e r c

ETHICS
RESOURCE
CENTER

ETHICS RESOURCE CENTER'S
NATIONAL GOVERNMENT ETHICS SURVEY®

AN INSIDE VIEW OF PUBLIC SECTOR ETHICS

2007

Fourth in a longitudinal study of U.S. workplaces

ERC
ETHICS RESOURCE CENTER

ETHICS RESOURCE CENTER'S
NATIONAL GOVERNMENT ETHICS SURVEY®

AN INSIDE VIEW OF PUBLIC SECTOR ETHICS

2007

Fourth in a longitudinal study of U.S. workplaces

For more information, please contact:

Ethics Resource Center
2345 Crystal Drive, Suite 201
Arlington, VA 22202
USA
Telephone: 800.777.1285
703.647.2185
FAX: 703.647.2180
Website: http://www.ethics.org
Email: ethics@ethics.org

erC
ETHICS
RESOURCE
CENTER

Founded in 1922, the Ethics Resource Center (ERC) is America's oldest nonprofit, nonpartisan organization devoted to independent research and the advancement of high ethical standards and practices in public and private institutions. For more than 85 years, ERC has been a resource for public and private institutions committed to a strong ethical culture. ERC's expertise also informs the public dialogue on ethics and ethical behavior. ERC researchers analyze current and emerging issues and produce new ideas and benchmarks that matter — for the public trust.

For more information about ERC, please visit our website at *www.ethics.org*.

Visit our website and sign up to receive additional reports in the National Workplace Ethics Study research series, including:

National Business Ethics Survey

National Nonprofit Ethics Survey

You can also sign up to receive *Ethics Today*, ERC's online newsletter.

SPONSORS
of the Ethics Resource Center's 2007 National Workplace Ethics Surveys®

The 2007 NGES is a part of the National Workplace Ethics Study, an ongoing research initiative of the Ethics Resource Center. All work in this effort is funded by charitable contributions. Additional donations from individuals, companies, and other organizations will enable ERC to expand its research and conduct further analysis on the data. For more information about how to support the National Workplace Ethics Study or other ERC research projects, please visit *www.ethics.org*.

The 2007 National Workplace Ethics Surveys have been conducted with the generous support of:

VANGUARD SPONSORS:
PricewaterhouseCoopers, LLP

PRINCIPAL SPONSORS:
Hewlett-Packard Company

The New York Stock Exchange Foundation

Raytheon Company

Shell Oil Company

U.S. Foodservice, Inc.

ADDITIONAL DONORS:
BAE Systems, Inc.

Qwest Communications International Inc.

Temporaries Now

Wal-Mart Stores, Inc.

Weyerhaeuser Company

The Ethics Resource Center also thanks the following individuals for their contributions to the research effort this year:

John Dienhart, Ph.D.

Wm. J. Lhota

Marshall Schminke, Ph.D.

Linda Klebe Treviño, Ph.D.

The findings and conclusions of this report are those of the Ethics Resource Center alone and do not represent the views of our sponsors.

ABOUT

the Ethics Resource Center's 2007 National Government Ethics Survey®

The National Government Ethics Survey is a distinct and important part of the Ethics Resource Center's longitudinal survey work, the National Workplace Ethics Study[1]. Since 1994, the Ethics Resource Center has fielded a nationally-representative poll of employees at all levels to understand how they view ethics and compliance at work. Previous reports presented aggregated findings from the business, government, and nonprofit sectors; 2007 marks the first time a separate government report has been issued. The findings of the National Workplace Ethics Study will be presented primarily through the National Business Ethics Survey, the National Nonprofit Ethics Survey, and the National Government Ethics Survey, as well as future webcasts, white papers, and research briefs.

This research has become the national benchmark on organizational ethics. It is the country's most rigorous measurement of trends in workplace ethics and compliance, a snapshot of current behaviors and thinking, and a guide in identifying ethics risk and measures of program effectiveness. The 2007 survey is the fifth in the series and the fourth survey which includes government data.

Over the years, ERC has polled more than 13,500 employees through the National Workplace surveys, representing the U.S. workforce across all sectors. Since 2000, 1,799 employees working in government have been surveyed. This study is the most exacting longitudinal research effort examining organizational ethics from the employee perspective. The long-term nature of the study is important because it provides context for national trends. The National Workplace research includes the only longitudinal study tracking the views of employees at all levels within organizations to reveal real-life views of what is happening within organizations and the ethics risks they face.

Across all three sectors in 2007, ERC polled a total of 3,452 employees. Responses from the 774 respondents in the government sector have been isolated and are presented here. A report detailing business findings was released in November 2007 and a similar report covering the nonprofit sector will be released in February 2008.

Methodology

Participants in the 2007 NGES were 18 years of age or older; currently employed at least 20 hours per week for their primary employer; and working for an organization that employs at least two people. They were randomly selected to attain a representative national distribution. All interviews were conducted via telephone, and participants were assured that their individual responses to all survey questions would be confidential.

Interviews were conducted from June 25 through August 15, 2007.

Survey questions and sampling methodology were established by ERC; data collection was managed by the Opinion Research Corporation[2]. Analysis by ERC was based upon a framework provided by the Federal Sentencing Guidelines for Organizations and professional experience in defining elements of formal programs, ethical culture, risk, and outcomes.

The sampling error of the findings presented in this report is +/- 3.5 percent at the 95 percent confidence level. Unless noted, all comparisons are statistically significant.

For a detailed explanation of methodology and the methodological limitations of this report and for demographic information on survey participants, visit *www.ethics.org*.

[1] *The study was previously referred to as the National Business Ethics Survey®. As of 2007, the National Business Ethics Survey refers only to the report for the business sector.*

[2] *For additional information on the Opinion Research Corporation, please see page 44.*

FOREWORD

The most important asset of government is public trust. When present, citizens believe that elected officials, political appointees, and career public servants are acting in their best interest. When public trust erodes, government effectiveness is hindered.

Public trust is shaken when misconduct takes place in governmental organizations. Every headline in the news detailing misdeeds by government employees calls into question the interests of our public servants. Every ethics-related decision by a government leader has the potential to further build or break down the trust that is so essential to public service.

In this 2007 National Government Ethics Survey (2007 NGES), the first report dedicated wholly to our longstanding research on government ethics, we are mindful of the profound influence that government ethics has on public trust. We are also aware of the complexity with which the government operates, and the variations between government at the federal, state, and local levels. Our goal in this research has been to gauge the views of employees across the country about ethics in their workplace. Our research is guided by the belief that *a dedicated focus on ethics at all levels within the government will enhance public trust.* It is our hope that the 2007 NGES will empower and challenge leaders at all levels of government to do a better job in guiding their agencies to operate with integrity. The data in this report proves that it can be done; there is a way to achieve meaningful results.

The 2007 National Government Ethics Survey is the fourth in a benchmark series, going back to 2000, offering perspectives of public sector ethics by those who are closest to it: government employees. Based on employee responses, we have created a new tool for government leaders to juxtapose incidence of various types of misconduct with employee reporting. Misconduct that is most prevalent and least reported poses the greatest risk to public trust. We look forward to sharing this tool, ERC's Ethics Risk Index[SM], with agencies and organizations so they can benchmark their risk against relevant peers, and identify the specific areas that present the greatest vulnerability.

This year, the NGES offers both bad and good news, and quantifies the findings in a way that makes them applicable to government at all levels.

The bad news:

- Misconduct across government as a whole is very high — nearly six in ten government employees saw at least one form of misconduct in the past twelve months. The level of misconduct observed is alarmingly high at the state and local levels (57 and 63 percent respectively). While lower, it is still of concern that more than half of federal government employees observe violations.

- One in four government employees works in an environment conducive to misconduct. In these volatile situations, 90 percent of employees are likely to observe misconduct in the future.

- The strength of ethical culture in government workplaces is declining, while pressure to commit misconduct is growing. Absent effective interventions, misconduct is likely to rise more in the future.

The good news:

- More than 8 in 10 employees say that they feel prepared to handle situations inviting misconduct.

- A sizeable majority (70 percent) of government workers who observe misconduct report it to management. Furthermore, this number has been increasing in recent years.

- When both a well-implemented ethics and compliance program and a strong ethical culture are in place within a government organization, misconduct drops by 60 percent, and reporting rises by 40 percent. Governments' risk of losing public trust can be mitigated.

By many indications in this research, what seems to matter most is the extent to which ethics is woven into the fabric of everyday work life and decision-making in government. A commitment to ethics that engages all government employees at all levels and incorporates ethical considerations into operational decisions is critical to reducing misconduct and protecting public trust in government.

The 2007 NGES would not be possible without the generous support of our benefactors. We wish to thank the public and private institutions who made the NGES possible through their financial contribution to ERC. We invite other organizations and individuals to join the effort to promote high ethical standards and conduct in public and private institutions by supporting our research. We also would like to thank the 2007 NGES Advisory Group (p. 43) for their insights and advice.

The Ethics Resource Center's 2007 National Government Ethics Survey provides much food for thought. It also offers a great deal of information and many insights that can be used by all who are interested in increasing integrity in government and safeguarding public trust. We look forward to continued exploration and quantification of these issues, to hearing from more employees in years to come, and to sharing the insights we gain along the way.

Patricia J. Harned

Patricia J. Harned, Ph.D.
President, Ethics Resource Center

TABLE OF CONTENTS

TABLE OF CONTENTS

EXECUTIVE SUMMARY
Ethics Resource Center's 2007 National Government Ethics Survey

To Government Leadership: What the 2007 NGES Reveals

Public Trust Is at Risk

- **Rates of misconduct in government are already high — nearly 60 percent of government employees see misconduct.**

- **At present, 30 percent of misconduct across government goes unreported to management.**

The Problem Is Likely to Get Worse

- **One in four government employees works in an environment conducive to misconduct. Misconduct will continue to rise unless immediate action is taken.**

Solutions Exist

- **Well-implemented ethics and compliance programs double reporting and lower the rate of misconduct.**

- **A strong agency-wide ethical culture also increases reporting and cuts misconduct in half.**

- **Coupling a strong ethical culture with a strong ethics and compliance program is the path to the greatest reduction in ethics risk.**

Now Is the Time For Government Leaders to Raise the Priority of Ethics

- **Government leaders can make a meaningful, quantifiable difference. Ethics risk can be reduced and public trust can be secured.**

Public Trust Is at Risk — Misconduct Is High, and Signs Point to Future Rise

Government experiences high levels of misconduct. Nearly sixty percent (57 percent) of government employees witnessed a violation of ethics standards, policy or the law in their workplace within the past year. While 52 percent of federal employees observed misconduct, 57 percent of state employees witnessed wrongdoing. Local government employees were most likely to observe misconduct — 63 percent of employees observed a violation within the last twelve months.

Signs point to a future rise in misconduct if deliberate action is not taken. Across all levels of government 24 percent of employees work in environments conducive to misconduct: employees experience strong pressure to compromise standards, situations invite wrongdoing, and/or the employees' personal values conflict with the values espoused at work. All of these factors increase the likelihood that an employee will see misconduct. Equally disconcerting, the interventions proven in this research to reduce ethics risk are not very common in government organizations.

Higher management is unlikely to be aware of misconduct that does occur. Almost one-third of government employees who observed misconduct did not report what they saw, making it impossible for management to prevent future occurrences and ensure that problems are properly addressed. Exacerbating the problem, reports were made using channels that may never alert the highest levels of leadership.

Each level of government faces a distinct combination of challenges. The prevalence of misconduct is consistent throughout all levels, but the factors leading to wrongdoing differ:

- **Federal:** While levels of misconduct were slightly lower and more federal employees perceived management to be committed to ethics, only 30 percent of federal organizations have well-implemented ethics and compliance programs overall, and only 10 percent have strong ethical cultures. Misconduct and reporting are still less than optimal at federal levels.

- **State:** These organizations face the greatest ethics risk because more than 80 percent of employees who observed misconduct witnessed multiple instances, and nearly 30 percent of these employees did not notify management. State governments have in place few interventions to address these issues — only 41 percent of these organizations have a comprehensive ethics and compliance program in place, and only 14 percent are well implemented. Overall, only 7 percent of state government employees say they work in strong ethical cultures.

- **Local:** Management at local levels of government are the least likely to know about their ethics risk. Local governments experience the lowest levels of reporting (67 percent), the highest pressure to commit misconduct (16 percent), and the highest levels of retaliation for those employees who do report (20 percent). Like state government organizations, local governments have few resources in place to encourage ethical conduct.

EXECUTIVE SUMMARY

Ethics risk is most effectively reduced by well-implemented programs and strong ethical cultures. The NGES research found that when implemented well, ethics and compliance programs lead to a 25 percent decrease in observations of misconduct **and** twice as much reporting of those observations. Government workplaces that feature a strong agency-wide cultural approach to ethics reduce misconduct by half and virtually eliminate retaliation at all levels. However, just 18 percent of government workplaces have well-implemented programs in place, and only 8 percent of government workplaces have strong cultures.

Change is possible — governments can improve ethics in their organizations. If government agencies focus on effectively implementing programs and creating strong ethical cultures, the state of ethics in government will improve.

