

Indiana Ethics Survey[®]

The State of Ethics
in the Workplace

MARIAN UNIVERSITY

Indianapolis[®]

Walker Center for Applied Ethics

This report was commissioned and funded by the Walker Center for Applied Ethics at Marian University through the Ethics Research Center at Ethics & Compliance Initiative.

About Walker Center for Applied Ethics at Marian University

The Walker Center for Applied Ethics at Marian University will be recognized as a national leader in preparing and supporting leaders and organizations to advance a more ethical world. The Center engages in relevant primary research, interdisciplinary teaching, and training, and facilitates informed dialogue on important issues to empower current and future leaders to be and act ethically.

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About ECI

The Ethics & Compliance Initiative™ (ECI™) is a best practice community of organizations and practitioners committed to creating and sustaining high-quality ethics & compliance (E&C) programs. With a history dating back to 1922, ECI brings together E&C professionals, organizations, and academics worldwide to share best practices, research, and exciting innovative ideas.

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About This Report

The Walker Center for Applied Ethics at Marian University in Indianapolis, IN commissioned this survey and report from Ethics & Compliance Initiative to provide the Center with an understanding of the current state of ethics culture across Indiana businesses as perceived by the Indiana workforce. The Walker Center's work will build on this study to further understand the drivers and differences across various sectors/industry and employee groups, and more importantly to understand the implications for business performance. The Center will work with business to improve their ethics cultures – a key requirement for improving business outcomes over the long term.

Background

Since 1994, the Ethics & Compliance Initiative (ECI) has conducted a longitudinal, cross-sectional study of workplace conduct from the employee's perspective.¹ Now in its sixteenth iteration, ECI's Global Business Ethics Survey® (GBES®) data provide the global benchmark on the state of ethics & compliance (E&C) in business.²

ECI's research provides data on trends in workplace ethics focusing on the key drivers that improve ethical cultures in the workplace. The data have shown the quality of ethics programs helps drive ethical culture and that changes in both, especially culture, impact ethics outcomes.

The strength of an organization's ethics culture is measured through multiple indicators of employee behaviors at various levels within an organization, including leaders, supervisors, and coworkers.

The strength of an organization's ethics culture is measured through multiple indicators of employee behaviors at various levels within an organization, including leaders, supervisors, and coworkers. These behaviors demonstrate and promote a commitment to ethics. A thriving ethics culture involves commitment, modeling, and the right conduct by all employees in an organization. ECI's research shows that the quality of an organization's E&C program and the strength of the organization's ethics culture is key to achieving desired ethics outcomes.

In addition, while a multitude of factors influence ethical behavior, the interplay of four major ethics outcomes tie to the daily micro-decisions employees make with respect to how they behave in the workplace. These outcomes are

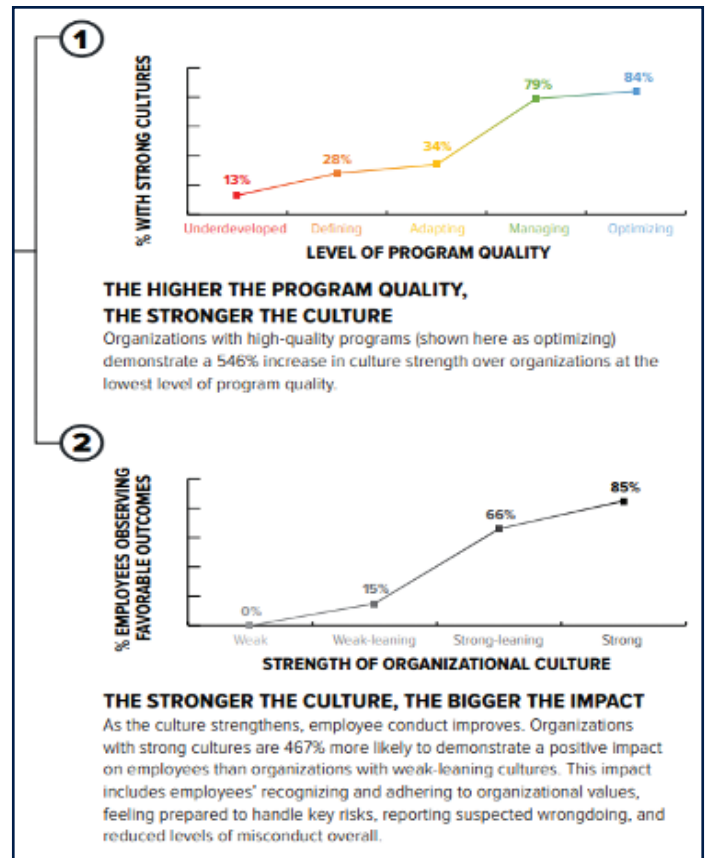
- *pressure* in the workplace to violate ethical standards,
- observations of *misconduct*,
- *reporting* of misconduct; and ultimately,
- *retaliation* perceived by employees after they report misconduct.



Workplace Culture and Ethical Behavior

In 2016, ECI convened an independent Blue Ribbon Panel of former enforcement officials, E&C practitioners and academics, and challenged the group to identify the traits that are common to “gold standard” E&C programs. The conclusions of the group were published in the report entitled *Principles and Practices of High-Quality Ethics & Compliance Programs*. ECI’s 2018 GBES research explored the impact of E&C program quality on employee perceptions and behavior. Specifically, U.S. employees were asked about:

- 1) the presence of E&C program practices in their workplace;
- 2) the level of quality of those efforts, based on a framework developed by the Blue Ribbon Panel, and;
- 3) the impact of E&C programs, based on their level of maturity, on employees’ perceptions and behavior.



Two primary findings emerged that build the case for continually improving E&C practices and policies:

- 1) **The higher the program quality, the stronger the ethical culture:** Eighty-four percent of employees working for organizations with an E&C program performing at the “optimizing” level perceived their organization as having a strong ethical culture, compared with just 13% of employees working for organizations with an “underdeveloped” E&C program.³
- 2) **The stronger the culture, the greater the impact:** Eighty-five percent of employees working for organizations with a strong ethical culture indicated observing favorable outcomes, compared with 0% of employees working for organizations with a weak ethical culture.³

ECI research has also shown that organizations with high-quality E&C programs (HQPs) are not only more likely to have strong ethical cultures, they also have an impact on the four major ethics outcomes in the following ways:

- Less **pressure** to violate ethics standards;
- Less observed **misconduct**;
- More **reporting of misconduct** observed; and,
- Less **retaliation** for reporting.

In short, when these conditions occur, an organization having a high-quality program (HQP) and a strong ethical culture has a decreased risk for E&C violations.

Results presented in this report provide an overview of the average strength of organizations’ ethical cultures, which significantly influences workplace conduct. When the strength of an organization’s ethical culture is weak, the outcomes listed above suffer. ECI’s research has consistently demonstrated that when employees experience pressure to



compromise their organization’s workplace ethics standards, there are higher incidences of misconduct, lower reporting of the same and higher rates of retaliation. In addition, when organizations are committed to ethical leadership, shared values and building an ethics-focused business culture,⁴ the organizations are more likely to have strong ethics health.⁵

of 975 employees working in all sectors/industries from organizations small to large in Indiana at all levels of the organization responded to the survey. This report summarizes key findings regarding the strength of Indiana’s business ethics culture, key ethics outcomes and implications, as well as a look at the impact of COVID-19 on ethics in Indiana’s businesses.

...when organizations are committed to ethical leadership, shared values and building an ethics-focused business culture, the organizations are more likely to have strong ethics health.

In our world of rapid change, pressure to perform and the need for reliable information to make confident decisions has never been greater.

Executive Summary

In our world of rapid change, pressure to perform and the need for reliable information to make confident decisions has never been greater. In 2020, the Walker Center for Applied Ethics at Marian University engaged ECI to conduct a survey of employees in Indiana using ECI’s GBES survey tool administered by Ipsos to gather their perspective on ethics and compliance in the workplace. A total

Strength of a Company’s Ethics Culture

The strength of an organization’s ethics culture is measured through multiple questions about the behavior of employees at various levels of an organization. A strong ethics culture involves managers and non-managers demonstrating their commitment to ethics through their words and actions. The actions of the individual employees ultimately define the enterprise-wide ethics culture of an organization.

The actions of the individual employees ultimately define the enterprise-wide ethics culture of an organization.

