

ERC Fellows Reporting Project

Debra L. Shapiro, Ph.D.
Linda K. Treviño, Ph.D.
Katherine DeCelles

September 2006



ERC Fellows Reporting Project

September, 2006

Debra L. Shapiro, Ph.D.

Linda K. Treviño, Ph.D.

Katherine DeCelles

This document summarizes the pattern of findings that emerged from a survey that was designed and implemented by the Reporting Working Group. The goal of this group was to learn about the factors that influence employees' likelihood of reporting misconduct.

This survey, which took about 20 minutes to complete, was placed on a security-encrypted website housed at a University affiliated website to assure anonymity. Survey participants were randomly-selected from two large business organizations, each of which invited approximately 500 employees to participate. The survey yielded a final sample size of 514. The pattern of findings that emerged across the two organizations was similar and they are therefore combined in this report. The survey items comprising the scale measures can be found in the Appendix (attached at the end of this report). We recommend that you have those handy when reading the following results.

Statistically Significant Findings

What Differentiates Reporters from Non-Reporters

Only about 30% of the survey-respondents said that they had observed misconduct during the previous year, and only 45% of those who said they observed misconduct said that they reported the misconduct.

Not demographics -- Among those who observed misconduct, demographic differences generally did not differentiate reporters from non-reporters.

Attitudes do differentiate -- However, relative to non-reporters, reporters had significantly more negative attitudes toward leadership and the organization more generally -- lower perceived organizational support, lower organizational commitment, more negative perceptions of the organization's ethical environment, and more negative perceptions of ethical leadership in the organization. However, an important question remains. Did these more negative attitudes among the reporters lead them to report misconduct? Or, did the past reporting experience of these employees lead them to hold more negative work-related perceptions? The causal order of the relationship cannot be discerned from this study because survey-responses were collected on a single survey at one point in time. This is a problem of most research on reporting and it motivated proposal of the Procedural Justice study led by Tom Tyler that is currently in need of organizational participants. That study will follow actual reporters' experiences over time. However, as you will see below, these findings are generally consistent with findings from survey respondents who answered questions about how "likely" the average employee would be to report misconduct in their organization.

What Increases the “Likelihood” of Reporting “Internally”

The rest of this Executive Summary pertains to findings associated with the hundreds of employees who said that they had not observed misconduct in the past year. These employees were asked about the likelihood that “the average employee” in their organization would report misconduct if they became aware of it.

Behavior of leaders -- Those who perceived a higher level of ethical leadership, leader accessibility, and responsiveness to problems were more likely to say that the average employee would report misconduct “internally.” We asked “which leaders” employees were thinking of when answering these leadership-related questions. Somewhat surprisingly, they said that they were thinking almost equally about managers across four levels of the organization: mid-level, senior level local management, followed by the immediate supervisor, and then senior corporate management. This is contrary to conventional wisdom which would suggest that the CEO and immediate supervisor are most prominent in employees’ minds when thinking about such ethics related issues. This also suggests the need to pay much more attention to the influences of these other levels of leadership on employees’ attitudes toward reporting.

Work environment -- Additionally, the likelihood of the average employee reporting “internally” was significantly greater where respondents more strongly perceived an ethical environment and positive organizational support.

Feelings toward the organization -- Those who expressed feeling more strongly committed to their organization were also more likely to say that the average employee would report misconduct “internally.”

Characteristics of the misconduct -- When the misconduct had the potential to harm *the respondent*, the respondent was more likely to say that the average employee would report the misconduct “internally,” suggesting that self-interest may be an important influence on reporting behavior.

Feelings of moral outrage – When the misconduct created angry or upset feelings – feelings we labeled moral outrage -- in the respondent, s/he was more likely to say that the average employee would report the misconduct “internally.”

A number of these factors (general ethical environment, ethical leadership, leader openness, organizational commitment) all seem to contribute to feelings of “psychological safety” to report. In addition, characteristics of the misconduct itself (i.e., misconduct that is personally harmful or that triggers feelings of moral outrage) may help to overcome other reporting inhibitions such as the feelings of helplessness noted below.