KEY FINDINGS
from Ethics Resource Center's 2007 National Government Ethics Survey

In this section, findings across all levels of U.S. government are presented together — combining the responses of employees in federal, state, and local government organizations. Government employees are individuals who self-identified as employed by government at any of these levels.[3]

Public Trust Is at Risk — Misconduct is High, and Signs Point to Future Rise

Government employees are increasingly working in environments that are conducive to misconduct, and the interventions proven in this research to reduce ethics risk are not very common in government organizations. In 2007, nearly 60 percent of government employees indicated that they witnessed a violation of government ethics standards or the law. Many of these incidents (30 percent) went unreported. Of greater concern still is the fact that *signs point to further deterioration in the near future.* Unless appropriate action is taken, misconduct is likely to rise even more. *Public trust is at risk.*

> **High Rates of Misconduct**
> **✚ Environmental Conditions Conducive to Misconduct**
> **✚ Lack of Awareness Among Top Management**
> **✚ Few Effective Interventions in Place**
> **=**
> **High Risk to Public Trust Due to Ethics Violations**

- **Rates of misconduct are already high.** Nearly sixty percent (57 percent) of government employees observed a violation of ethics standards, policy, or the law in the past year. There has been no improvement in this level of wrongdoing in the past two years, and the rate of misconduct is 5 percent worse than four years ago[4].

**Observed Misconduct
Has Returned to Previous Levels**

© 2008 Ethics Resource Center
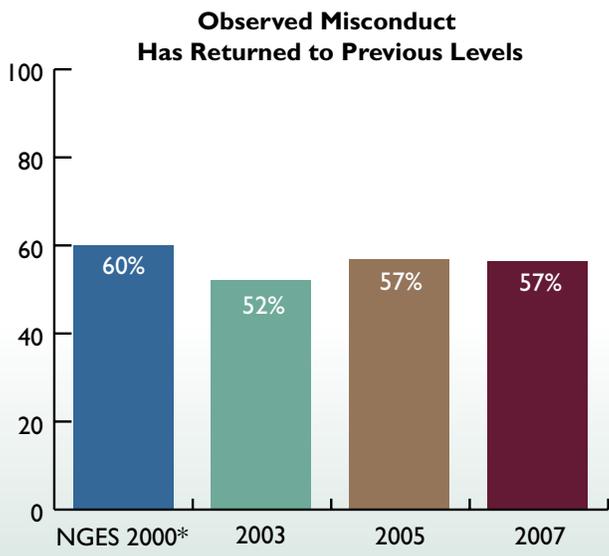
*All data that follows comes from Ethics Resource Center's
National Government Ethics Surveys[SM]

[3] *Many jobs are represented by the term government employee, such as: elected officials and their staffs; appointed public servants; public-school employees; military personnel and civilians working for the armed forces; and local technicians who take care of the public water supply or work in waste management. Except where noted, all findings in the Key Findings refer to the combined average for employees working in federal, state, and local governments. Specific findings for the federal government, for state governments, and for local governments can be found in the Additional Findings, starting on p.19.*

[4] *Note: The total number of acts of misconduct, as well as the types of misconduct, varied in each year (2000 = 11 different kinds of misconduct, 2003 = 9, 2005 = 16, and 2007 = 18). Additional analysis revealed that the average number of different kinds of misconduct observed, relative to the number asked about, has also increased.*

KEY FINDINGS

■ **Levels of misconduct are highest in local governments.** Incidences of observed misconduct are lowest within the federal government (52 percent) and highest in local governments (63 percent). Employees in state governments observe misconduct at a rate equivalent to the national average for all government (57 percent).

**More State and Local Government
Employees Observe Misconduct**

© 2008 Ethics Resource Center

52%	57%	63%
Federal government employees	State government employees	Local government employees
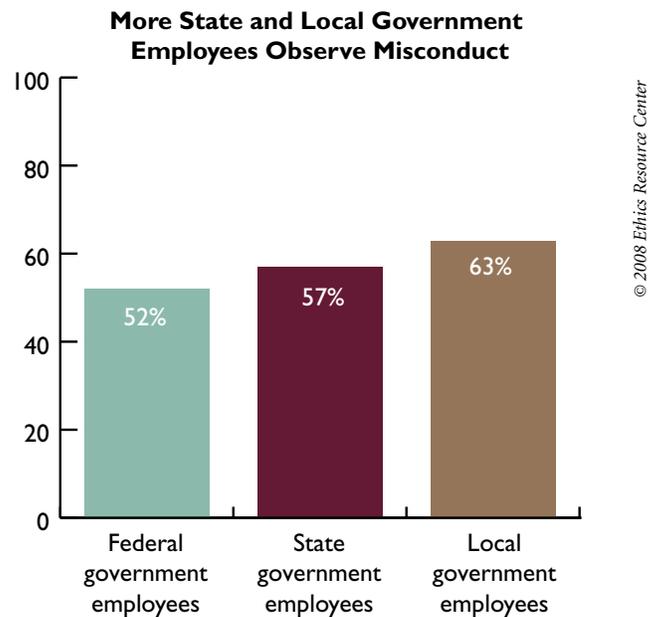
■ **Conflicts of interest, abusive behavior, and lying to employees are particularly common.** These three types of misconduct observed most frequently by government employees include:

➲ Conflicts of interest — observed by 27 percent of government employees;

➲ Abusive or intimidating behavior — observed by 25 percent of government employees; and

➲ Lying to employees — observed by 24 percent of government employees.

■ **Misconduct that is overtly illegal, and therefore more likely to be documented, is on the decline since 2000.** Some of these types of behaviors have also been the subject of intense scrutiny in the past few years, perhaps contributing to the decrease in their observation.

Reduction in Overtly Illegal Forms of Misconduct

Discrimination: 22% (2000), 15% (2007)
Alteration of documents: 14% (2000), 8% (2007)
Misreporting hours worked: 26% (2000), 17% (2007)
Stealing: 14% (2000), 7% (2007)
Bribes: 8% (2000), 3% (2007)
Sexual Harassment: 16% (2000), 10% (2007)

■ 2000   ■ 2007
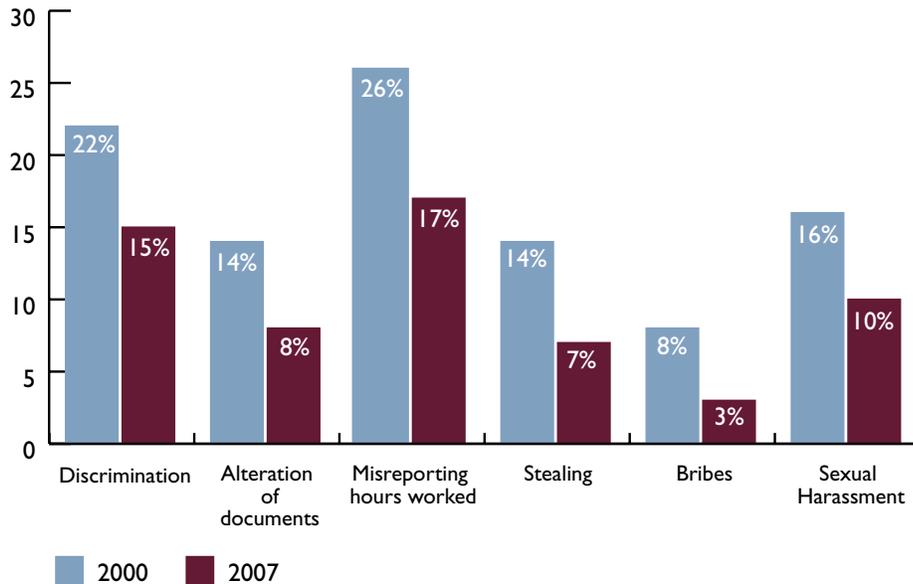
■ **Observations of lying and putting one's own interests ahead of the organization (conflicts of interest) have risen in 2007.** These two types of behavior may not always in themselves be illegal, but they are abuses of public position and can certainly be indicators of or lead to criminal activity. In addition, lying and conflicts of interest are usually policy violations.

Rise in Abuses of Public Position

Lying to employees, customers, vendors, or the public: 25% (2000), 23% (2003), 25% (2005), 28% (2007)
Putting own interests ahead of org: 20% (2005), 27% (2007)

■ 2000   ■ 2003   ■ 2005   ■ 2007
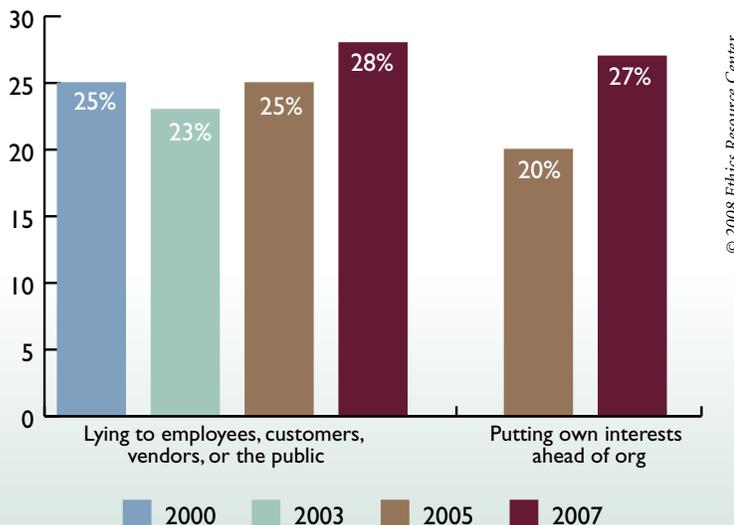
KEY FINDINGS

■ **Fraud takes place in government as much as it does in business.** In recent years, the federal government in particular has focused a great deal of attention on business in an effort to curtail corporate financial fraud. The 2007 NGES shows that financial and other forms of fraud are at least as common in government as they are in business. In addition to financial violations, fraud can take many forms. In this research it is defined as intentional deception or other misrepresentation of information, including:

➲ Alteration of documents;

➲ Alteration of financial records;

➲ Lying to customers, vendors, or the public;

➲ Lying to employees; and

➲ Misreporting of hours.

Fraud as Common in Government as in Business

© 2008 Ethics Resource Center

Legend: Government | Business

Category	Government	Business
Alteration of documents	8%	5%
Alteration of financial records	6%	5%
Lying to customer, vendors, or the public	14%	14%
Lying to employees	24%	20%
Misreporting of hours	17%	17%
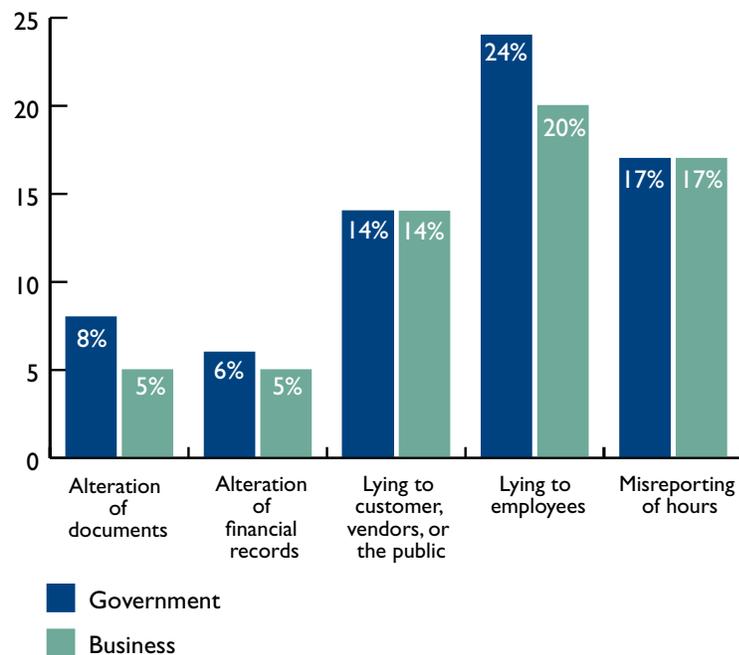
- **Almost a quarter of government employees work in environments conducive to misconduct.** NGES data reveals that misconduct is much more likely to take place when certain factors are present in a given work context. These factors are environmental, in that employees are exposed to situations around them that invite misconduct. Work environments conducive to misconduct also include perceived pressures that lead employees to feel they need to commit an ethics or compliance violation in order to do their jobs.

  ⮑ **In 2007, 24 percent of government employees work in environments conducive to misconduct.** Government employees in these settings are more likely to witness misconduct. These situations include at least two of the following factors:

    - *Encountering situations inviting misconduct;*

    - *Conflicts between personal values and values espoused at work; and*

    - *Perceived pressure by an employee to compromise ethics standards in order to get the job done.*

Employees in Environments Conducive to Misconduct Are Far More Likely to Observe Misconduct

© 2008 Ethics Resource Center

Government Average = 57%

98% — Employees in conducive environments

35% — Employees NOT in conducive environments
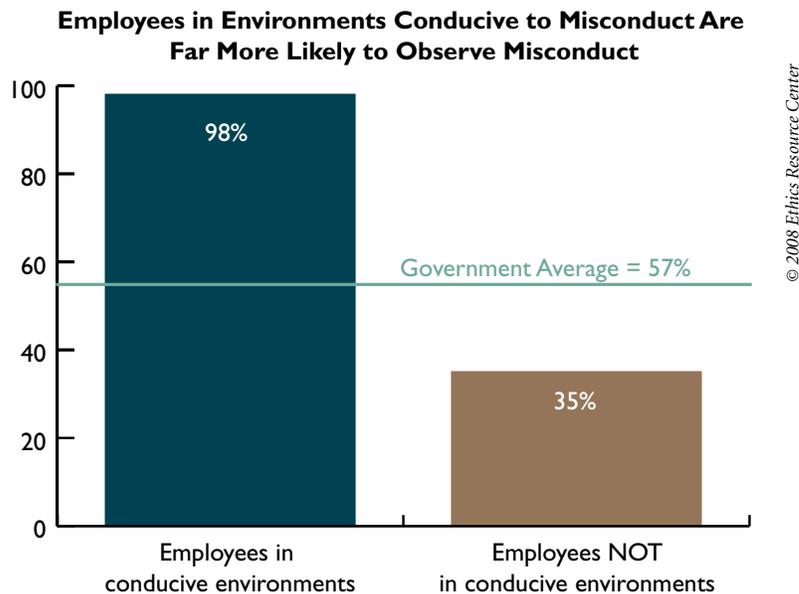
Taken together, indications are present in each of these areas that government employees are increasingly working in such settings:

  ⮑ **Nearly half (48 percent) of government employees encounter situations that they say invite misconduct.** The occurrence of such situations is on the rise since 2005, when the rate was 41 percent. Fortunately, the vast majority (83 percent) of government employees indicate that they feel prepared to address these situations.