KEY ETHICS INSIGHT 1: The rate at which employees observe misconduct is highly correlated with the strength of an organization's ethics culture.

Overall,

1. the Strength of Ethics Culture in Indiana Businesses Has Room for Improvement

- Based on ECI's Culture Strength Index,⁶ 56% of Indiana employees indicated that their organization has a strong or strong-leaning ethics culture (strong culture). This is less than the 60% in the U.S. overall.
- However, within this overall picture, there is a subset (18%) of employees in Indiana who perceive a very strong culture compared with 15% in the U.S.

2. Indiana's Ethics Culture Is a Reflection of Employees' View of Top Management, Supervisor and Coworker Culture

- Only about half (57%) of Indiana employees perceive a strong top management culture, less than in the US overall (61%).
- Employees in Indiana view the ethics culture of their supervisors and co-workers as stronger than top management (63%), about the same as employees across the US. (65%).

Observed Misconduct, Overall and Types

Over half of employees in Indiana (54%) and the U.S. (57%) observed at least one of the 26 specific types of misconduct asked about in the survey.

Five of the six most commonly observed types of misconduct involve the management/employee relationship, similarly reported in Indiana and the US sample overall:

1. showing favoritism toward certain employees (36% of Indiana reported).
2. management lying to employees, seen by 25% of employees in Indiana
3. Abusive, intimidating, or hostile behavior (23% in IN)
4. Violating health and/or safety regulations (23%)
5. Conflicts of interest (22%)
6. Improper hiring practices (20% in IN)

Five of the six most commonly observed types of misconduct involve the management/employee relationship

The Impact of Culture on Misconduct

Misconduct is less likely to occur in an organization with a strong culture. In Indiana, in organizations categorized as having weak cultures,⁷ 66% of employees observed misconduct. In organizations categorized as having strong cultures, the percentage of employees observing misconduct dropped to 48%. The correlation also held when the most observed types of misconduct were analyzed.

	Observed Misconduct		Percentage Point Change ⁸
	Weak Culture	Strong Culture	
Indiana – Overall Observation Level	66%	48%	-18*
U.S. – Overall Observation Level	64%	55%	-8*
Favoritism toward certain employees	48%	27%	-21*
Conflicts of interest (gains at organization's expense)	24%	22%	-2

* Indicates a statistically significant difference between the observation rates in weak and strong cultures.

Source: IBES Indiana – The State of Ethics & Compliance in the Workplace (Walker Center & ECI, 2021)

KEY ETHICS INSIGHT 2: Pressure to compromise ethics standards serves as a warning sign for both ongoing and future misconduct and is strongly correlated with an employee's plan to stay with the organization.

Pressure, Overall and Types

In Indiana, 26% of employees experienced pressure⁹ to compromise their organization's workplace ethics standards, less than employees in the U.S. sample (33%).

Employees in Indiana and the U.S. feel the same types of pressure:

- Pressure to meet performance goals (Indiana, 71% vs. U.S., 76%),
- Pressure to always be available (70% vs. 75%), and
- Pressure to show their contributions/value to their organization (67% vs. 72%).

Each of these are pressures directly related to expectations that would be set by supervisors, reinforcing the significant role supervisors play in determining employee behavior in organizations.

Further, there is a strong correlation between employees' intention to stay with their companies and feeling pressure. Those employees who plan to leave their companies in less than 6 months were most likely to agree that they have felt pressure to compromise their company's ethics standards (47.8%). Employee retention has direct implications for business performance.

KEY ETHICS INSIGHT 3: Reporting observed misconduct is critical to improving the overall culture

It is imperative that employees feel comfortable reporting misconduct for companies to have effective ethics and compliance programs, as well as to ensure that those who commit wrongdoing are held accountable. High reporting rates provide organizations the greatest opportunity to address issues.

Reported Observed Misconduct, Overall and Types

In Indiana, 83% of employees said they reported "every" or "some of the behavior" they observed in general, comparable with the 86% reporting in the U.S.

The most observed types of misconduct were often the least reported. For example, favoritism toward certain employees was observed by 36% of employees in Indiana but was reported by only 38%. Other types of misconduct also reported by fewer than 50% of employees observing them in Indiana include:

- Management lying to employees (44% vs. U.S., 51%) and
- Improper hiring practices (44% vs. U.S., 55%).

In contrast, the least observed type of misconduct – sexual harassment that involved physical contact – was observed by 10% of employees in Indiana but reported by 75% of them.

The data show that individuals clearly demonstrate their preference to report to someone they are familiar or comfortable with. Employees were most likely to report to their supervisor (Indiana, 49% vs. U.S., 45%) than a higher-level manager (Indiana, 30% vs. U.S., 38%) or others in the organization, e.g., human resources.

The Impact of Culture on Reporting

Reporting is more likely to occur in an organization with a strong ethics organization and the resulting strong culture. In Indiana, reporting overall rose from 70% in a weak culture to 98% in a strong culture – almost universal reporting.¹⁰ Reporting of specific types of misconduct also increases in strong culture organizations. For example, reporting of favoritism by employees in Indiana increased from 25% in weak culture organizations to 55% in strong culture organizations.

KEY ETHICS INSIGHT 4: Retaliation for reporting observed misconduct dampens the benefits of reporting and reduces the likelihood of reporting future observed misconduct.

Retaliation can take many forms and it is often difficult to isolate and prevent. However, it is imperative that organizations investigate retaliation and make it clear that there is no tolerance for it within their organization.

Retaliation, Overall and Types

The rate of retaliation for reporting misconduct in Indiana is 64%. This is substantially lower compared with the U.S. (82%); however, it is discouragingly high. Most retaliation is reported: 93% of employees in Indiana reported the retaliation they experienced.

The rate of retaliation for reporting misconduct in Indiana is 64%.

The most frequently experienced forms of retaliation were committed by supervisors and managers – the two locations employees were most likely to report misconduct. The most frequently experienced form of retaliation was the employee being verbally abused by their supervisor (Indiana, 28% vs. U.S., 23%).

The unfortunate impact of the high rates of reported retaliation is that of the employees who reported observed misconduct, only 70% says they would report again. An otherwise strong ethics organization loses its effectiveness if retaliation is not closely monitored and corrected.

Key Ethics Insight 5: Understanding how various segments of employee population experience pressure to compromise will improve the effectiveness of training and overall ethics outcomes.

Differences Experienced by Age and Gender

While the overall percent of employees experiencing pressure to compromise their company's ethics standards is 26% (see Key Ethics Insight 1) that number goes up significantly for men (versus women) with 35.7% of men in the survey reporting they had felt pressure. Not only does this have significant implications for any organization, but it is especially significant for industries who disproportionately employ men.

Also, notable is that employees under the age of 35 (40.6% vs. average 26%) are more likely to feel pressure than those who are older. This has implications for how we are preparing individuals entering the workforce, as well as how we orient, train, and support our younger employees.

The Impact of Demographics on Ethics Culture

As companies develop their ethics and compliance programs, training, and assessment tools it is important to consider how different populations within the workforce may be experiencing the ethics culture. This also suggests focusing on supervisor training and assessment even more important as the supervisor, according to the data has the most influence over employees experience in the company.

KEY ETHICS INSIGHT 6: COVID-19 has had a measurable impact on ethics culture and outcomes across Indiana.

The uncertainty and stress that employees are experiencing amid health and safety concerns have led to changes in how employees experience and interact within the workplace.

COVID-19 and Pressure and Observed Misconduct

Over half of employees in Indiana (54%) indicated that they were experiencing more work-related pressure compared with before the COVID-19 pandemic began, somewhat fewer compared with the U.S. (58%). A small percent (8%) of employees in Indiana indicated that they were feeling less pressure.

About one-in-four employees in Indiana (24%) indicated they had observed more misconduct after the COVID-19 pandemic began. In contrast, a higher number (29%) of employees in Indiana indicated they had observed less misconduct.

Over half of employees in Indiana (54%) indicated that they were experiencing more work-related pressure compared with before the COVID-19 pandemic began.

Acting in Response to COVID-19

Employees in Indiana who indicated that they were symptomatic or diagnosed with COVID-19 (12%) were asked two follow-up questions about their actions afterward related to their work.