Felt Helplessness Decreases the “Likelihood” of Reporting “Internally”

Perceived futility -- Those who perceived that reporting would be futile said that the average employee would be less likely to report “internally.”

Fear of retaliation – Those who feared retaliation for reporting said that the average employee would be less likely to report “internally.”

Need to conform to peers – Those who felt the need to conform to peer opinions said that the average employee would be less likely to report “internally.” Note that this suggests that peer norms generally do NOT support internal reporting.

Secretive decision making – Those who perceived that leaders engage in secretive decision making in the organization were more likely to say that the average employee would be less likely to report “internally.”

Feelings of powerlessness – Those who said they felt more powerless also perceived that the average employee would be less likely to report “internally.”

These factors were highly correlated with each other (meaning that an employee who was high on one generally was high on the others as well), suggesting that a general feeling of helplessness and the perception of not being able to have an impact decreases the likelihood of reporting internally.

What Decreases the “Likelihood” of Reporting “Externally”

Reporting “externally” is rare. Therefore, it is likely more difficult for employees to think about what the average employee would do. As a result, our findings regarding factors that directly influence employees’ likelihood of reporting misconduct externally to the media were rarely statistically significant, and we can draw few conclusions about such reporting. However, we did find a *decreased* likelihood of external reporting among those who more strongly perceived leaders as accessible and among those who more strongly felt committed to their organization. The latter pattern reinforces the apparent need for leaders to be accessible and to create a work environment that strengthens employees’ feelings of commitment. For more on external reporting, see also the section on “more complex relationships” below.

What Employees Say Organizations Can Do To Increase Internal Reporting

We asked employees explicitly what their organization could do to increase internal reporting. Here is what they said:

- Protect employees from retaliation
- Take action against the misconduct
- Remind employees of the importance of reporting and of the channels available
- Reward employees for reporting misconduct through performance evaluations and other private rewards.

This suggests to us that the actions some organizations are taking to make information about the outcomes of reports more accessible to ALL employees (via internal websites, etc.) are on the right track. Considering these results, in addition to information about the type of misconduct and the disciplinary action taken, they may wish to add additional information to the effect that the reporter continues to work for the organization (in the

same or another area for example) and that the employee received a positive letter in his/her confidential personnel file.

Exploring More Complex Relationships

Human beings have complex, sometimes even contradictory, thoughts and feelings. We are exploring how some of these might combine to influence reporting. These results should be considered exploratory only.

Harmful Effect of Employees' Hearing About Others' Experiences

Employees hearing about the misconduct observation/reporting experiences of coworkers is associated with increased fear/futility related to reporting. This suggests that a "social learning" process is occurring that may be affecting the psychology of reporting in the organization. Employees learn from the experiences of others, not just their own.

We found that when fear/futility is high, hearing about the experiences of others means little. But, when fear/futility is low, hearing about the experiences of others increases the likelihood of reporting externally. This suggests that when employees hear about the experiences of others, it is likely not good news.

Finally we found that when positive organizational support is perceived to be low, hearing about the experiences of others makes little difference in reporting to the media. But, when positive organizational support is high, hearing about others' experiences increases the likelihood of reporting externally to the media. Such reporting is highest when perceptions of positive organizational support are high and employees have heard about the (likely bad) experiences of others. This also suggests a social learning or "social contagion" effect, meaning that the (bad) experiences of other employees can infect those they tell. If employees don't hear about others' experiences, they may believe that any misconduct they observe is unique. But, if they have heard about others' experiences, they are more likely to think something must be done.

When Employees Fear Retaliation AND Feel Moral Outrage -> Internal Reporting

For employees who say that their fear of retaliation is high, feelings of moral outrage (anger, upset) increase perceived likelihood of reporting internally. It appears that one negative emotion (moral outrage) can help to overcome the effects of the other (fear of retaliation), serving to spur employees to report even in the face of fear. This is important and suggests that moral outrage may be a key variable for understanding courageous reporting behavior because employees see reporting misconduct as risky.