KEY FINDINGS

➲ **More than one in four (29 percent) say their job conflicts with personal values.** When employees feel their values are different from their employers' values, ethical decisions are more difficult. Employees are sometimes forced to choose between their own standards and directives from the job.

➲ **Pressure is on the rise.** One in seven government employees say they need to compromise ethics standards in the course of their jobs. This number is on the rise and higher than the U.S. average, returning to levels not reported since 2000. Ninety percent of employees who feel pressure also observe misconduct.

**Pressure to Compromise Standards
Has Increased Since 2003**

© 2008 Ethics Resource Center
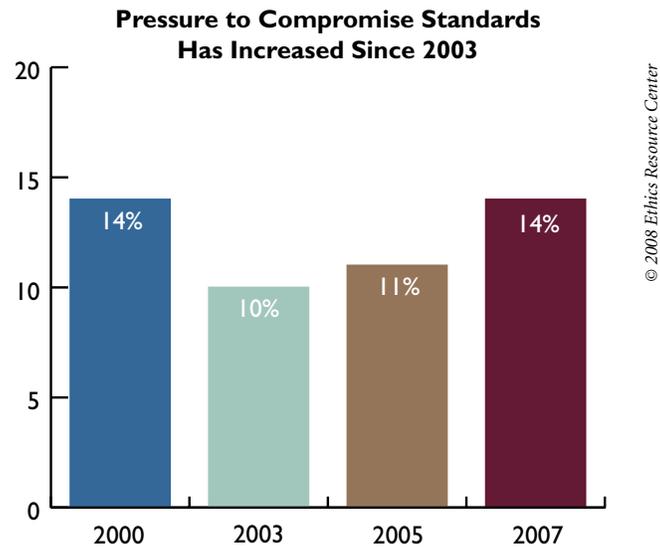
■ **Senior leadership may not be aware of the problem.** If government leaders are unaware of misconduct and other environmental factors risking public trust in their agencies, it is unlikely that they will be able to successfully resolve the situation. Employee reporting of misconduct is, therefore, an important means by which leadership is made aware of challenges to address.

➲ **Although many reports are made, senior leaders may only be aware of a fraction.** NGES 2007 shows a sizeable increase in reporting over previous years, and it is a positive sign. Despite this development, however, few reports — even of some of the most troubling forms of misconduct — are made using channels that consistently provide information which reaches senior levels of government leadership. For example:

■ *Almost half (47 percent) of employees who observed bribes chose to report to their direct supervisor. Very few reports (7 percent) were made using a whistleblower hotline.*

■ *Just 25 percent of employees who observed alteration of financial records reported it to their supervisors. None of these observations were made using the whistleblower hotline.*

**Many More Employees Reported
Misconduct They Observed**

Year	Percent
2000	60%
2003	62%
2005	58%
2007	70%
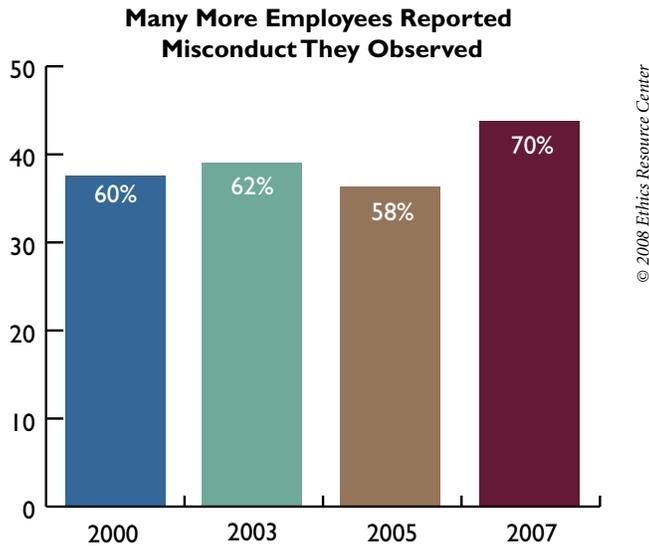
➲ **Most misconduct is reported to leadership in close proximity.** When reporting misconduct, more than half of employees report their observation to a supervisor. Another one out of five (21 percent) reports is made to higher management, but nearly four in ten (37 percent) government employees consider the highest executive to be the head of the location where the employee works. As a result, reports made to "higher management" may not reach the highest levels in the organization.

➲ **In total, only 1 percent of reports are made using a whistleblower hotline.** Whistleblower hotlines have received a great deal of legislative and regulatory attention, however, they are the reporting method of choice *less than 1 percent* of the time for observations of the following kinds of misconduct:

- *Abusive or intimidating behavior;*

- *Putting one's own interests ahead of the organization's;*

- *Alteration of documents;*

- *Using competitors' inside information;*

- *Misuse of the organization's confidential information;*

- *Alteration of financial records;*

- *Lying to customers, vendors, or the public;*

- *Misreporting of hours worked; and*

- *Environmental violations.*

KEY FINDINGS

**Hotlines Rarely Used as Reporting Method,
Employees Prefer Reporting to Supervisors or Management**
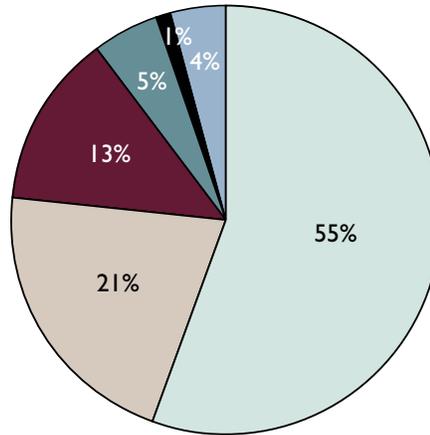
55%

21%

13%

5%

1%

4%

Chosen Method of Reporting:

- Supervisor
- Higher management
- Other responsible person (including ethics officer)
- Someone outside organization
- Hotline
- Other

➲ **Poor perceptions of management increase the likelihood that employees will not report.** The two primary reasons employees do not report misconduct are fear and futility. Fifty-eight percent of those who observed misconduct did not report because they doubted that appropriate corrective action would be taken by management if provided information. Similarly, three in ten employees did not report because they feared retaliation from management.

This problem of reporting is magnified by poor perceptions of management held by about a quarter of government employees:

- ➲ More than one in five (21 percent) think top leadership is not held accountable for their own violations of ethics standards.

- ➲ Twenty-five percent of government employees believe that top leadership tolerates retaliation against reporters.

- ➲ Thirty percent of government employees do not believe top leadership keeps promises and commitments.

Poor Perceptions of Management Magnify Reporting Problems
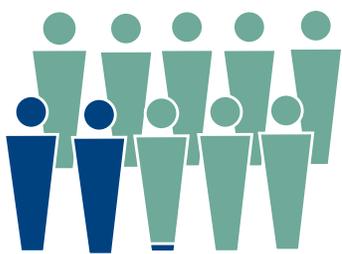
21 percent
believe that top leadership is not held accountable for their own ethics violations
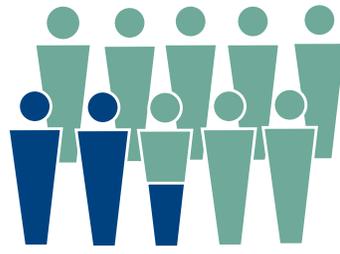
25 percent
believe that top leadership tolerates retaliation against those who report violations
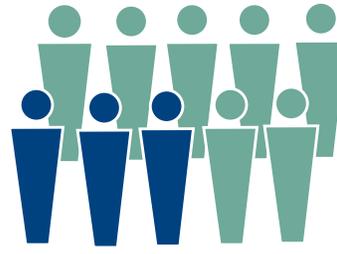
30 percent
do not believe that top leadership keeps promises

- ■ **Many reporters are retaliated against.** More than one in six (17 percent) employees who reported the misconduct they observed experienced retaliation as a result.

- ■ **Few effective interventions in place.** As detailed on page 16, government leaders and managers can effectively reduce misconduct and encourage employee reporting. Two interventions make a difference — effectively implementing an ethics and compliance program, and building a strong ethical culture. However, few government workplaces have either intervention in place at present.

KEY FINDINGS

⮑ **Under half of government agencies have comprehensive programs in place.** The number of government employees who say that their organization has a comprehensive ethics and compliance program[5] has grown steadily, but still remains below half. The federal government has the most robust ethics and compliance programs in place (roughly 60 percent more prevalent), despite the fact that both state and local governments are also subject to several federal mandates and provisions encouraging the implementation of a program. For more information about programs in the federal government and the state and local levels, please see Additional Findings p. 19.

Under Half of Employees Identify Existence of Comprehensive Ethics & Compliance Program[6]

© 2008 Ethics Resource Center

Year	Percent
2000	43%
2003	22%
2005	28%
2007	47%
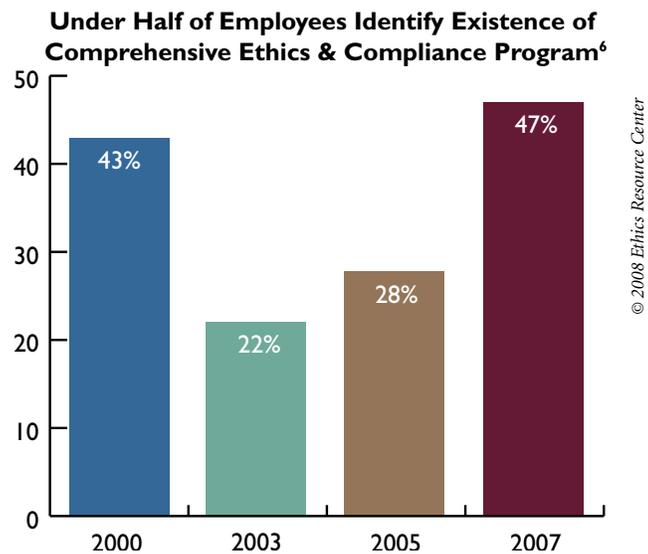
Where present, government ethics and compliance programs contain more compliance-oriented program resources, emphasizing what employees must avoid, rather than teaching what employees should do. Accordingly, most programs feature elements mandated by law or regulation (code, hotline, and discipline). These elements describe and punish inappropriate conduct. Government agencies are less likely to have implemented training, evaluation, and advice lines, which offer guidance and reinforce ethical conduct when it takes place.

More Agencies Implement Ethics & Compliance Program Elements Telling Employees What MUST Be Avoided, Rather Than What SHOULD Be Done
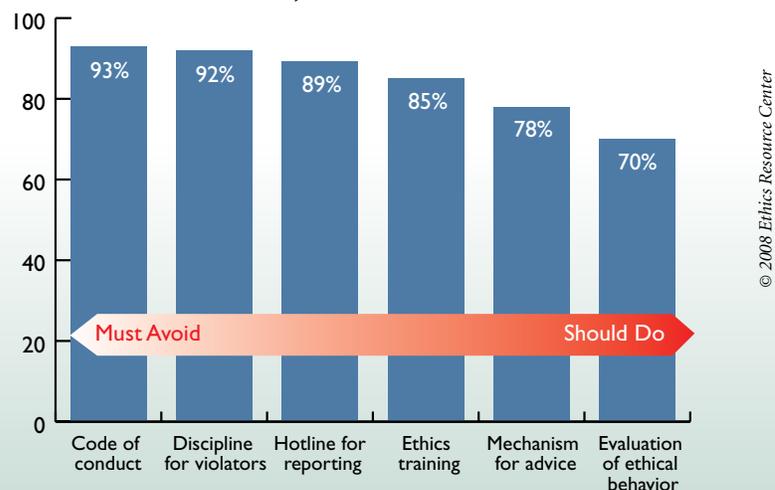
© 2008 Ethics Resource Center

Must Avoid → Should Do

Element	Percent
Code of conduct	93%
Discipline for violators	92%
Hotline for reporting	89%
Ethics training	85%
Mechanism for advice	78%
Evaluation of ethical behavior	70%

[5] *A comprehensive ethics and compliance program includes all six of the following: a code of conduct, a way to report observed violations anonymously, a mechanism for employees to seek advice on ethical matters, training for all employees on code of conduct and ethics policies, a mechanism to discipline employees that violate the code or ethics policies, and evaluation of ethical behavior as a part of regular performance appraisals.*

[6] *The 2000 study asked about three elements of an ethics program compared to six elements in 2003–2007.*

- **Few well-implemented ethics & compliance programs.** Despite employees' recognition that many agencies have comprehensive ethics and compliance programs, not all programs are equally effective. Well-implemented ethics and compliance programs should yield several positive outcomes:

  - *Employees are willing to seek ethics advice;*

  - *Employees receive positive feedback for ethical conduct;*

  - *Employees feel prepared to handle situations that invite misconduct;*

  - *Employees feel that they can question the decisions of management without fear of reprisal;*

  - *Employees are rewarded for following ethics standards;*

  - *Employees who achieve success through questionable means are not rewarded;*

  - *Employees feel positive about the organization's efforts to encourage ethical conduct; and*

  - *Employees feel that their organization is an ethical workplace.*

Based on the perceptions of government respondents to the 2007 NGES survey, fewer than 40 percent of government workplaces have well-implemented programs.