	Indiana	U.S.
Percent of Employees Who Were Diagnosed with COVID-19	12%	14%
Percent Who Told Their Employer	86%	91%
Percent Who Felt They Needed to Continue to Work for Fear They Would Lose Their Job	74%	91%*

* Indicates a statistically significant difference between the observation rates in Indiana versus the U.S.
Source: IBES Indiana – The State of Ethics & Compliance in the Workplace (Walker Center & ECI, 2021)

Returning to Work

Nearly all (95%) employees in Indiana indicated that having symptomatic employees stay away from their work location would make them more comfortable to return to a physical work location. Fewer employees in Indiana (78%) agreed that adding more sick days would make them more comfortable with returning to a shared work location.

Organizational Changes Due to COVID-19

- Close to half of employees in Indiana (45%) said that their organization implemented new policies in reaction to the COVID-19 pandemic (U.S., 37%). Many of these new policies were related to working remotely.
- Half (50%) of employees in Indiana indicated they started working remotely at least some of the time since the beginning of the pandemic; the U.S. was higher (60%).
- Half of employees in Indiana (50%) said their employment status was impacted due to the pandemic.
 - Of those employees, 24% experienced a reduction in hours and 12% were furloughed.

Ethical Culture Strength: According to Indiana Employees

Organizational culture can be defined as the “... pattern of basic assumptions [...] that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.”¹¹ Therefore, the relative strength or weakness of a company’s ethical culture depends, in large part, on the extent to which employees at all levels of the organization engage in ethical actions and behaviors.

The survey measures the strength of an organization’s ethical culture through multiple questions about the behavior of employees at various levels throughout an organization. These behaviors exhibit whether or not there is an enterprise-wide approach to ethical culture by the organization and demonstrate and promote a commitment to ethics on a daily basis. A strong ethical culture involves managers and non-managers demonstrating their commitment to ethics through their words and actions. A weak culture is represented by the inverse condition.

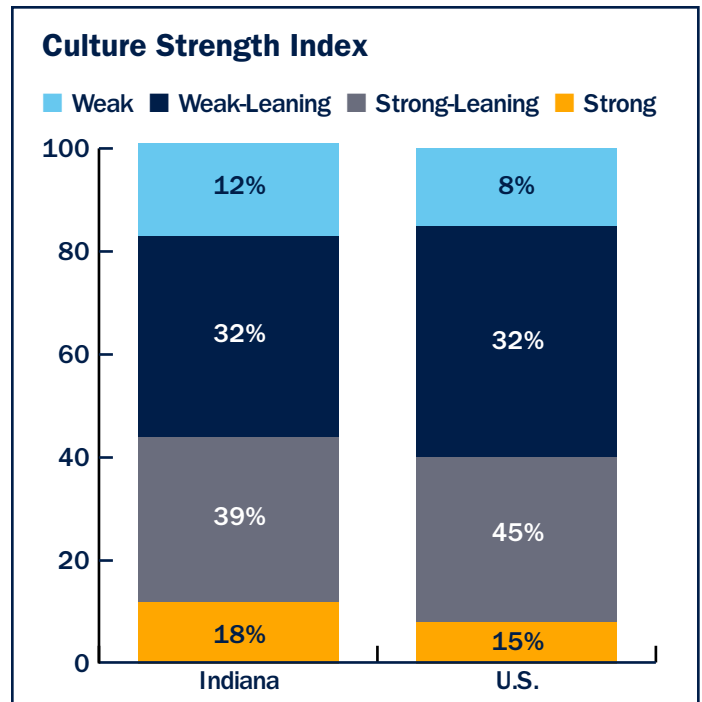
A strong ethical culture involves managers and non-managers demonstrating their commitment to ethics through their words and actions.

Research has found that higher quality E&C programs are linked with stronger cultures. The single most significant influence on employee conduct is culture. In strong cultures, wrongdoing is significantly reduced.

The single most significant influence on employee conduct is culture.

Indiana Overall

Based on ECI’s Culture Strength Index,¹² 56% of Indiana employees indicated that their organization has a strong or strong-leaning ethics culture (strong culture). And, 18% of employees in Indiana perceive a very strong culture. Given that culture is the most influential determinant of employee conduct, organizations in Indiana would benefit from improved ethics cultures.



Source: *The State of Ethics & Compliance in the Workplace: GBES Indiana (ECI, 2021)*

Indiana Top Management, Supervisor and Coworker Culture Strength

- Compared with employees in the U.S., employees in Indiana are as likely to perceive a strong top management culture (57% vs. 61%).
- Although employees in Indiana are as likely as employees in the U.S. to perceive a strong supervisor culture (63% vs. 65%), employees in Indiana are more likely to perceive a very strong supervisor culture compared with employees in the U.S. (21% vs. 18%).
- Employees in Indiana are less likely to perceive a strong coworker culture compared with employees in the U.S. (63% vs. 67%).
- Employees in Indiana are less likely to perceive a strong top management culture (57%) compared

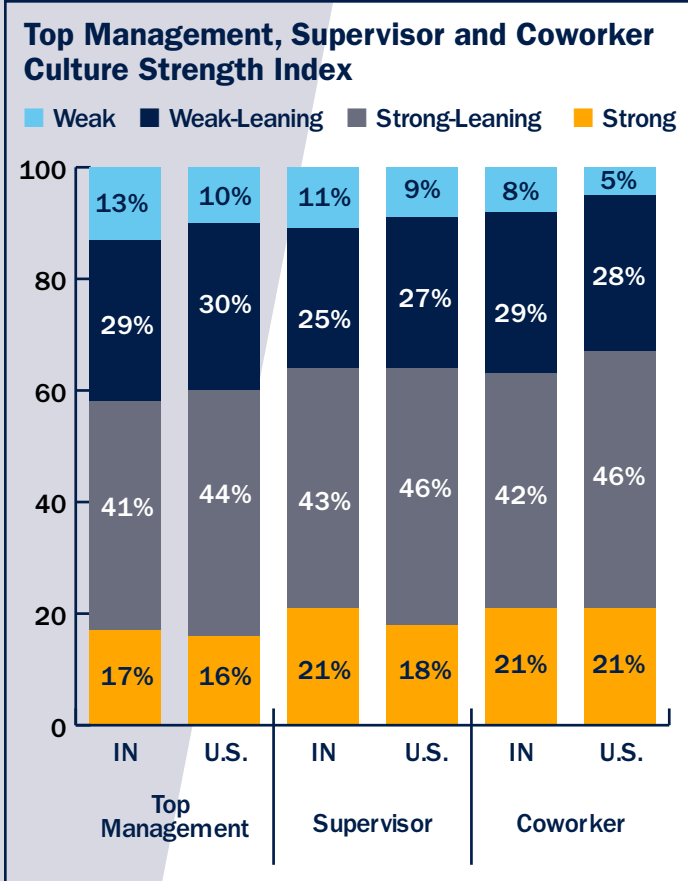
with the supervisor (63%) and coworker (63%) cultures. Furthermore, compared with perceptions about all other employees in the U.S. or in Indiana, perceptions about the ethical behavior of top management employees in Indiana are the least favorable of all.

Key Ethics Insight 1: Pressure to Compromise Standards

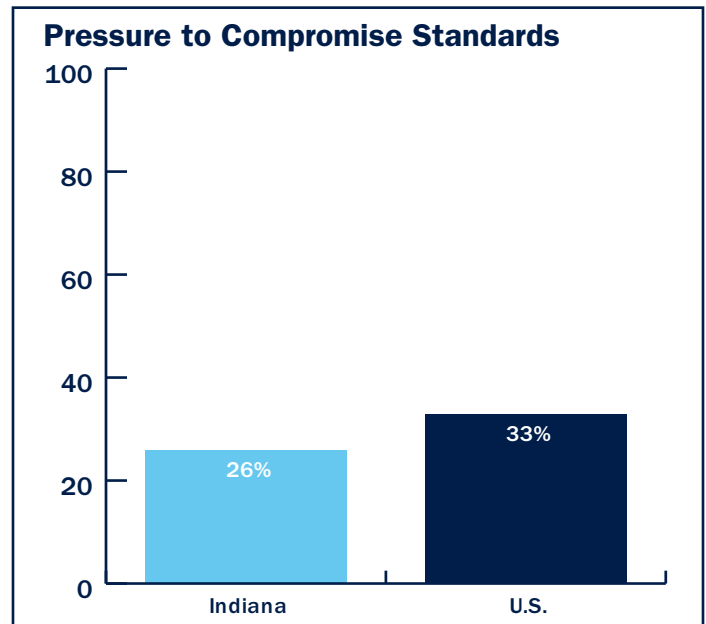
Pressure to compromise standards serves as a warning signal for both ongoing and future misconduct. Employees working in high-pressure organizations are much more likely to observe misconduct in their workplace.