When Employees Feel BOTH High Fear and Futility -> External Reporting

We also found that employees who were more likely to feel that internal reporting would result in both retaliation and futility, tended to say that the average employee in the organization, would choose to report misconduct to external authorities. Given the huge professional and personal risks associated with blowing the whistle outside of the organization, it makes sense that employees will express a greater likelihood of reporting externally only when it seems impossible to do so internally (due to fear of retaliation AND futility combined).

When Employees Feel Fear/Futility AND Positive Organizational Support-> Both Types of Reporting

In this analysis, we combined fear and futility (which are highly correlated) into a single factor. When the fear/futility factor is low, perceptions of positive organizational support don't matter for either type of reporting. But, when perceptions of fear/futility are high, perceptions of positive organizational support increase the perceived likelihood of internal reporting to the hotline. This makes sense and seems important. Perhaps the fear comes from a particular leader and if the employee feels that s/he will be supported by the organization, s/he is more likely to consider using an organizational channel such as the hotline. But, interestingly, when fear/futility is high, positive organizational support also increases the perceived likelihood of reporting to an outside authority such as the media. We are not sure why this would be although we can speculate. Again, if the fear stems from a particular individual, perhaps the employee would consider trying to help the organization by going outside. Or, perhaps the employee would be thinking, I thought this was a supportive organization – how can they let this go on? Finally, perhaps employees who have strong feelings of positive organizational support want to stop the wrongdoing, but they feel that they don't have the option of reporting internally because of high fear/futility.

When Employees Feel Moral Outrage AND Low Positive Organizational Support-> Internal Reporting

We found that when feelings of positive organizational support are high, moral outrage made little difference in likelihood of reporting internally. But, when positive organizational support is low, moral outrage increases the perception that employees will report misconduct internally. Or, thinking about this differently, strong feelings of positive organizational support decrease the tendency for employees who are morally outraged to report misconduct internally. This is interesting and again raises questions about how feelings of positive organizational support influence reporting behavior. Where an employee feels such support, moral outrage about a particular incident may not be enough to trigger reporting because such employees may believe that the organization will take care of the situation. If organizations wish employees to report any misconduct they observe, they may have to make it clear that this is important and why it's important even in a supportive organizational environment.

Summary

To summarize, we found that demographics generally did not tell us much about reporting. However, a number of leadership-related variables (openness, accessibility, responsiveness and NOT secretiveness) were particularly important for increased reporting and it is important to note that employees were thinking about leaders at ALL levels in the organization when they answered these questions (not just supervisors or senior management). In addition, employees may be more likely to report certain “kinds” of misconduct – misconduct that harms them personally or that particularly angers or upsets them (even if they fear retaliation) – not necessarily the types of misconduct that would be harmful to the organization. In addition, if they are to report internally, it is

important that employees perceive positive organizational support and a strong ethical environment (which includes the belief that the organization “walks the talk” of its codes and policies with discipline for misconduct, etc.). This is consistent with our recommendation above to include more information about disciplinary actions taken in response to reports of misconduct. Conversely, a general feeling of helplessness (fed by fear of retaliation, feelings of futility, general feelings of powerlessness and need to conform) substantially reduces the likelihood of reporting internally. When feelings of fear and futility are both high, the likelihood of external reporting increases.

Further, it is important to consider reporting not in terms of individuals, but in terms of social information that travels among employees in the organization. These results suggest that when employees talk about their experiences, the stories are not positive. Substantial psychological research supports the idea that “negative” information is more powerful and influential than positive information. This may be because people are more likely to talk about their negative experiences (it makes better gossip) or because people remember negative information more readily. Whatever the explanation, ethics officers will have to think hard about ways to overcome the negative impressions regarding reporting that are floating around in their organizations. Providing lots of positive information to counteract it is one possible approach. But, the psychological research suggests that MUCH more positive information is required to counteract the negative.

We are continuing to explore the data, particularly the more complex relationships, as we work toward publication in a journal. We intend to submit our work to a journal later this year. We welcome your reactions and questions.

We would very much like to thank the Fellows who supported this research with their time and their organizations’ participation.