Just Under Two in Ten Organizations Have a Well-Implemented Ethics & Compliance Program
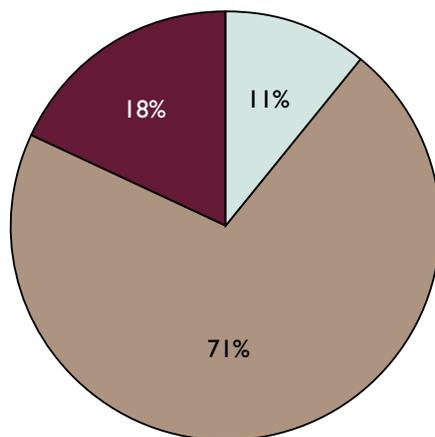
© 2008 Ethics Resource Center

Legend:
- Little/no program
- Poorly-implemented program
- Well-implemented program

Due to rounding, totals may not equal 100 percent.

KEY FINDINGS

■ **Few ethical cultures within government organizations.** When a strong ethical culture is in place within a government organization, misconduct is reduced by 52 percent, retaliation is as much as 89 percent lower and pressure is virtually nonexistent (a decline of 98 percent).

■ **Ethical leadership:** *tone at the top and belief that leaders can be trusted to do the right thing;*

■ **Supervisor reinforcement:** *individuals directly above the employee in the agency hierarchy set a good example and encourage ethical behavior;*

■ **Peer commitment to ethics:** *ethical actions of peers support employees who "do the right thing"; and*

■ **Embedded ethical values:** *values promoted through informal communication channels are complementary and consistent with a government agency's stated values.*

⟳ **Only 8 percent of government workplaces have strong ethical cultures.** Furthermore, half of government workplaces have weak or weak-leaning ethical cultures, which is a noticeable increase over 2003 (40 percent) and 2005 (47 percent).

Strength of Ethical Culture Declined in 2007

© 2008 Ethics Resource Center

Legend:
- Strong culture
- Strong-leaning culture
- Weak-leaning culture
- Weak culture
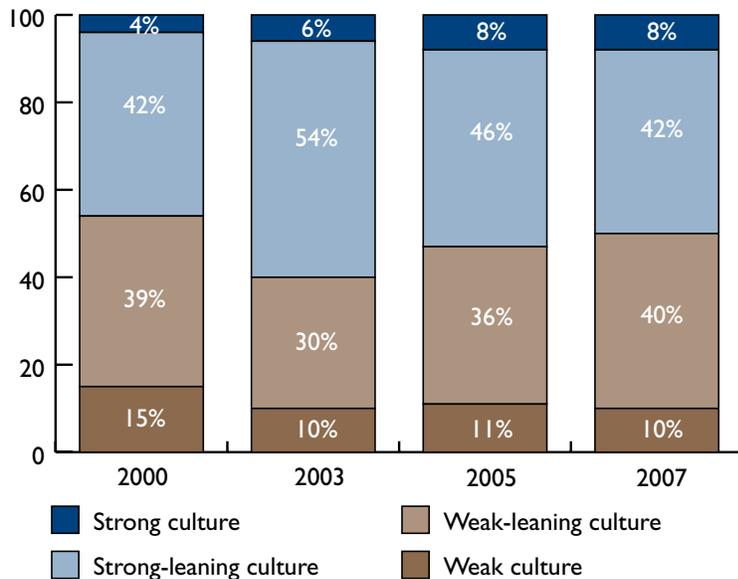
Due to rounding, totals may not equal 100 percent.

One of the largest factors contributing to this small number of ethical cultures is the absence of embedded ethical values in government workplaces. Only 8 percent of government employees indicated that their workplace was strong when it came to living out the values of the organization in daily decisions.

U.S. Government Workplaces Are Weakest in Embedded Ethical Values Component of Ethical Culture

	Ethical leadership	Supervisor reinforcement	Embedded ethical values	Peer commitment to ethics
Strong	18%	19%	8%	15%
Strong-leaning	42%	47%	38%	49%
Weak-leaning	27%	24%	38%	26%
Weak	13%	10%	16%	10%

Legend:
- Strong (dark blue)
- Strong-leaning (light blue)
- Weak-leaning (tan)
- Weak (brown)
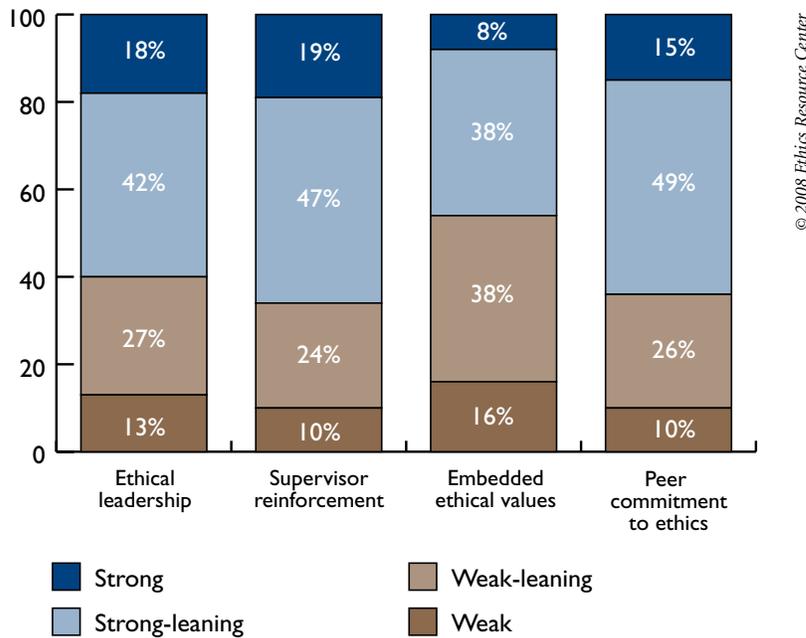
Due to rounding, totals may not equal 100 percent.

↻ **Government not viewed by employees as socially responsible in decisions.** As an example of the embedded values challenge, more than one-third of employees say government does not demonstrate its values through socially responsible decision-making:

- *Thirty-two percent of government employees believe that leaders do not consider their effects on environment when making decisions; and*

- *Twenty-nine percent of government employees believe that leaders do not consider their effect on future when making decisions.*

KEY FINDINGS

Conflicts of Interest Pose Most Severe Risk to Public Trust in 2007

The Ethics Resource Center has developed, based on the perspective of employees at all levels in government, the ERC Ethics Risk Index to identify the types of misconduct that pose the greatest risk to public trust. The ERC Ethics Risk Index exposes the likelihood that a particular kind of misconduct is occurring and is going unreported; it does not address the severity of each particular kind of misconduct and its potential impact on the government organization.

> **Rate of Misconduct**
>
> **+**
>
> **Rate of Reporting**
>
> **=**
>
> **Level of Ethics Risk (a.k.a. Risk to Public Trust)**

The ERC Ethics Risk Index presents data in a continuum, but the projected risk of various types of misconduct falls into three categories: Severe Risk (happens frequently and usually goes unreported), High Risk (happens often and often goes unreported), and Guarded Risk (happens less frequently and may go unreported).

- Four kinds of misconduct pose **severe risk** to government this year:
  - Employees putting their own interests above the organization's (conflicts of interest);
  - Lying to employees;
  - Abusive or intimidating behavior; and
  - Internet abuse.

- The public sector faces **high risk** in the areas of:
  - ⮑ Misreporting of hours;
  - ⮑ Improper hiring practices;
  - ⮑ Lying to stakeholders;
  - ⮑ Safety violations;
  - ⮑ Discrimination;
  - ⮑ Misuse of confidential information;
  - ⮑ Sexual harassment;
  - ⮑ Provision of low quality goods and services; and
  - ⮑ Environmental violations.

Ethics Risk Index℠

All Government

Putting own interests ahead of org

Lying to employees
Abusive behavior

Internet abuse

SEVERE RISK

Misreporting hours worked
Improper hiring practices

Lying to stakeholders
Discrimination/Safety violations

HIGH RISK

Misuse of confidential org info
Sexual harassment
Provision of low quality good and services/
Environmental violations

Stealing/Alteration of documents

Alteration of financial records

Using competitors' inside info
Bribes

GUARDED RISK

© 2008 Ethics Resource Center

The ERC Ethics Risk Index℠ is a measure of incidence and reporting.

At A Glance

Four Components of a Strong Enterprise-Wide Cultural Approach to Government Ethics

1. Ethical leadership: tone at the top and belief that leaders can be trusted to do the right thing.

2. Supervisor reinforcement: individuals directly above the employee in the organization's hierarchy set a good example and encourage ethical behavior.

3. Peer commitment to ethics: ethical actions of peers support employees who "do the right thing."

4. Embedded ethical values: values promoted through informal communications channels are complementary and consistent with a government's official values.

Risk to Public Trust Can Be Significantly Reduced

Risk to public trust is reduced when government leaders are aware of and responsive to ethics issues, and when the overall amount of misconduct taking place declines. The Ethics Resource Center's 2007 National Government Ethics Survey reveals that these accomplishments are achieved by adopting an agency-wide cultural approach to organizational ethics and by establishing a well-implemented ethics and compliance program.

> **Reduction of Misconduct**
> **+ Increased Employee Reporting**
> **=**
> **Reduced Risk of Losing Public Trust**

- **Well-Implemented Ethics and Compliance Programs Have a Positive Impact on Ethics.** Pressure is reduced by 80 percent in workplaces with a well-implemented program. Having a well-implemented ethics and compliance program can reduce observations of misconduct by almost 25 percent. Finally, a well-implemented program can also nearly double reporting of misconduct.

- **Strong Ethical Culture Has a Larger Impact on Ethical Conduct.** Rather than an emphasis on compliance with laws, regulations, and standards, an agency-wide cultural approach to ethics creates a workplace in which ethical behavior occurs for reasons beyond deterrence and sanctioning by authority. Furthermore, in a strong ethical culture, management at all levels consistently demonstrates the conduct

All Government

- Putting own interests ahead of org
- Lying to employees
- Abusive behavior
- Internet abuse

SEVERE RISK

- Misreporting hours worked
- Improper hiring practices
- Lying to stakeholders
- Discrimination/Safety violations

HIGH RISK

- Misuse of confidential org info
- Sexual harassment
- Provision of low quality good and services/
- Environmental violations
- Stealing/Alteration of documents
- Alteration of financial records
- Using competitors' inside info
- Bribes

GUARDED RISK

WEAK CULTURE & LITTLE/NO PROGRAM

- Abusive behavior
- Lying to employees
- Putting own interests ahead of org
- Improper hiring practices
- Discrimination
- Lying to stake holders
- Misreporting hours worked
- Safety violations/Internet abuse

SEVERE RISK

- Environmental violations
- Misuse of confidential org info
- Sexual harassment
- Provision of low quality good and services
- Alteration of documents

HIGH RISK

- Alteration of financial records/Stealing

All data plotted with red dots are only for visual reference. Actual data plots much further off the chart.

- Using competitors' inside info
- Bribes

STRONG CULTURE & WELL-IMPLEMENTED PROGRAM

- Internet abuse
- Putting own interests ahead of org

GUARDED RISK

- Lying to stakeholders/Misreporting hours worked
- Safety violations
- Abusive behavior
- Lying to employees
- Improper hiring practices/Sexual harassment
- Discrimination/Stealing/Misuse of confidential org info/ Provision of low quality goods and services/Alteration of documents
- Alteration of financial records
- Bribes/Environmental violations
- Using competitors' inside info

At A Glance

Ethics Risk Is Reduced By Agency-wide Cultural Approach To Ethics & Well-Implemented Ethics & Compliance Program

Well-implemented ethics and compliance programs double reporting and reduce observations of misconduct by a quarter.

A strong ethical culture cuts the rate of misconduct in half and significantly increases reporting.

The largest reduction of the risk of loss of public trust comes from combination of a well-implemented ethics and compliance program and an agency-wide commitment to strong ethical culture.

they want employees to emulate, and employees take the values of the organization seriously when deciding how they should act. A strong ethical culture yields several positive outcomes:

- Pressure is decreased by as much as 74 percent;

- The rate of misconduct is cut in half;

- Reporting rises reporting by 40 percent.

- **Strong Agency-Wide Ethical Culture Together With Well-Implemented Ethics and Compliance Program Leads to Greatest Reduction in Ethics Risk.** In nearly every instance, it is the combination of strong ethical culture plus a well-implemented program that creates the most favorable outcomes for a government workplace.

  - In these workplaces 36 percent of employees observed misconduct;

  - Seventy-five percent of employees reported their observations of misconduct; and

  - Just 3 percent of employees felt pressure to compromise their organizations' standards or the law.

Organizations with strong culture and an effective program have just two types of misconduct that pose a high risk, and none that pose a severe risk to the organization. However, in organizations with a weak culture and little to no ethics program all types of misconduct are in high risk or above, and 50 percent go beyond the severe category.