Indiana Overall

In Indiana, 26% of employees agreed¹³ that they experienced pressure to compromise their organization's workplace ethics standards, seven percentage points less than employees in the U.S.



Source: *The State of Ethics & Compliance in the Workplace: GBES Indiana (ECI, 2021)*



Source: *The State of Ethics & Compliance in the Workplace: GBES Indiana (ECI, 2021)*

Types of Pressure

Employees in Indiana and the U.S. feel the same types of pressure and generally in the same relative order. Both groups of employees are most likely to feel pressure to meet performance goals (Indiana, 71% vs. U.S., 76%), to always be available (70% vs. 75%) and to show their contributions/value to their organization (67% vs. 72%). While the types of pressure are similar, employees in Indiana are less likely to feel each source of pressure compared with employees in the U.S. Each of these are pressures directly related to expectations that would be set by supervisors, demonstrating the significant role supervisors play in determining employee behavior in organizations.

Most Common Sources of Pressure

	Indiana	U.S.	Percentage Point Difference ¹⁴
To meet performance goals	71%	76%	-5*
To always be available	70%	75%	-5*
To show your contribution(s)/value	67%	72%	-5*
To satisfy expectations of people who support or invest in your organization	62%	66%	-4*
To minimize costs and/or generate more revenue	60%	66%	-5*
To be in a work environment in the same physical work space as colleagues, customers, clients, etc.	57%	63%	-5*
Related to your job security	55%	64%	-9*
To work more hours	54%	61%	-7*

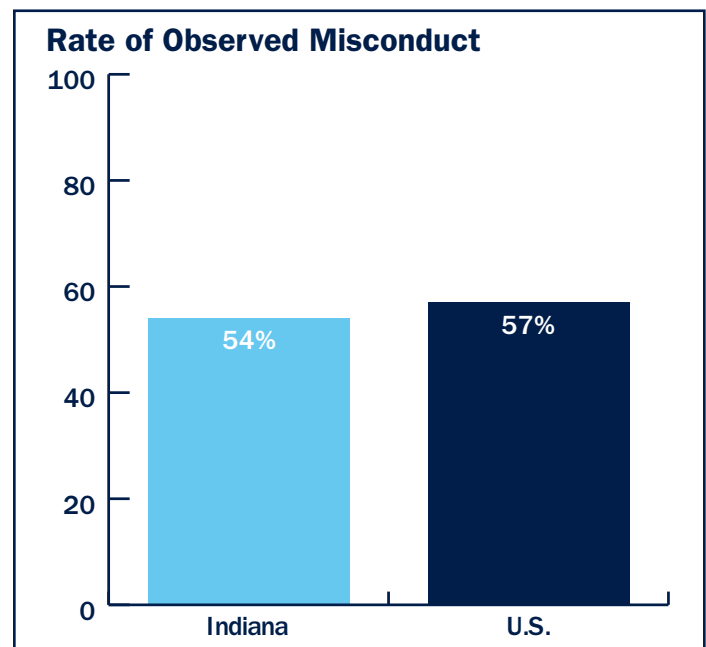
* Indicates a statistically significant difference between the Indiana and U.S. rates of pressure.
Source: The State of Ethics & Compliance in the Workplace: GBES Indiana (ECI, 2021)

Key Ethics Insight 2: Observed Misconduct Rate

The rate at which employees observe misconduct is a fundamental indicator of the strength of an organization's ethics culture. Organizations with high rates of misconduct are likely to have ineffective E&C programs, a lack of accountability and senior leaders that fail to communicate the importance of ethics in the workplace.

Indiana Overall

Over half of employees in Indiana (54%) and the U.S. (57%) observed at least one of the 26 specific types of misconduct asked about in the survey.



Source: The State of Ethics & Compliance in the Workplace: GBES Indiana (ECI, 2021)

Types of Observed Misconduct

The six most commonly observed types of misconduct largely revolve around interpersonal behavior. The number one behavior is showing favoritism toward certain employees (36%). Each of these behaviors was seen by more than one-in-five employees in the previous twelve months. It is important to note that violations of health and/or safety regulations are typically not considered to result from personal interaction between employees, but this year some of those violations might be attributable to personal interactions that violate COVID-19-related policies.

Most Common Types of Observed Misconduct

	Indiana	U.S.	Percentage Point Difference ¹⁵
Favoritism toward certain employees	36%	37%	-1
Management lying to employees	25%	27%	-3
Abusive, intimidating or hostile behavior	23%	25%	-3
Violating health and/or safety regulations	23%	25%	-2
Conflicts of interest (gains at organization's expense)	22%	25%	-4*
Improper hiring practices	20%	26%	-6*

* Indicates a statistically significant difference between the observation rates in Indiana and the U.S.

Source: *The State of Ethics & Compliance in the Workplace: GBES Indiana (ECI, 2021)*

The Impact of Culture on Observed Misconduct

In Indiana, 66% of employees working in organizations with weak cultures¹⁶ observed misconduct. Conversely, in organizations categorized as having strong cultures, the percentage of employees observing misconduct dropped to 48%. Rates of misconduct of the six most observed types of misconduct also declined, decreasing by two to 21 percentage points.

	Observed Misconduct		Percentage Point Change ¹⁷
	Weak Culture	Strong Culture	
Indiana – Overall Observation Level	66%	48%	-18*
U.S. – Overall Observation Level	64%	55%	-8*
Favoritism toward certain employees	48%	27%	-21*
Management lying to employees	36%	18%	-18*
Abusive, intimidating or hostile behavior	26%	22%	-4
Violating health and/or safety regulations	26%	20%	-6*
Conflicts of interest (gains at organization's expense)	24%	22%	-2
Improper hiring practices	22%	19%	-3

* Indicates a statistically significant difference between the observation rates in weak and strong cultures.

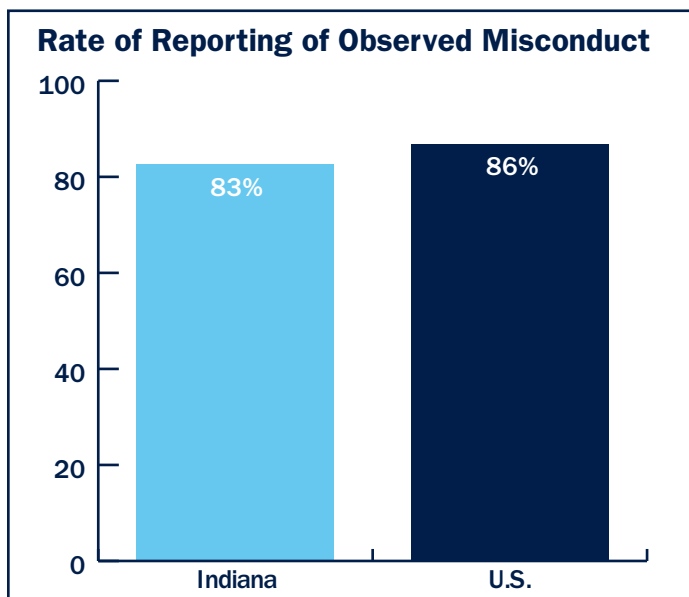
Source: *The State of Ethics & Compliance in the Workplace: GBES Indiana (ECI, 2021)*

Key Ethics Insight 3: Misconduct Rates

The only way to improve an ethics culture is to understand the nature of misconduct within an organization. It is imperative that employees feel comfortable reporting misconduct, because without said reports it is impossible for organizations to develop effective E&C programs and to ensure that those who commit wrongdoing are held accountable.

Indiana Overall

In Indiana, 83% of employees said they reported “every” or “some of the behavior” they observed in general, comparable with the 86% reporting in the U.S.



