survey—Stakeholders (employees) who currently or formerly worked for companies where organizational leaders (CEO, CFO, etc.) have been involved in fraud or exhibited unethical behaviors (after July 2002). My survey gives you a voice/opportunity (confidentially) to express how organizational fraud has affected you.

Purpose

- A qualitative case study to understand stakeholders' perspectives about persistent unethical behaviors and decision making by organizational leaders (after July, 2002)

Privacy and Confidentiality

- The researcher will adhere to strict policies of confidentiality and anonymity regarding participants
- Participants are requested not to reveal their organizations' names

Qualifications

- At the time of your organization's breach, you were not formerly employed in a CEO, CFO, COO, CIO, etc. role.
- The company/organization in question must trade on the stock market (publicly traded).
- Your organizational leaders (C-suite roles at organizations publicly trading on the U.S. stock market) were involved in unethical decision making or unethical behaviors and/or have been implicated in a publicly known unethical incident after July 2002

Participation

- Strictly Voluntary

As part of your agreement to participate in this study, you are being asked to complete:

- Informed Consent Form: You need to provide authorization to use your data.
- Demographic Characteristic Questions: Requesting information about you
- Survey: Six questions **(please complete survey within three days of receipt)**

SURVEY LINK: https://qtrial2014.az1.qualtrics.com/SE/?SID=SV_9yILbWJMySlzDY

Researcher: Audrey E Brown, MS, PMP, CSOX, CSM
University: The University of the Rockies