ADDITIONAL FINDINGS:
FEDERAL GOVERNMENT
an inside view of ethics in federal government

The additional findings sections augment the key findings addressed previously. The current state of ethics in government at the national, state, and local levels are addressed in turn.

Federal Government Has Comparatively Better Results, Yet Misconduct Remains High

Compared to the other levels of government, fewer federal employees observed misconduct in the previous twelve months and more reported what they observed. This is in large measure due to the fact that more federal government employees work in organizations with well-implemented ethics and compliance programs. Additionally, leaders and supervisors at the federal level are more likely to reinforce the importance of ethics than state and local leaders — two of four important elements in building a strong ethical culture. The federal government seems to do better when it comes to workplace ethics. Nevertheless, more than half of federal employees observed misconduct, and twenty-five percent of employees still don't report.

■ **Just over half of federal employees observed misconduct in the past year.** In the past twelve months, 52 percent of federal government employees observed at least one type of misconduct. Of this 52 percent of employees, 70 percent observed more than one type of misconduct.

➣ The four types of misconduct observed most frequently by federal government employees are:

■ *Abusive behavior — observed by 23 percent of federal government employees;*

■ *Safety violations — observed by 21 percent of federal government employees;*

■ *Lying to employees — observed by 20 percent of federal government employees; and*

■ *Putting one's own interests ahead of the organization (conflicts of interest) — observed by 20 percent of federal government employees.*

Employees at the federal level were the only government employees to indicate observance of misconduct at levels significantly lower than the U.S. average. Four types of misconduct were lower than the U.S. average — stealing, lying to stakeholders, misreporting hours worked and Internet abuse.

Federal Government Equal to or Better Than US Average for Most Types of Misconduct Observed

Type of Misconduct	Percent
Bribes	2%
Stealing	3%
Using competitors' inside info	4%
Alteration of financial records	4%
Environmental violations	8%
Alteration of documents	9%
Lying to stakeholders	10%
Improper hiring practices	10%
Sexual harassment	11%
Provision of low quality goods and services	11%
Misreporting hours worked	12%
Discrimination	12%
Internet abuse	13%
Misuse of confidential org info	14%
Putting own interests ahead of org	20%
Lying to employees	20%
Safety violations	21%
Abusive behavior	23%

Legend:
- Significantly better than U.S. average
- Average
- Significantly worse than U.S. average

© 2008 Ethics Resource Center

■ **Senior managers may be unaware of misconduct taking place.** One in four federal government employees who observed misconduct did not report it. When they did report, federal employees were not likely to use established channels.

➲ Only 2 percent of federal government employees made use of whistleblower hotlines to report their observations of misconduct; employees overwhelmingly reported to supervisors, who may or may not identify the situations described as misconduct and pass it along to top management.

Federal Government Employees Overwhelmingly Chose to Report Observations of Misconduct to Direct Supervisors
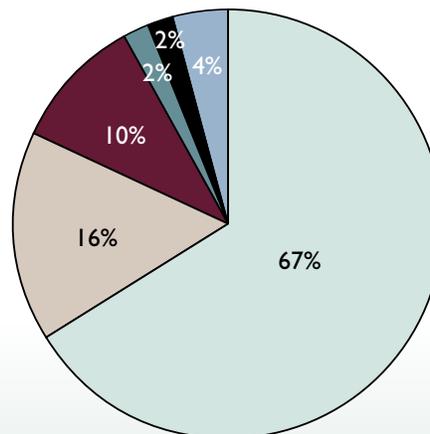
Pie chart values: 67%, 16%, 10%, 2%, 2%, 4%

© 2008 Ethics Resource Center

Chosen Method of Reporting:

- Supervisor
- Higher management
- Other responsible person (including ethics officer)
- Someone outside organization
- Hotline
- Other

Due to rounding, totals may not equal 100 percent.

- **Two in ten federal government employees work in environments conducive to misconduct.** In environments conducive to misconduct, employees are introduced to situations inviting wrongdoing and/or they feel pressured to cut corners to do their jobs. Further, employees may feel that work values conflict with personal values. In such contexts, employees are 63 percent more likely to observe misconduct.
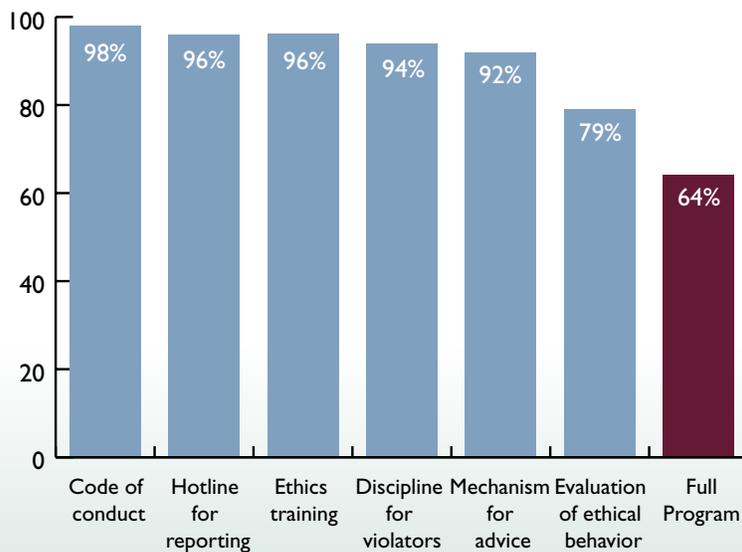
  ➲ Thirteen percent of federal government employees feel pressure to compromise the organization's standards.

- **Many of those who reported the misconduct they observed were retaliated against.** This is troubling on two fronts: reporters are punished for their responsible, courageous decision at the same time that future reporting is discouraged.

  ➲ More than one out of ten (11 percent) of federal government employees who reported their observations of misconduct have experienced retaliation as a result of their reports.

  ➲ Almost a quarter (24 percent) of federal government employees who observed misconduct but chose not to report it feared retaliation from management.

  ➲ Also, 16 percent of non-reporters within the federal government feared retaliation from their peers.

- **Most federal employees recognize that their workplace has a full ethics and compliance program.** Just under two out of three federal government employees identified existence of ethics and compliance program standards and resources in their organization.

**Almost Two Thirds Identify Existence of
Comprehensive Ethics & Compliance Program**

© 2008 Ethics Resource Center

ADDITIONAL FINDINGS: FEDERAL GOVERNMENT

➲ Almost universally, federal employees identified the presence of several key program elements:

- *Code of conduct — identified by 98 percent of federal government employees;*

- *Hotline for reporting — identified by 96 percent of federal government employees; and*

- *Ethics training — identified by 96 percent of federal government employees.*

Fewer federal employees are evaluated based on their ethical conduct in performance reviews, and this is the primary reason that more employees of the federal government do not acknowledge the presence of a comprehensive ethics and compliance program at work.

➲ **Only 30 percent of federal government employees say their agencies have well-implemented programs.** Employees in agencies without well-implemented programs are more likely to refrain from utilizing program resources, and they are more likely to express that they are ill-prepared to handle situations inviting misconduct.

■ **The ethics risk landscape for federal employees is better than the landscape for the other levels of government.** Compared to state and local governments, federal government employees face fewer ethics risks.

➲ At the federal level, three types of behavior fall into the **severe risk** category.

- *Abusive or intimidating behavior;*

- *Lying to employees; and*

- *Putting one's own interests ahead of the organization's.*

Federal Government

© 2008 Ethics Resource Center

SEVERE RISK

Abusive behavior

Lying to employees

Putting own interests ahead of org

HIGH RISK

Safety violations

Misuse of confidential org info/Internet abuse

Misreporting hours worked

Improper hiring practices

Lying to customers, vendors, or the public/Sexual harassment

Discrimination/Provision of low quality good and services

Alteration of documents

Environmental violations

GUARDED RISK

Alteration of financial records
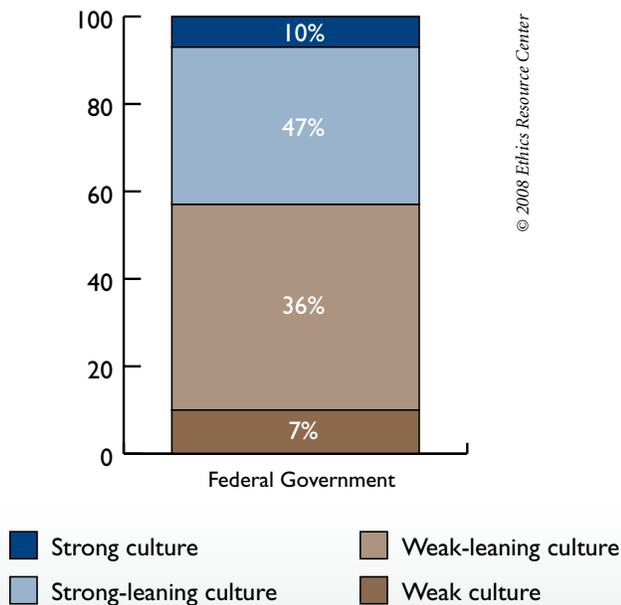
Using competitors' inside info/Stealing

Bribes

➲ Several kinds of misconduct pose a **high risk** among federal government employees:

- *Safety violations;*

- *Misuse of the organization's confidential information;*

- *Internet abuse;*

- *Misreporting of hours worked*

- *Improper hiring practices;*

- *Lying to stakeholders (customers, vendors, or the public);*

- *Sexual harassment;*

- *Discrimination; and*

- *Provision of low quality goods or services.*

■ **10 Percent of Federal Workplaces Have a Strong Ethical Culture.** Strong ethical cultures are essential to the reduction of ethics risk, and it is discouraging that so few federal government workplaces have a strong culture.

One in Ten Federal Government Workplaces Has Strong Ethical Culture

© 2008 Ethics Resource Center

- Strong culture — 10%
- Strong-leaning culture — 47%
- Weak-leaning culture — 36%
- Weak culture — 7%

Federal Government

■ **The weakest component of ethical culture in federal government is embedded ethical values** — a key factor in reducing misconduct and pressure[7].

[7] *Note: A regression analysis of the impact of all four components of ethical culture on key outcomes shows that embedded ethical values has the largest impact in reducing the rate of observed misconduct and increasing reporting of observations.*

ADDITIONAL FINDINGS: FEDERAL GOVERNMENT

Importantly, more than one in four federal employees indicated that leadership and supervisors demonstrated a strong commitment to ethics — roughly 67 percent more than at state and local levels. Given the impact that strong ethical culture has on observed misconduct, this accounts for the lower levels of misconduct observed at the federal level.

Federal Government Workplaces Are Weakest in Embedded Ethical Values Component of Ethical Culture

© 2008 Ethics Resource Center

| | Strong | Weak-leaning |
| | Strong-leaning | Weak |
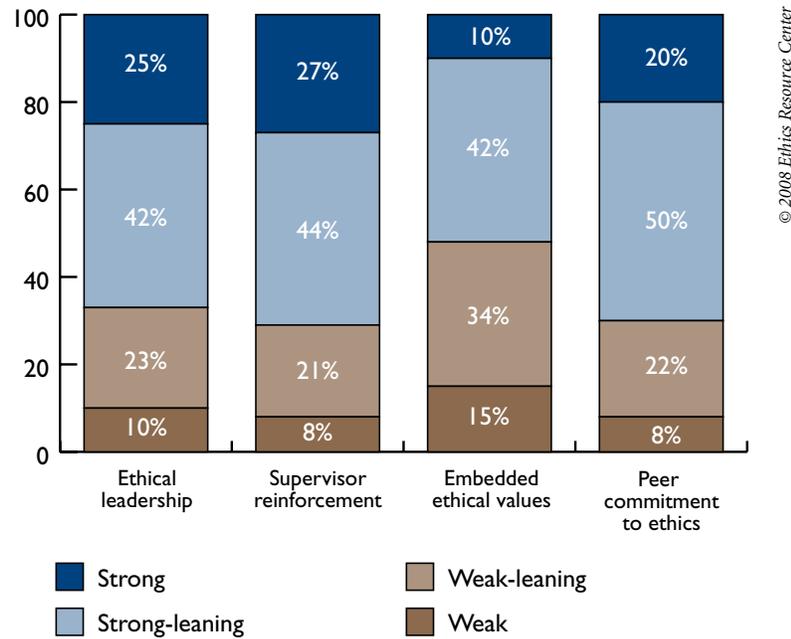
Due to rounding, totals may not equal 100 percent.