Source: *The State of Ethics & Compliance in the Workplace: GBES Indiana (ECI, 2021)*

Types of Reported Misconduct

The most observed types of misconduct were often the least reported. Favoritism toward certain employees was observed by 36% of employees in Indiana, but was reported by only 38% of them. For reference, the least observed type of misconduct – sexual harassment that involved physical contact – was observed by 10% of employees but 75% of them reported their observation. This was also the most reported type of misconduct of the 26 types asked about in the survey, providing organizations the greatest opportunity to address this issue compared with all other types of misconduct.

Least Commonly Reported Types of Observed Misconduct

	Indiana	U.S.	Percentage Point Difference ¹⁸
Favoritism toward certain employees	38%	44%	-6*
Management lying to employees	44%	51%	-7*
Improper hiring practices	44%	55%	-11*

* Indicates a statistically significant difference from the reporting rate in the U.S.

Reporting Rates for Remaining Three Most Observed Types of Misconduct

	Indiana	U.S.	Percentage Point Difference ¹⁹
Conflicts of interest (gains at organization's expense)	53%	60%	-7*
Violating health and/or safety regulations	61%	64%	-3
Abusive, intimidating or hostile behavior	66%	62%	+4

* Indicates a statistically significant difference from the reporting rate in the U.S.

Reporting Locations

Employees in Indiana and the U.S. were most likely to report to their supervisor (49% and 45%, respectively) or a higher-level manager (30% and 38%, respectively). Individuals clearly demonstrate their preference to report to someone they are familiar or comfortable with.



* Indicates a statistically significant difference between Indiana and the U.S.

Source: The State of Ethics & Compliance in the Workplace: GBES Indiana (ECI, 2021)

The Impact of Culture on Reporting Misconduct

Reporting is more likely to occur in an organization with a strong culture. In Indiana, reporting overall rose from 70% in a weak culture to nearly universal reporting in a strong culture (98%).²⁰ Reporting of specific types of misconduct also increased in strong culture organizations. Reporting of favoritism increased from 25% in weak culture organizations to 55% in strong culture organizations. Strong cultures helped to counteract the anemic reporting rates noted in the previous section for the three most prevalent types of misconduct shown in the table below.

	Reported Misconduct		Percentage Point Change ²¹
	Strong Culture	Weak Culture	
Indiana – Overall Reporting Rate	98%	70%	+28*
U.S. – Overall Reporting Rate	97%	65%	+32*
Favoritism toward certain employees	55%	25%	+31*
Management lying to employees	70%	26%	+44*
Improper hiring practices	64%	25%	+39*
Conflicts of interest (gains at organization's expense)	69%	35%	+34*
Violating health and/or safety regulations	76%	47%	+29*
Abusive, intimidating or hostile behavior	80%	51%	+29*

* Indicates a statistically significant difference between the reporting rates in weak and strong cultures.

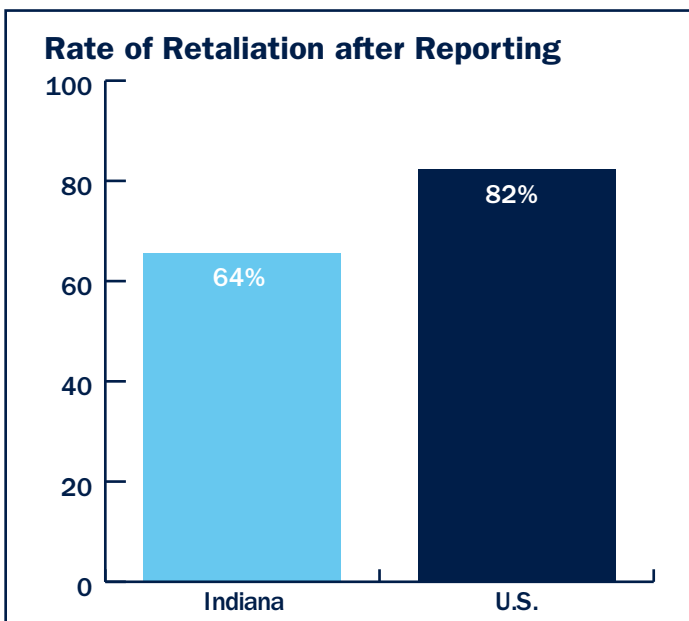
Source: The State of Ethics & Compliance in the Workplace: GBES Indiana (ECI, 2021)

Key Ethics Insight 4: Retaliation Rate

Retaliation against reporters is one of the most intractable issues that organizations must address. Retaliation can take many forms and it is often difficult to isolate and prevent. However, it is imperative that organizations investigate retaliation and make it clear that there is no tolerance for it within their organization.

Indiana Overall

The rate of retaliation for reporting misconduct in Indiana is 64%. This is substantially lower compared with the U.S. (82%); however, it is still discouragingly high.



Source: *The State of Ethics & Compliance in the Workplace: GBES Indiana (ECI, 2021)*

Nearly two-thirds of employees in Indiana experience retaliation after reporting observed misconduct.

An encouraging finding is that employees were very likely to report retaliation they experienced. Ninety-three percent of employees in Indiana reported some or all of the retaliation they experienced (U.S., 94%). Consequently, most organizations were provided with an opportunity to identify and address the retaliation taking place amongst their employees. As a result, it is critical that senior leaders and supervisors investigate the reported incidents of retaliation and take disciplinary measures where necessary. If left unaddressed, retaliation can erode ethical culture and undermine efforts to encourage employees to speak-up and raise concerns.

Types of Retaliation

The most frequent forms of retaliation were committed by supervisors and managers – the two resources to which employees were most likely to report misconduct. Most frequently, retaliation took the form of the employee being: verbally abused, ignored, excluded, given a poor performance review and/or threatened.

Percentage of employees experiencing specific types of retaliation

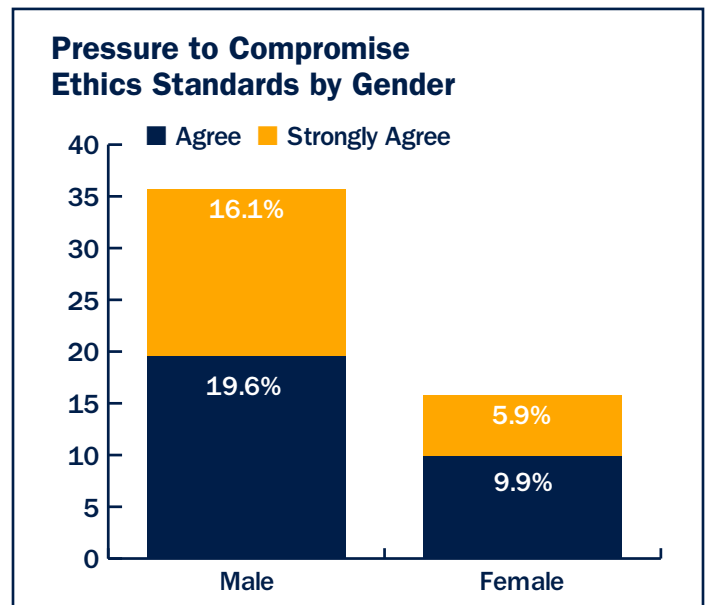
	Indiana	U.S.	Percentage Point Difference ²²
I was verbally abused by my supervisor or someone else in management	28%	23%	+5
Other employees intentionally ignored me or began treating me differently	27%	24%	+3
My supervisor intentionally ignored me or began treating me differently	26%	24%	+3
My supervisor excluded me from decisions and/or work activity	25%	21%	+5
A manager or managers other than my supervisor excluded me from decisions and/or work activity	25%	19%	+6*
I was verbally abused by other employees	23%	21%	+2
I was given a poor performance review	22%	20%	+2
I was threatened by my supervisor or someone else in management	20%	19%	+5

* Indicates a statistically significant difference from the retaliation rate in the U.S.

Source: *The State of Ethics & Compliance in the Workplace: GBES Indiana (ECI, 2021)*

Key Ethics Insight 5: Demographics Matter

While the overall percent of employees experiencing pressure to compromise their company’s ethics standards is 26% (see Key Ethics Insight 1) that number goes up significantly for men (versus women) with 35.7% of men in the survey reporting they had felt pressure. Not only does this have significant implications for any organization, but it is especially significant for industries who disproportionately employ men.



Also, notable is that employees under the age of 35 (40.6%) are more likely to feel pressure than those who are older. This has implications for how we are preparing individuals entering the workforce, as well as how we orient, train, and support our younger employees.