ADDITIONAL FINDINGS: STATE GOVERNMENTS

an inside view of ethics in state governments

State Governments Are At Greater Risk of Losing Public Trust

Nearly six in ten (57 percent) state government employees observed at least one kind of misconduct in the past year. Eighty-two percent of these employees observed multiple instances. Coupled with the fact that almost 30 percent did not report this wrongdoing, state government faces the greatest ethics risk and the highest potential of losing public trust.
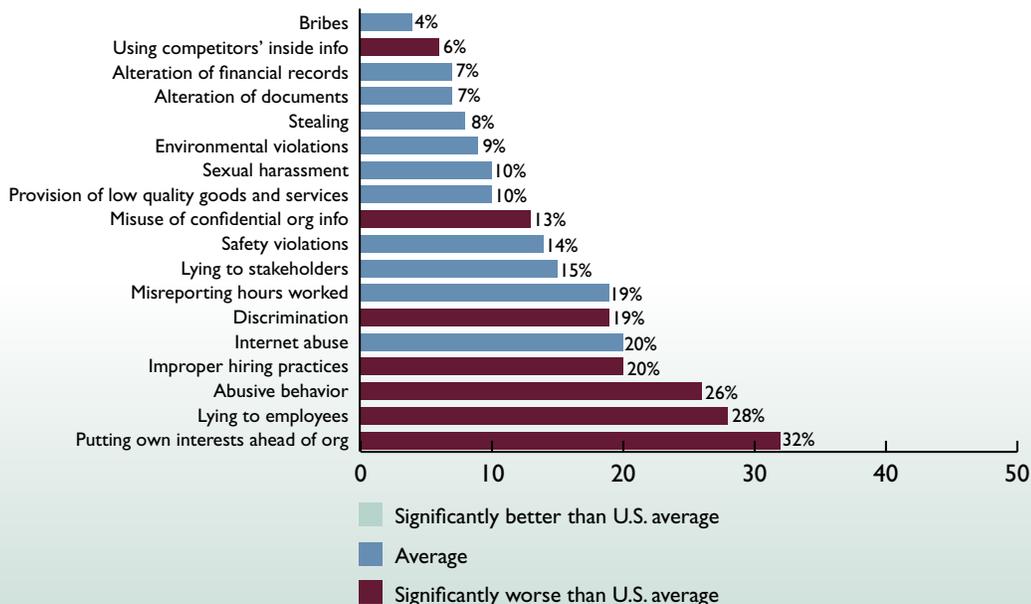
- **Nearly six in ten (57 percent) government employees working in state governments witnessed misconduct in the last year.** This level of misconduct is equal to the overall average for governments across all levels. Of the state government employees who observed misconduct, 82 percent observed at least two different types of misconduct.

    - ➲ The three types of misconduct observed most frequently in state governments are:

        - *Putting one's own interests ahead of the organization (conflicts of interest) — observed by 32 percent of state government employees;*

        - *Lying to employees — observed by 28 percent of state government employees; and*

        - *Abusive behavior — each observed by 26 percent of state government employees.*

    - ➲ Every kind of misconduct is observed at least as often in state governments as in the public sector in the U.S. as a whole. The misconduct observed most frequently in state governments is also observed significantly more frequently than in the U.S. as a whole.

**Among State Government Employees,
All Forms of Misconduct Are at or Above National Average**

© 2008 Ethics Resource Center

Category	Percent
Bribes	4%
Using competitors' inside info	6%
Alteration of financial records	7%
Alteration of documents	7%
Stealing	8%
Environmental violations	9%
Sexual harassment	10%
Provision of low quality goods and services	10%
Misuse of confidential org info	13%
Safety violations	14%
Lying to stakeholders	15%
Misreporting hours worked	19%
Discrimination	19%
Internet abuse	20%
Improper hiring practices	20%
Abusive behavior	26%
Lying to employees	28%
Putting own interests ahead of org	32%

Significantly better than U.S. average

Average

Significantly worse than U.S. average
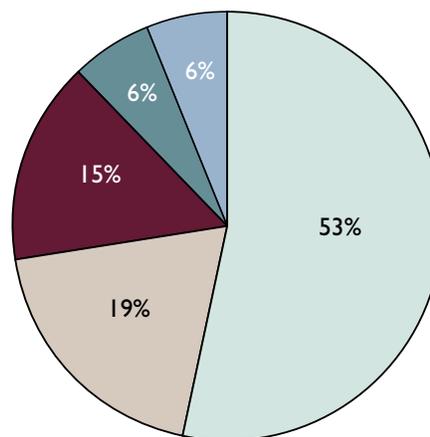
25

ADDITIONAL FINDINGS: STATE GOVERNMENTS

■ **Top management may be unaware of the misconduct problem.** Almost three out of ten (29 percent) state governments employees who observed misconduct did not report it.

➲ Among those who chose to report their observations of misconduct, only a negligible number used a whistleblower hotline.

➲ A majority (53 percent) chose instead to report their observations to supervisors, who may or may not accurately record the information and pass it along to top management. Unless top management thoughtfully trains supervisors to recognize, address, and document reports, allegations may not be handled properly and measures may not be taken to prevent future incidents.

Negligible Use of Whisteblower Hotlines Among State Government Employees

© 2008 Ethics Resource Center

Chosen Method of Reporting:

- Supervisor
- Higher management
- Other responsible person (including ethics officer)
- Someone outside organization
- Hotline (Not shown; >1%)
- Other

Due to rounding, totals may not equal 100 percent.

■ **A quarter of state government employees work in environments conducive to misconduct.** In environments conducive to misconduct, employees are introduced to situations directly inviting misconduct, and/or they feel pressured to cut corners to do their jobs. Further, employees may feel that work values conflict with personal values. In such contexts, employees are 63 percent more likely to observe misconduct.

➲ One of every seven (14 percent) state employees feels pressure to compromise the standards of their workplace.

- **Many state government employees who reported the misconduct they observed were retaliated against.** This is troubling on two fronts: reporters are punished for their responsible, courageous decision at the same time that future reporting is discouraged.

    - *Almost one out of every five (18 percent) state governments employees who reported their observations of misconduct have experienced retaliation as a result of their reports.*

    - *Over one-third (34 percent) of state governments employees who observed misconduct but chose not to report it feared retaliation from management.*

    - *Almost as many (30 percent) non-reporters within state governments feared retaliation from their peers.*

- **Only 41 percent of state government employees recognize that their workplace has a comprehensive ethics and compliance program.** The state percentage is 23 percentage points less than federal government employees (64 percent), and below the U.S. government average (47 percent).

    ⮫ Some program elements were widely recognized:

    - *Discipline of violators — identified by 91 percent of state employees;*

    - *Code of conduct — identified by 91 percent of state employees; and*

    - *Hotline for reporting — identified by 88 percent of state employees.*

    ⮫ These three most common elements of an ethics and compliance program all focus on what employees must avoid doing, rather than teaching what should be done. They are generally designed to educate employees on activities to be avoided, instead of proactively teaching and encouraging good conduct.

**Two Out of Five Identify Existence of
Comprehensive Ethics & Compliance Program**

© 2008 Ethics Resource Center

91%	91%	88%	80%	76%	66%	41%
Discipline for violators	Code of conduct	Hotline for reporting	Ethics training	Mechanism for advice	Evaluation of ethical behavior	Full Program
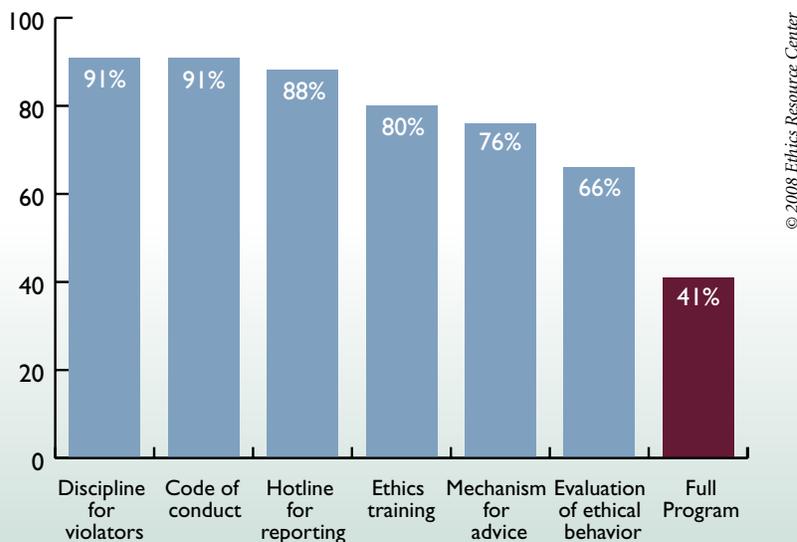
ADDITIONAL FINDINGS: STATE GOVERNMENTS

- ■ **One out of seven (14 percent) state government organizations has a well-implemented program.** This is less than half of the number of federal organizations with well-implemented programs. This is of concern because employees in agencies without well-implemented programs are more likely to refrain from utilizing program resources, and they are more likely to express that they are ill-prepared to handle situations inviting misconduct.

- ■ **State governments are at the greatest risk of losing public trust due to a future rise in misconduct.** Ethics risk is measured based on the amount of misconduct and willingness to report. Because 47 percent of all state employees observed multiple acts of misconduct, and nearly a third did not report[8], state government faces the greatest ethics risk.

  - ➲ Several kinds of misconduct pose **severe risk** in state governments:
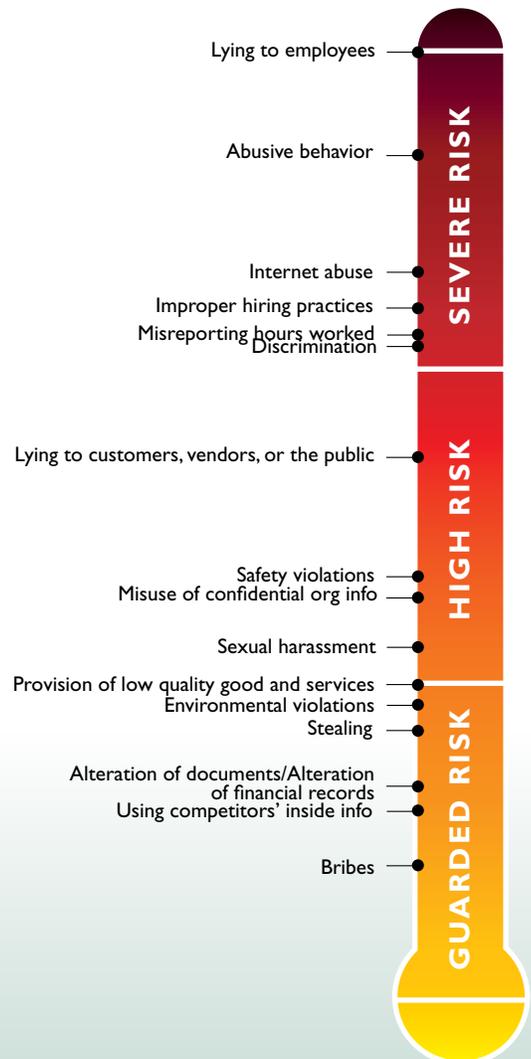
    - ■ *Putting one's own interests ahead of the organization's (surpassing the top end of the scale);*

    - ■ *Lying to employees;*

    - ■ *Abusive or intimidating behavior;*

    - ■ *Internet abuse;*

    - ■ *Improper hiring practices;*

    - ■ *Misreporting of hours worked; and*

    - ■ *Discrimination.*

  - ➲ Additionally, state governments are at **high risk** for several other kinds of misconduct:

    - ■ *Lying to customers, vendors, or the public;*

    - ■ *Safety violations;*

    - ■ *Misuse of the organization's confidential information;*

    - ■ *Sexual harassment; and*

    - ■ *Provision of low quality goods and services.*

State Government

Putting own interests ahead of org ——●

© 2008 Ethics Resource Center

SEVERE RISK

Lying to employees ——●
Abusive behavior ——●
Internet abuse ——●
Improper hiring practices ——●
Misreporting hours worked ——●
Discrimination ——●

HIGH RISK

Lying to customers, vendors, or the public ——●
Safety violations ——●
Misuse of confidential org info ——●
Sexual harassment ——●
Provision of low quality good and services ——●
Environmental violations ——●
Stealing ——●

GUARDED RISK

Alteration of documents/Alteration of financial records ——●
Using competitors' inside info ——●
Bribes ——●

[8] *While the overall rate of reporting for state workers was 71 percent, some kinds of misconduct were reported far less frequently than others.*

- **Just 7 percent of state government workplaces have strong ethical cultures.** Strong ethical cultures are the greatest accelerant to the reduction of misconduct. Nevertheless, the cultures of more than half (53 percent) of state governments are weak or weak-leaning.

**Majority of State Government Workplaces
Do Not Have a Strong Ethical Culture**
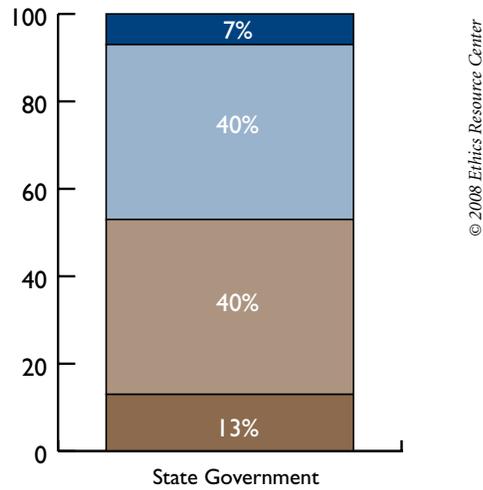
© 2008 Ethics Resource Center

	State Government
Strong culture	7%
Strong-leaning culture	40%
Weak-leaning culture	40%
Weak culture	13%

Legend:
- Strong culture
- Strong-leaning culture
- Weak-leaning culture
- Weak culture

Due to rounding, totals may not equal 100 percent.

ADDITIONAL FINDINGS: STATE GOVERNMENTS

■ **The weakest component of ethical culture in state governments workplaces is embedded ethical values.** Just 8 percent of state government workplaces have a strong embedded ethical value component, and fewer than half have positive cultures in this area. This is of concern because embedded ethical values are the cultural element with the most profound impact on misconduct and pressure to compromise standards.

State Government Workplaces Are Weakest in Embedded Ethical Values Component of Ethical Culture
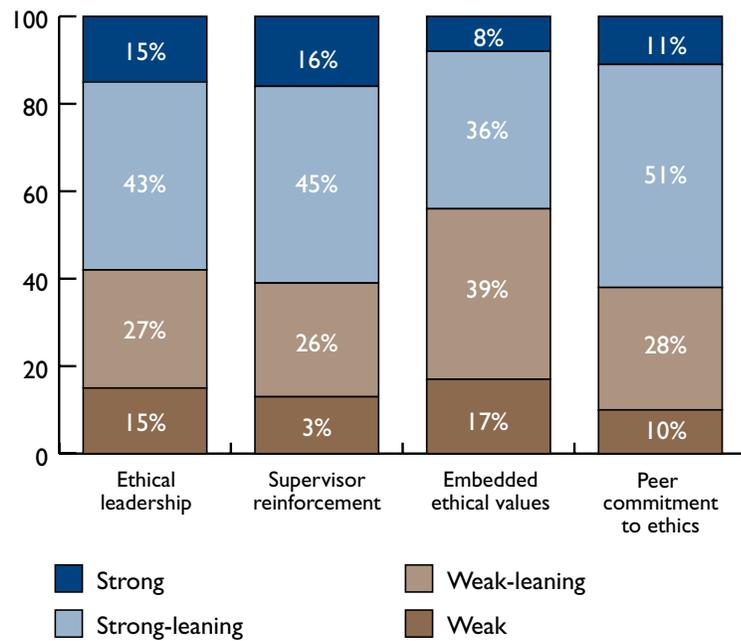

© 2008 Ethics Resource Center

Legend:
- Strong
- Strong-leaning
- Weak-leaning
- Weak

Due to rounding, totals may not equal 100 percent.
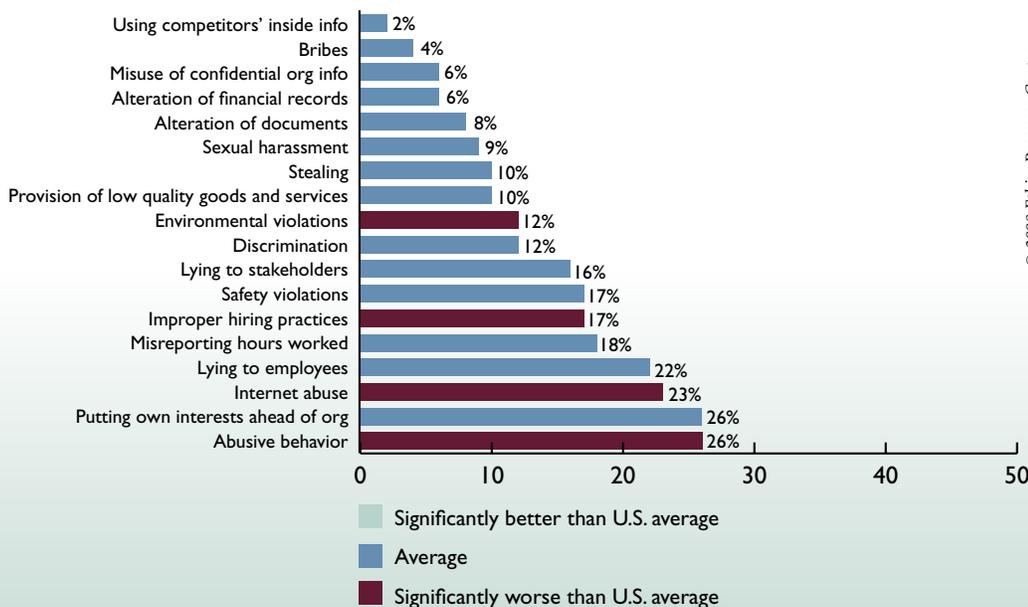
ADDITIONAL FINDINGS: LOCAL GOVERNMENTS

An inside view of ethics in local governments

Highest Misconduct and Retaliation for Reporting at Local Levels

The least amount of progress has been made at the local level in establishing ethics and compliance programs that employees are aware of and utilize. Similarly, very few employees feel they work in strong ethical cultures — to the contrary, employees are more likely to work in environments conducive to misconduct. Finally, one in five employees experiences retaliation for reporting wrongdoing. In light of these issues, it is not surprising that employees in local governments also observe the most misconduct.

■ **An alarming number of local government employees see misconduct at work.** Sixty-three percent of government employees working in local governments observed at least one type of misconduct in the past twelve months. This rate is higher than all other kinds of government and both publicly-traded and privately-held businesses (57 percent and 55 percent respectively).

➲ Of the 63 percent of local government employees who observed misconduct, 75 percent observed more than one type.

➲ The three types of misconduct observed most frequently in local governments are:

■ *Abusive behavior — observed by 26 percent of local government employees;*

■ *Putting one's own interests ahead of the organization — observed by 26 percent of local government employees; and*

■ *Internet abuse — observed by 23 percent of local government employees.*

➲ Every kind of misconduct is observed at least as often in local governments as in U.S. workplaces on average. Several kinds are observed significantly more frequently in local governments than in the public sector in the U.S. as a whole.

**Among Local Government Employees,
All Forms of Misconduct Are at or Above National Average**

© 2008 Ethics Resource Center

Using competitors' inside info	2%
Bribes	4%
Misuse of confidential org info	6%
Alteration of financial records	6%
Alteration of documents	8%
Sexual harassment	9%
Stealing	10%
Provision of low quality goods and services	10%
Environmental violations	12%
Discrimination	12%
Lying to stakeholders	16%
Safety violations	17%
Improper hiring practices	17%
Misreporting hours worked	18%
Lying to employees	22%
Internet abuse	23%
Putting own interests ahead of org	26%
Abusive behavior	26%

Significantly better than U.S. average

Average

Significantly worse than U.S. average
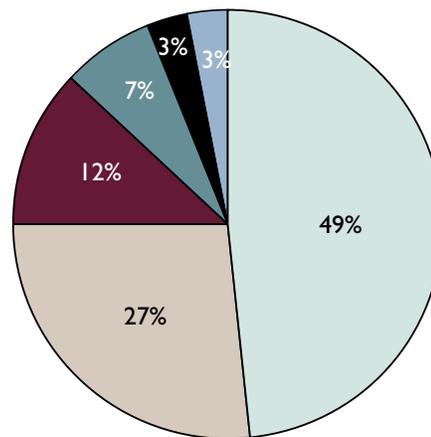
ADDITIONAL FINDINGS: LOCAL GOVERNMENTS

■ **Top management is likely to be unaware of the problem.** One-third of local government employees who observed misconduct did not report it. Very few (only 3 percent) report misconduct using whistleblower hotlines.

Instead, local government employees prefer reporting to a supervisor or an individual in higher management. Unless top management trains supervisors to recognize, address, and document reports, allegations may not be handled properly and measures may not be taken to prevent future incidents.

**Most Reports of Misconduct
Made to a Member of Management**

© 2008 Ethics Resource Center

Chosen Method of Reporting:

- Supervisor
- Higher management
- Other responsible person (including ethics officer)
- Someone outside organization
- Hotline
- Other

Due to rounding, totals may not equal 100 percent.

■ **Over a quarter of local government employees work in environments conducive to misconduct.** In environments conducive to misconduct, employees are introduced to situations directly inviting misconduct, and/or they feel pressured to cut corners to do their jobs. Further, employees may feel that work values conflict with personal values. In such contexts, employees are 63 percent more likely to observe misconduct. More local government employees feel the pressure to compromise their organizations' standards; 16 percent of local government employees feel pressure, compared to 13 percent of federal employees and 14 percent of state government employees.

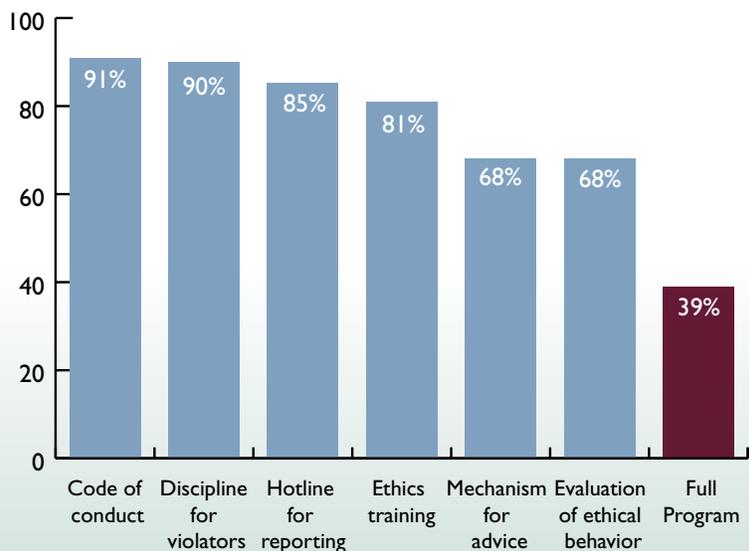■ **Many employees who reported misconduct experienced retaliation.** One out of five reporters at the local level experienced retaliation as a result; this is the highest rate among all levels of government. This is troubling on two fronts. First, reporters are punished for their responsible, courageous decision. Also, future reporting is discouraged.

⮑ Twenty-eight percent of employees in local governments who observed misconduct but chose not to report it feared retaliation from management.

⮑ Almost as many (26 percent) non-reporters in local governments feared retaliation from their peers.

■ **The majority of local government employees do not know that their workplace provides comprehensive ethics & compliance program resources to offer guidance and help.** This highlights the need for more robust and effective ethics resources at the local level.

⮑ Fewer than two out of five local government employees identified the existence of all elements of an ethics and compliance program in their workplace.

⮑ The most common program elements in local governments are:

   ■ *Code of conduct — identified by 91 percent of local government employees;*

   ■ *Discipline of violators — identified by 90 percent of local government employees; and*

   ■ *Hotline for reporting — identified by 85 percent of local government employees.*

**Fewer Than Two Out of Five Identify Existence of
Comprehensive Ethics & Compliance Program**

© 2008 Ethics Resource Center

Element	Percent
Code of conduct	91%
Discipline for violators	90%
Hotline for reporting	85%
Ethics training	81%
Mechanism for advice	68%
Evaluation of ethical behavior	68%
Full Program	39%

ADDITIONAL FINDINGS: LOCAL GOVERNMENTS

- **Only 14 percent of local governments have programs that are well-implemented.** This is considerably less than peers in federal government (30 percent), but equal to the percentage of state government workplaces with a well-implemented ethics and compliance program. The small percentage of well-implemented programs is troubling because they are an important intervention for reducing ethics risk.

- **Local governments are at risk for ethics violations that erode the public trust.**

  - Several kinds of misconduct pose **severe risk** for local governments:

    - *Putting one's own interests ahead of the organization's;*

    - *Abusive or intimidating behavior;*

    - *Internet abuse; and*
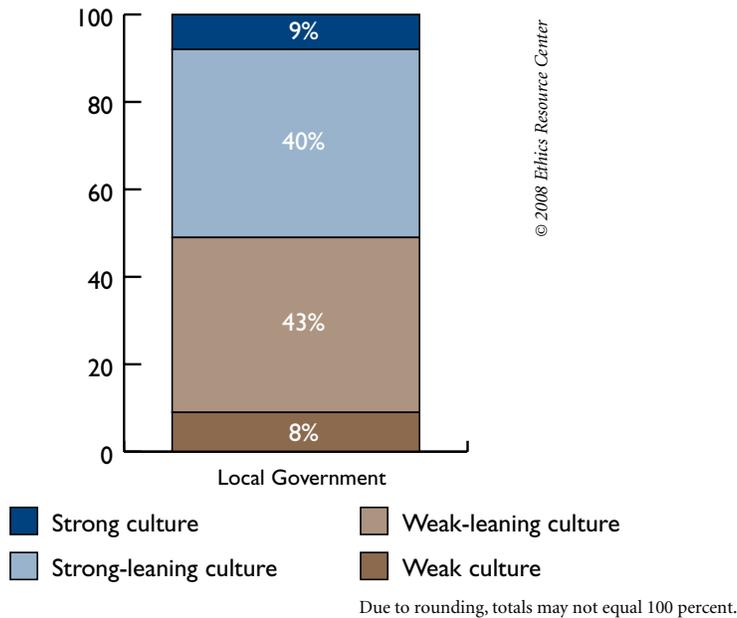
    - *Lying to employees.*

  - Many other kinds of misconduct put local governments at **high risk**:

    - *Lying to customers, vendors, or the public;*

    - *Misreporting of hours worked;*

    - *Improper hiring practices;*

    - *Safety violations;*

    - *Discrimination;*

    - *Environmental violations;*

    - *Stealing; and*

    - *Provision of low quality goods and services.*

Local Government

© 2008 Ethics Resource Center

SEVERE RISK
- Putting own interests ahead of org
- Abusive behavior
- Internet abuse
- Lying to employees

HIGH RISK
- Lying to customers, vendors, or the public
- Misreporting hours worked
- Improper hiring practices
- Safety violations
- Discrimination
- Environmental violations
- Stealing
- Provision of low quality good and services

GUARDED RISK
- Sexual harassment
- Alteration of documents
- Misuse of confidential org info
- Alteration of financial records
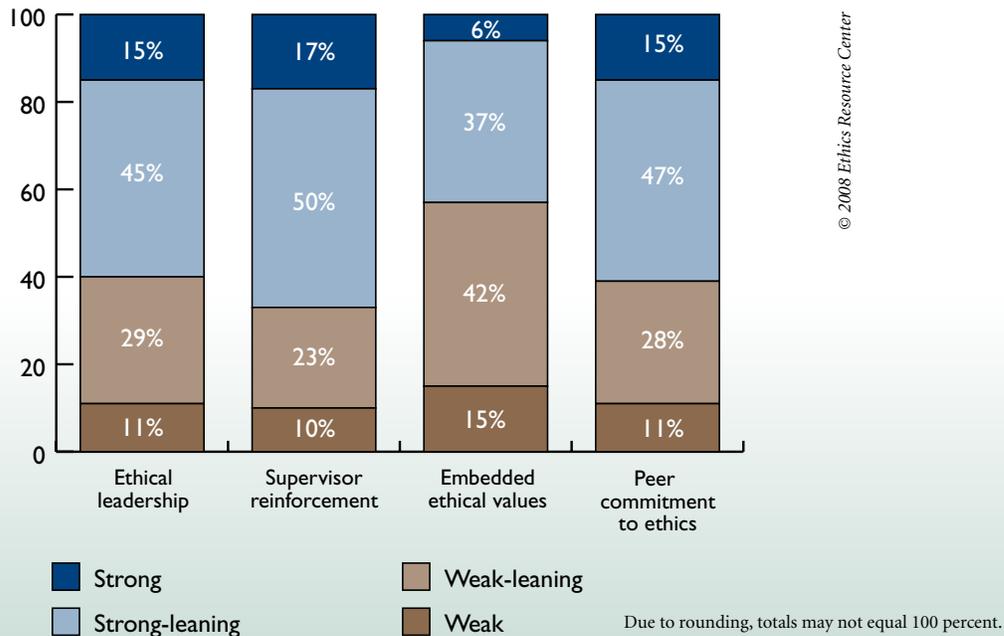- Bribes
- Using competitors' inside info

- **Ethical culture in local governments is weak.** Only 9 percent have strong cultures, but over half (51 percent) have weak or weak-leaning ethical cultures.