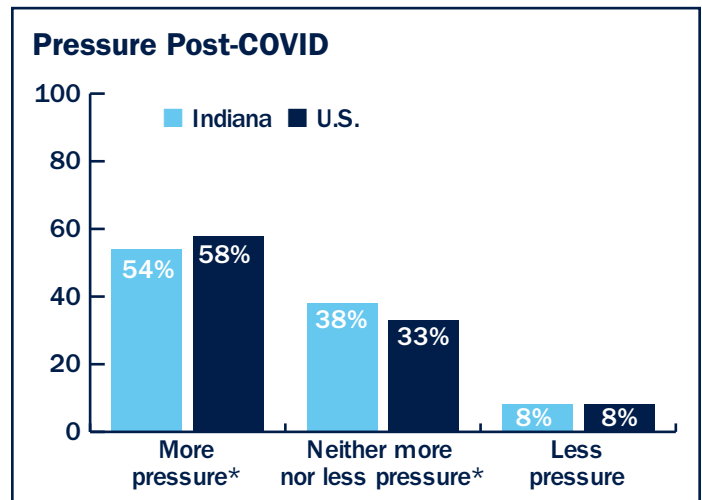
Special Section: COVID-19

Since the start of 2020, the COVID-19 pandemic has led to extraordinary challenges in workplaces across the globe. A new reality exists with fundamental shifts that necessitated a multitude of organizational changes and adaptations at lightning speed. The uncertainty and stress that employees are experiencing amid health and safety concerns have led to changes in how employees experience and interact within the workplace.

To understand the impact of COVID-19, employees were asked a series of questions that measured their stress and pressure since the pandemic began.

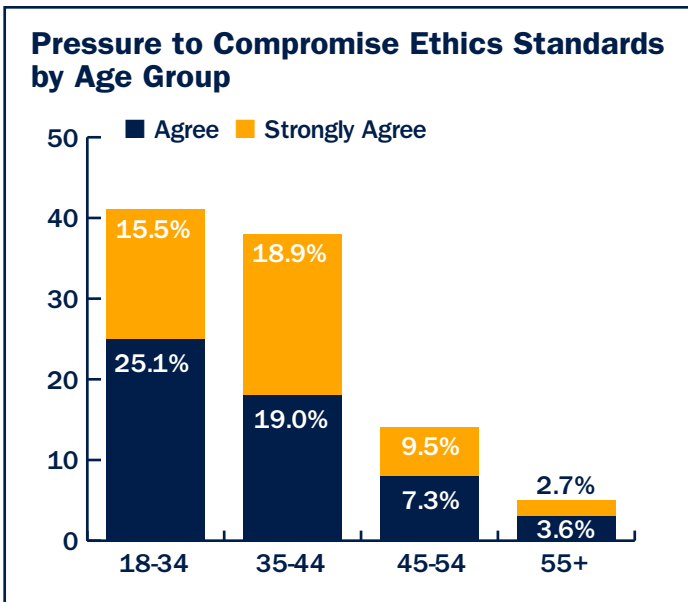
COVID-19 and Pressure—Indiana

Compared with the U.S., fewer employees in Indiana (54%) indicated that they were experiencing more work-related pressure compared with before the COVID-19 pandemic began (54% vs. 58%). However, this is still more than half and greater than the 46% of employees in Indiana who indicated that they were feeling the same or less pressure compared with before the COVID-19 pandemic began.



*Indicates a statistically significant difference between Indiana and the U.S.

Source: *The State of Ethics & Compliance in the Workplace: GBES Indiana (ECI, 2021)*

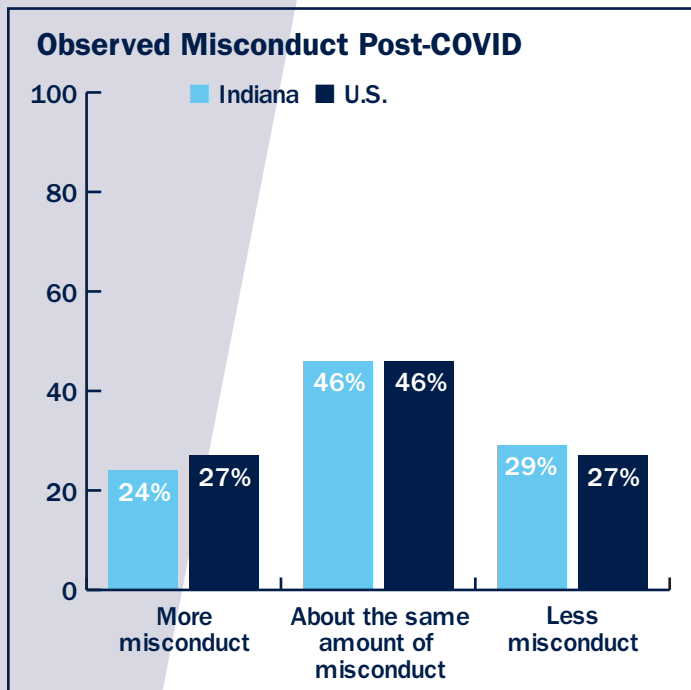


The Impact of Demographics on Ethics Culture

As companies develop their ethics and compliance programs, training, and assessment tools it is important to consider how different populations within the workforce may be experiencing the ethics culture. This also suggests focusing on supervisor training and assessment even more important as the supervisor, according to the data has the most influence over employees' experience in the company.

COVID-19 and Observed Misconduct—Indiana

To assess whether the circumstances of the pandemic were influencing observations of misconduct, the survey asked employees if there had been changes in this area since the pandemic began. About one-in-four employees in Indiana (24%) indicated they had observed more misconduct after the COVID-19 pandemic began. In contrast, 29% of employees in Indiana indicated they had observed less misconduct. The remainder of the employees in Indiana, 46%, observed about the same amount of misconduct.



* Indicates a statistically significant difference between Indiana and the U.S. (note: no * indicates there is no statistically significant difference)
 Source: *The State of Ethics & Compliance in the Workplace: GBES Indiana (ECI, 2021)*

Acting in Response to COVID-19—Indiana

Employees in Indiana who indicated that they were symptomatic or diagnosed with COVID-19 (12%) were asked two follow-up questions about their actions afterward vis-à-vis work. Of these 12%, 86% of employees said that they told their employer. This is comparable with 91% in the U.S. who told their employer.

Although employees in Indiana who were symptomatic or diagnosed with COVID-19 were much less likely to feel that they needed to work out of fear that they would lose their job compared with the U.S. (74% vs. 91%), nonetheless that still indicates that nearly three-quarters of them still felt the need to continue to work when sick.

Only four percent of employees in Indiana and the U.S. said it was unlikely they would tell their employer if they were symptomatic or diagnosed with COVID-19.

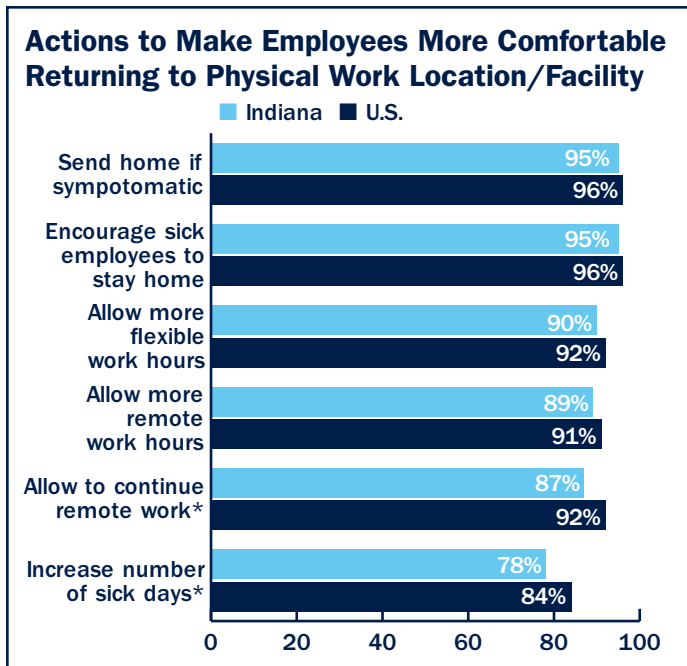
	Indiana	U.S.
Percent of Employees Who Were Diagnosed with COVID-19	12%	14%
Percent Who Told Their Employer	86%	91%
Percent Who Felt They Needed to Continue to Work for Fear They Would Lose Their Job*	74%	91%

* Indicates a statistically significant difference between Indiana and the U.S.

Source: *The State of Ethics & Compliance in the Workplace: GBES Indiana (ECI, 2021)*

Returning to Work—Indiana

The survey asked employees about measures that would make them more comfortable returning to a physical work location or facility. The leading two responses selected by 95% of employees in Indiana were to have or encourage symptomatic employees stay away from the work location. Adding more sick days might provide sick employees with the necessary off to deal with their illness and protect others, but 22% of employees in Indiana did not see it as an answer to making them more comfortable with returning to a shared work location.



Source: *The State of Ethics & Compliance in the Workplace: GBES Indiana (ECI, 2021)*

Organizational Changes Due to COVID-19 – Indiana

In addition to traditional organizational changes such as mergers and acquisitions, 45% of employees in Indiana said that their organization implemented new policies in reaction to the COVID-19 pandemic (U.S., 37%). In many cases, these new policies were related to working remotely. Half (50%) of employees in Indiana indicated they started working remotely at least some of the time since the beginning of the pandemic; the U.S. was higher (60%). Employees have also been deleteriously impacted in terms of their employment status. The employment status of 50% of employees in Indiana was impacted due to the pandemic (50%, U.S.). Of those employees in Indiana whose employment status was impacted, 24% experienced a reduction in hours and 12% were furloughed.

Conclusions

The findings illustrate that employees in Indiana have both strengths and opportunities. While many employees in Indiana hold a favorable perspective or have a favorable experience, the fact that an almost equal number do not share those perspectives presents a risk and an opportunity to strengthen the ethical climate in which employees find themselves.

Ethical Culture

Too few employees in Indiana perceive that employees around them are behaving ethically. This means that employees are less likely to see their colleagues at all levels promoting and modeling ethical behavior, keeping promises and commitments and being held accountable for their ethical behavior. In particular, employees in Indiana are least likely to see ethical behavior by those in top management.

Key Ethics Outcomes

Although fewer employees in Indiana perceive pressure to compromise standards, compared with employees in the U.S., nonetheless, one-in-four (25%) of them perceive pressure (U.S., 33%). Similar to the U.S., the forms of pressure they experience are those most likely to originate from their supervisor, the individual that typically has the most significant impact on an employee's experience at their organization.

Over half of employees in Indiana (54%) observed at least one type of misconduct in the previous twelve months. Paired with this is the finding that the most observed types of misconduct are the least reported; creating a condition where organizations have a low ability to address and resolve the most prevalent forms of misconduct taking place.

Almost two-thirds of employees in Indiana who observe and report misconduct experience retaliation for reporting (64%). This is a more favorable finding compared with employees in the U.S. where 82% of reporters experience retaliation, but it presents a drastic condition for organizations that find that a large majority of reporters have a negative experience

after speaking up. On the contrary, a very positive note is that 93% of employees who experience retaliation speak up about the retaliation and report it to an appropriate person or place.

The COVID-19 Experience

COVID-19's impact has been substantial in many organizations. More than half of employees in Indiana (54%) feel more pressure to compromise standards, compared with before the COVID-19 pandemic began. This compares favorably with the 58% of employees in the U.S. who feel more pressure, compared with prior to the pandemic. Additionally, about one-quarter of employees in Indiana (24%, vs. U.S., 27%) indicated that they observed more misconduct, compared with before the COVID-19 pandemic began. Nearly one-half of employees in Indiana (45% vs. U.S., 37%) have seen their organizations implement new policies in reaction to the COVID-19 pandemic. Half (50%) started working remotely. Half (50%) of employees in Indiana experienced changes in their work status, including a reduction in work hours (24%) and/or furloughs (12%).

One-in-seven employees in Indiana who were symptomatic of or diagnosed with COVID-19 did not tell their employer (14% vs. U.S., 9%). About one-quarter of employees in Indiana who were symptomatic or diagnosed with COVID-19 felt the need to continue to work for fear that they would lose their job (26% vs. U.S., 9%). When asked what would make them more comfortable in returning to a shared work location, nearly all employees in Indiana indicated that sending or encouraging employees to stay home would contribute to that comfort (95% vs. U.S., 96%). This presents a conundrum for organizations that have employees who will not reveal their positive COVID-19 status, who feel the need to work for fear they would lose their job, and, are receiving the message from their coworkers that if they are sick, they should not come to the worksite so that the coworkers can feel more comfortable being there.

Methodology

Note on Indiana and GBES-U.S. (U.S.) Data: To compare findings across surveys, Indiana and U.S. data in this report are based on responses from employees working in the for-profit, nonprofit, and governmental sectors.

Since 1994, the Ethics & Compliance Initiative (ECI) has conducted a longitudinal, cross-sectional study of workplace conduct from the employee's perspective. Survey participants are asked to provide insight into the strength of the ethics culture in their workplace, the instances of misconduct they have observed, and what—if any—efforts are underway in their organization to promote integrity.

In alignment with the approach to collect information about workplace conduct from the employee's perspective, in 2020, ECI conducted a GBES of employees in the State of Indiana. The survey collected 1000 responses from individuals who met the following criteria. Participants were:

- 18 years of age or older,
- Currently employed at least 20 hours per week for a single employer,
- Working in the for-profit, nonprofit or governmental sector, and
- Working for a company that employed at least two people.

The 2020 Indiana GBES (Indiana) data collection took place between September and November 2020. The survey collected data from 975 employees. This report summarizes data collected from employees in the State of Indiana (Indiana) using ECI’s GBES survey tool. The Indiana results are analyzed according to the framework described above and are compared against employees in the 2020 GBES-U.S. (U.S.) findings. Additional comparisons are also made to show the impact of a strong versus a weak culture on selected, key ethics outcomes. All comparisons made and presented in this report have been tested at the 95% confidence level to ascertain if the differences are statistically significant. Only statistically significant differences are presented. When reading the report, significance test results are presented in different ways, including:

- No significant difference: The report might refer to the difference as “as likely,” “comparable,” “the same as,” or the report might be silent on any comparison
- Significant difference: The report might refer to the difference as “more likely” or “less likely,” “more” or “more than” or “less” or “less than,” “fewer”

ECI established survey questions and sampling methodology; Ipsos America, Inc. managed data collection.

Data collection mode and weighting: In Indiana, data were collected via an online survey.

In Indiana, data were weighted by age, gender, and race/ethnicity.

Respondent Demographics

Indiana demographics include 975 employees from the State of Indiana. U.S. demographics include 5,006 employees surveyed in the U.S.

Indiana Demographics		U.S. Demographics	
Organization Size		Organization Size	
2 to 5	4%	2 to 5	4%
6 to 9	4%	6 to 9	3%
10 to 19	4%	10 to 19	4%
20 to 49	8%	20 to 49	6%
50 to 99	9%	50 to 99	8%
100 to 249	9%	100 to 249	9%
250 to 499	9%	250 to 499	10%
500 to 999	14%	500 to 999	16%
1,000 to 2,499	9%	1,000 to 2,499	8%
2,500 to 4,999	6%*	2,500 to 4,999	8%
5,000 to 9,999	6%	5,000 to 9,999	6%
10,000 to 19,999	5%*	10,000 to 19,999	4%
20,000 to 49,999	4%	20,000 to 49,999	3%
50,000 to 89,999	2%	50,000 to 89,999	2%
90,000 or more	7%	90,000 or more	7%
Job Position		Job Position	
Top management (e.g., CEO/President, C-suite)	39%	Top management (e.g., CEO/President, C-suite)	40%
Middle management (e.g., director, persons managing multiple reports)	21%*	Middle management (e.g., director, persons managing multiple reports)	17%
First-line direct supervisor with direct reports	16%*	First-line direct supervisor with direct reports	21%
Individual contributor/Not a member of management	10%	Individual contributor/Not a member of management	10%
Other – unidentified	10%	Other – unidentified	9%
Industry		Industry	
Arts, Entertainment, and Recreation	2%	Arts, Entertainment, and Recreation	2%
Accommodation and Food Services	2%	Accommodation and Food Services	2%