Majority of Local Government Workplaces Do Not Have a Strong Ethical Culture

Strong culture — 9%
Strong-leaning culture — 40%
Weak-leaning culture — 43%
Weak culture — 8%

© 2008 Ethics Resource Center

Local Government

■ Strong culture ■ Weak-leaning culture
■ Strong-leaning culture ■ Weak culture

Due to rounding, totals may not equal 100 percent.

- **Local governments are perceived to be weak in making values-based organizational decisions.** The weakest component of ethical culture in local governments is embedded ethical values — a key factor in reducing misconduct and pressure. Just 6 percent of local government workplaces have strong embedded ethical values.

Local Government Workplaces Are Weakest in Embedded Ethical Values Component of Ethical Culture

	Ethical leadership	Supervisor reinforcement	Embedded ethical values	Peer commitment to ethics
Strong	15%	17%	6%	15%
Strong-leaning	45%	50%	37%	47%
Weak-leaning	29%	23%	42%	28%
Weak	11%	10%	15%	11%

© 2008 Ethics Resource Center

■ Strong ■ Weak-leaning
■ Strong-leaning ■ Weak

Due to rounding, totals may not equal 100 percent.

ETHICS
RESOURCE
CENTER

CONCLUSION
Implications of the 2007 National Government Ethics Survey

The foundation of the US government — the democratic system — is built upon a sense of trust. Funding, authority, and the permission to change communities are all bestowed on government organizations with the expectation that leaders and employees will act in the best interests of the public-at-large. Whether elected, appointed, or hired as public servants, every government employee has the ability to make decisions that will inspire public confidence. Every public servant also faces situations that, if handled poorly, can undermine public trust.

The state of ethics in government today is not the result of a single incident, a particular political administration, or even the activities of a small group of government organizations. In fact, the results of this study reveal an ethics crisis in government that has grown over time and is pervasive throughout all types of governmental functions and levels. Throughout our nation, public trust in the integrity of government is at risk.

Yet there is good news, as revealed by the 2007 NGES. Ethics risk can be reduced, and public trust regained. Some efforts already in place within government organizations have made a difference, and there is more that government can do. To accelerate positive change, leaders of government organizations must understand that:

- **The time is now.** An Enron-like scandal could take place in a government organization in the near future, just as easily as it did in business a few years ago. Already the majority of government employees observe misconduct at work. One quarter of employees are currently working in situations that are conducive to misconduct and half say they encounter circumstances in their job that invite wrongdoing. Finally, although many employees report misconduct they see taking place, they use channels that do not guarantee consistent response and the flow of information which allows government leaders to take further preventative action. In other words, the circumstances are ripe for scandal and for government leaders to be caught unaware.

- **Traditional approaches will not be enough.** Prevailing methods for addressing problems — the implementation of formal government programs, creation of policies, and, in some cases legislative action to improve internal controls — do make some difference. But, at present, only half of government employees are aware that these programs exist, and only 18 percent of government ethics and compliance programs are well-implemented. Even if all government agencies had well-implemented programs, the most significant change will come only when effective government programs are coupled with a strong ethical culture. Reaching this point will require an "out of the box" approach for many government leaders.

CONCLUSION

The path to improvement will also require that each level of government address its specific challenges:

- **Federal government organizations** — First and foremost, it is important for federal government leaders to recognize that, even though findings are better at the federal level, there is still work to be done. More than half of federal employees observe misconduct, and one in five federal employees currently works in a context that is conducive to further wrongdoing. Despite a larger reach with federal ethics and compliance programs, only 30 percent of these programs are well-implemented and therefore effective in preventing and detecting these problems. Despite the fact that a strong ethical culture yields high returns — reducing misconduct by one half — only *8 percent* of federal government workplaces have a strong culture in place.

- **State government organizations** — Leaders of organizations at the state level are in a precarious position: although their rates of misconduct are equal to the overall government average, they face the highest ethics risk over any other government level. The issue at the state level is not just a series of isolated incidents of ethics violations. Many state employees who witness misconduct see multiple kinds, suggesting that there are problem areas where substantive issues likely exist. State governments also have the highest percentages of workplaces with weak ethical cultures.

- **Local government organizations** — More local government employees witness misconduct than employees at the other levels, and local leadership is less likely to be aware of wrongdoing when it does happen. Reporting of violations is lowest at the local government level; this is not surprising given that one in five employees who is courageous enough to blow the whistle experiences retaliation as a result. Pressure to compromise standards is also 38 percent higher in these organizations than the U.S. average. Finally, local governments have the farthest to go in establishing well-implemented ethics and compliance programs. When viewed together, these circumstances suggest that employees in local governments are likely to be in very difficult situations with perceptions that they have very few options. Although local government workplaces do have stronger ethical cultures than state government workplaces, local governments need to strive higher — still just 9 percent of local governments have strong ethical cultures.

Recommendations for Public Sector Leaders

There are measures that public sector leaders can take to get started in addressing these challenges. Progress can be made by taking a few steps:

- **Elevate Ethics on the Agenda.** Effective ethics interventions begin with intentional and high-level oversight, with a message and approach that is carried out until it is pervasive in government workplaces. If government organizations are going to reduce their risks, ethics should be as important a focus as the economy, education, or community operations. The expectation that ethics is a priority should be woven into all communications to government employees, and government leaders should establish accountability measures to ensure that that ethics and compliance programs are established and implemented well and that the cultivation of strong ethical cultures begins immediately.

- **Focus on Tone at the "Tops."** A sizeable percentage of government employees believe that their top management is weak on ethics. However, when asked to identify the "top" of their organization, more government employees chose the leader of their particular work locations than the senior-most leader of their organization as a whole. This means that there are many "tops" to government organizations, and all leaders need to be trained and encouraged to create strong ethical cultures. In particular, employees need to be convinced that their management doesn't just "talk the talk"; the commitments leaders make — especially when they talk about the importance of ethics and support for whistleblowers — need to be followed with action.

- **Evaluate Existing Ethics and Compliance Programs.** Having a well-implemented program is a vital step in establishing standards for government conduct and detecting when misconduct is taking place. Merely having a code of conduct or an all-employee training program does not guarantee its usefulness. Having established ethics as a priority for leadership at all levels in an organization, the next important step is to be sure that the formal program efforts and internal controls are yielding positive results; this is a challenge at all levels of government. If a program is not in place at all, government leaders should get one started. Agencies that do have programs need to ask employees at all levels whether they make use of the resources provided to determine whether it is meeting its stated goals.

- **Prepare Supervisors to Act on Reports of Misconduct.** Supervisors are most likely to receive reports about observations of misconduct, so they need to be prepared to recognize these reports as ethics-related and to respond appropriately. If they are not properly trained to address reports, incidences of misconduct may be addressed inadequately or higher management may never be informed about ethics problems that exist. When managers handle reports in consistent and relevant ways, employees perceive that their report makes a difference and are more likely to report in the future. Clear communication of the process for handling of ethics violation also increases the likelihood that senior government leaders will be made aware when misconduct problems arise.

CONCLUSION

■ **Create a Catalyst to Inspire Change.** There are lessons to be learned from the federal, state, and local government agencies that already have well-implemented programs and strong ethical cultures in places. Furthermore, the private and civil society sectors also work to reduce their ethics risks, so businesses and nonprofit organizations also have important insights to share which might be of help to government leaders. As the adage says, "iron sharpens iron." It is time to bring leaders from across levels of government and across sectors together to share ideas and create accountability mechanisms for one another.

When ethics is a priority, the benefit is enormous. Every effort to reinforce the importance of government integrity can and will make a difference; it is possible to improve workplace ethics. Now is the time to make change, and it is our hope that this research will inspire government leaders to take immediate action. We wish our government colleagues great success, and we look forward to being of assistance in that journey.

NEXT STEPS
for the Ethics Resource Center

The findings in this report represent only a portion of the National Workplace Ethics Study. In the coming months, ERC plans to undertake several additional research efforts to expand upon and complement the findings presented here:

- ➲ Publication of the National Nonprofit Ethics Survey, an investigation of the ethics of civil society — from the perspectives of employees;

- ➲ Reimplementation of the government study, collecting additional demographic data to allow for deeper exploration of specific groups (e.g., elected officials, bureaucrats, political appointees, etc.);

- ➲ Expansion of the ERC Ethics Risk Index to include evaluation of the impact of specific kinds of misconduct on the company; and

- ➲ Further exploration of the relationship between ethical culture and ethics and compliance programs.

Please contact the Ethics Resource Center at *ethics@ethics.org* to find out more about how you can help support these research projects.

ADVISORY GROUP
for Ethics Resource Center's 2007 National Government Ethics Survey

The 2007 NGES Advisory Group includes ethics and compliance practitioners from federal, state, and local governments as well as academics with expertise in the field of ethics in government. The 2007 NGES research team[8] thanks the following individuals for their insight and collaborative support, which have been invaluable.

Carol Carson
Executive Director
Connecticut Office of State Ethics

Mark Davies
Executive Director
NYC Conflicts of Interest Board

Paula Desio
Chair for Public Policy
Ethics Resource Center

David E. Freel
Executive Director
Ohio Ethics Commission

Joseph E. Gangloff
Deputy Director
United States Office of Government Ethics

Barbara B. Hannigan
Ethics Officer and Senior Compliance Counsel
Public Company Accounting Oversight Board

Carol Lewis
Professor of Political Science
University of Connecticut

Karen Lundquist
Senior Attorney and Deputy Ethics Advisor
The University of Texas System

Music McCall
Assistant Deputy Chief, Ethics and Integrity
City of San Diego

Donald C. Menzel, Ph.D.
2005-2006 President
American Society for Public Administration

Carla Miller
President
City Ethics

James M. Speros
Executive Assistant to Associate Deputy Under
    Secretary for Health for Quality and Safety
Veterans Health Administration

Colleen G. Waring
Deputy City Auditor (retired)
City of Austin, Texas

Alan E. Wiseman
Assistant Professor of Political Science
Department of Political Science
The Ohio State University

The findings and conclusions of this report are those of the Ethics Resource Center alone and do not represent the views of our Advisory Group members or their organizations.

[8] A list of the members of the NGES 2007 research team can be found on p. 44.

RESEARCH TEAM
for Ethics Resource Center's 2007 National Government Ethics Survey

The 2007 NGES benefits from the rich experience of a multi-faceted ERC research team.

A team of researchers and adjunct analysts developed the survey instrument, analyzed the data, and generated the report. This team included ERC staff members, as well as adjunct experts:

Patricia J. Harned, Ph.D., *President*

Eyyub Hajiyev

Michelle Hartz

John C. Kelley, Ph.D.

Katie Lang

Rielle Miller Gabriel

Assistance with the question set development, analysis, and report creation was provided by several ERC staff members as well as adjunct experts:

Eric Call

Paula Desio

Brent Gilroy

Arthur Kirsch, Ph.D.

Amber Levanon Seligson, Ph.D.

Skip Lowney

Joe Youn

Data for the 2007 NGES was collected by Opinion Research Corporation (ORC):

Founded in 1938, Opinion Research Corporation is a leading market research and consulting firm providing survey data and analysis to help clients achieve success with their markets, customers, employees and other stakeholders. ORC's business issues expertise encompasses Customer Experience & Strategies, Employee Engagement, Corporate Branding & Reputation and Market Planning & Development. The company is recognized for its ability to integrate research & technology and enable research-focused decision making. ORC is a member of the infoUSA family of companies and is an official partner of CNN on the CNN/Opinion Research Poll®.

Additional findings, methodology, and demographic information
can be found at *www.ethics.org*.