Aerospace and Defense	1%	Aerospace and Defense	1%
Agriculture, Forestry, Fishing and Hunting	1%	Agriculture, Forestry, Fishing and Hunting	1%
Automotive	2%	Automotive	2%
Construction	4%	Construction	4%
Education	13%	Education	12%
Finance and Banking	4%	Finance and Banking	5%
Government	5%	Government	6%
Information, Media (e.g., Cable, Publishing, Radio, Social Media)	1%	Information, Media (e.g., Cable, Publishing, Radio, Social Media)	1%
Insurance	2%	Insurance	3%
Management of Companies and Enterprises	0.4%	Management of Companies and Enterprises	1%
Manufacturing	9%*	Manufacturing	6%
Medical	12%*	Medical	9%
Mining: Oil, Coal, other Materials and Ores	0.1%	Mining: Oil, Coal, other Materials and Ores	0.3%
Non-profit (Other type not listed)	5%*	Non-profit (Other type not listed)	2%
Professional, Scientific and Technical Services	4%	Professional, Scientific and Technical Services	4%
Real Estate (Commercial and/or Residential), Rentals and Leasing	1%	Real Estate (Commercial and/or Residential), Rentals and Leasing	2%
Retail Trade	5%	Retail Trade	7%

Technology (e.g., Info Tech (IT), Info Systems (IS), Tech Firms, Telecommunications)	11%*	Technology (e.g., Info Tech (IT), Info Systems (IS), Tech Firms, Telecommunications)	18%
Transportation and Warehousing, Waste Management	3%*	Transportation and Warehousing, Waste Management	2%
Utilities: Electric, Gas, Water	1%	Utilities: Electric, Gas, Water	1%
Wholesaling	1%	Wholesaling	1%
Other Services: Personal Svcs., Repairs, Civic/Prof./Social/Religious/etc. orgs.	2%	Other Services: Personal Svcs., Repairs, Civic/Prof./Social/Religious/etc. orgs.	3%
Other	9%	Other	9%
Age		Age	
18-34	24%*	18-34	27%
35-44	26%	35-44	25%
45-54	23%	45-54	24%
55+	28%*	55+	24%
Sex		Sex	
Male	48%	Male	50%
Female	52%	Female	50%
Non-binary/third gender	1%	Non-binary/third gender	0.2%
Union		Union	
Yes	14%*	Yes	24%
No	86%	No	76%

**Asterix indicates statistically significant difference between Indiana data and U.S. data*

About GBES

Since 1994, ECI has conducted a longitudinal, cross-sectional study of workplace conduct from the employee's perspective. Survey participants are asked to provide insight on a variety of topics, including the strength of the ethics culture in their workplace, the instances of misconduct that they have observed, and what, if any, efforts are underway in their organization to promote integrity.

The data from the Global Business Ethics Survey® (GBES®) provide the international benchmark on the state of E&C in business across the globe.

The 2020 GBES is the 16th iteration of the GBES (formerly NBES). Historically, ECI reported findings from the research under two titles: The National Business Ethics Survey® (NBES®), which provided measures of U.S. workplaces; and the GBES, which expanded the dataset to include input from employees around the world. In 2017, ECI updated both the U.S. and global studies and combined the research under the GBES name.

In 2020, the GBES surveyed over 14,000 employees in 10 countries (approximately 5,000 employees in the United States and 1,000 employees in each of the other nine countries). Research content from the GBES is released through reports, infographics, interactive graphics, EthicsStats® and other formats.

To further grow the body of E&C data, the GBES will continue to replenish its longitudinal data collection during even years while expanding its data collection to special topics of interest to the E&C community during odd years.

For more information about GBES research and to access previous reports, please visit our website at www.ethics.org/GBES.

Footnotes

- ¹ Historically, ECI reported findings from the research under two titles: the National Business Ethics Survey® (NBES®), which provided measures of U.S. workplaces, and the Global Business Ethics Survey® (GBES®), which expanded the study to include workplaces globally. In 2017, ECI updated both the U.S. and global measures, now under a single banner as the Global Business Ethics Survey. The NBES and GBES have historically been fielded by the Ethics Resource Center (ERC). After a strategic alliance, ERC is now branded under the Ethics & Compliance Initiative (ECI).
- ² The NBES was administered in the United States only in 1994, 2000, 2003, 2005, 2007, 2009, 2011 (two times), 2012 (two times), 2013, 2015 and 2017, including subject specific NBESs. The GBES was administered in the U.S. and other countries in 2017, 2019 and now 2020. GBES results presented in this report are those collected in 2020 from the U.S.
- ³ Results based on the 2018 GBES
- ⁴ Improving Ethical Outcomes: The Role of Ethics Training (Ethics Research Center, 2008).
- ⁵ Reducing Perceived Pressure to Behave Unethically: The Role of Leaders and Coworkers (Ethics Research Center, 2008).
- ⁶ Employee perceptions are grouped together to form ECI's Culture Strength Index. Survey items that make up the Index include the following: 1) Accountability of top management, supervisors and non-management employees, 2) Satisfaction with information from top management and supervisors about what is going on in the organization, 3) Trust that top management and supervisors will keep their promises and commitments, and 4) Belief that Top management, supervisors and coworkers set a good example of ethical workplace behavior.
- ⁷ As used in this report, the term 'weak culture' is a culture that is weak or weak-leaning.
- ⁸ Change is the amount that observed misconduct decreases in a strong culture compared with a weak culture. Change is calculated using unrounded values.
- ⁹ The percentage of employees who indicated "Strongly agree" or "Agree" that they feel pressure from others to compromise standards.
- ¹⁰ The overall reporting rate is derived from a question asking employees generally about observing and reporting misconduct: paraphrased; Did you observe misconduct in the past twelve months? Did you report your observation? It is not calculated using an aggregation of the individual responses to the specific types of misconduct. This goes toward explaining the difference in the 98% rate compared with the individual reporting rates that are in the 50% to 80% range. The general reporting rate is predicated on employees' recollections and knowledge about what constitutes misconduct. Many employees are not aware of, or do not consider some of the specific types of misconduct to be misconduct, thus do not report them, resulting in the lower individual reporting rates shown in the table, and accounting for the difference seen in the general versus specific misconduct reporting rates.
- ¹¹ Edgar H. Schein, *Organizational Culture and Leadership: A dynamic view*. San Francisco: Jossey-Bass. 1985, 1992.
- ¹² Employee perceptions are grouped together to form ECI's Culture Strength Index. Survey items that make up the Index include the following: 1) Accountability of top management, supervisors and non-management employees, 2) Satisfaction with information from top management and supervisors about what is going on in the organization, 3) Trust that top management and supervisors will keep their promises and commitments, and 4) Belief that Top management, supervisors and coworkers set a good example of ethical workplace behavior.
- ¹³ The percentage of employees who indicated "Strongly agree" or "Agree" that they feel pressure from others to compromise standards.
- ¹⁴ Difference is the amount that Indiana is more or less than the U.S. Difference is calculated using unrounded values.
- ¹⁵ Difference is the amount that Indiana is more or less than the U.S. Difference is calculated using unrounded values.
- ¹⁶ As used in this report, the term 'weak culture' is a culture that is weak or weak-leaning.
- ¹⁷ Change is the amount that observed misconduct decreases in a strong culture compared with a weak culture. Change is calculated using unrounded values.
- ¹⁸ Difference is the amount that Indiana is more or less than the U.S. Difference is calculated using unrounded values.
- ¹⁹ Difference is the amount that Indiana is more or less than the U.S. Difference is calculated using unrounded values.
- ²⁰ The overall reporting rate is derived from a question asking employees generally about observing and reporting misconduct: paraphrased; Did you observe misconduct in the past twelve months? Did you report your observation? It is not calculated using an aggregation of the individual responses to the specific types of misconduct. This goes toward explaining the difference in the 98% overall reporting rate compared with the individual reporting rates that are in the 50% to 80% range. The general reporting rate is predicated on employees' recollections and knowledge about what constitutes misconduct. Many employees are not aware of, or do not consider some of the specific types of misconduct to be misconduct, thus do not report observations they made of them, resulting in the lower individual reporting rates shown in the table, and accounting for the difference seen in the general versus specific misconduct reporting rates.
- ²¹ Change is the amount that reporting of observed misconduct increases in a strong culture compared with a weak culture. Change is calculated using unrounded values.
- ²² Difference is the amount that Indiana is more or less than the U.S. Difference is calculated using unrounded values.

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