Appendix: Measures for Ethics Resource Center Fellows Reporting Project

The following scales were drawn from or adapted from previous research and checked for statistical reliability. All are highly reliable. For each of the following “scales,” responses to the set of questions within that scale were averaged to create a scale score.

Positive Organizational Support (POS)

Respondents were asked to indicate, via a 7-point scale (where 1= strongly disagree and 7= strongly agree), how strongly they agreed with the following statements:

- (1) “My organization cares about my opinions,”
- (2) “My organization really cares about my well-being,”
- (3) “My organization strongly considers my goals and values,” and
- (4) “Help is available from my organization why I have a problem.”

Organizational Commitment

Respondents were asked to indicate, via a 7-point scale (where 1= strongly disagree and 7= strongly agree), how strongly they agreed with the following statements:

- (1) “This organization has a great deal of personal meaning for me,”
- (2) “I feel ‘emotionally attached’ to this organization,” and
- (3) “I feel like ‘part of the family’ at my organization.”

Powerlessness

Respondents were asked to indicate, via a 7-point scale (where 1= strongly disagree and 7= strongly agree), how strongly they agreed with the following statements:

- (1) “I’ve pretty much given up trying to make suggestions for improvements around here,”
- (2) “I have little influence over what happens around here,” and
- (3) “There is very little I can do to change things at work.”

Ethical Environment

Respondents were asked to indicate, via a 7-point scale (where 1= strongly disagree and 7= strongly agree), how strongly they agreed with the following statements:

- (1) “The top managers of this organization represent high ethical standards,”
- (2) “People of integrity are rewarded at this organization,”
- (3) “Ethical behavior is rewarded in this organization,”
- (4) “Top managers of this organization guide decision making in an ethical direction,”
- (5) “Ethics code requirements are consistent with informal organizational norms,”
- (6) “Employees trust the telephone/email reporting system for reporting misconduct,”
- (7) “Management in this organization disciplines unethical behavior when it occurs,”
- (8) “Penalties for unethical behavior are strictly enforced in this organization,”

- (9) "Unethical behavior is punished in this organization,"
- (10) "The ethics code serves only as 'window dressing' in this organization (reverse scored)," and
- (11) "The ethics code serves only to maintain the organization's public image (reverse scored)."

Futility (Expectations of Effectiveness when reversed scored)

Respondents were asked to indicate, via a 7-point scale (where 1= strongly disagree and 7= strongly agree), how strongly they agreed with the following statements:

- (1) "(The employee who reported misconduct) would never find out what happened,"
- (2) "The misconduct would continue," and
- (3) "The misconduct would be addressed appropriately" (reverse scored).

Expectations of Retaliation for Reporting

Respondents were asked to think about a potential and serious violation of the organization's ethics policy, and with this incident in mind to indicate via a 7-point scale (where 1= extremely unlikely and 7= extremely likely) how likely it is that those who reported such conduct to internal authorities:

- (1) "Would be viewed as troublemaker,"
- (2) "Would experience retaliation or punishment,"
- (3) "Would be seen as tattletale or snitch," and
- (4) "Managers would think negatively (of the reporter)."

Conformity

Respondents were asked to indicate, via a 7-point scale (where 1= strongly disagree and 7= strongly agree), how strongly they agreed with the following statements:

- (1) "I speak up when workplace behavior conflicts with my sense of what is appropriate (reverse scored),"
- (2) "I stand up to the actions or ideas of others when warranted,"
- (3) "I am careful not to express ideas that may be contrary to what others believe,"
- (4) "I remain quiet rather than say what's on my mind in discussions of controversial issues,"
- (5) "Sometimes I pretend that I share coworkers' opinions, even when I may not,"
- (6) "I sometimes express attitudes that are similar to my coworkers', even if mine are different," and
- (7) "Sometimes, I act how people expect me to, rather than how I might want to."

Ethical Leadership

Respondents were asked to think about leaders in their organization who may influence the likelihood that an employee would report misconduct, and with these leaders in mind to indicate via a 7-point scale (where 1= strongly disagree and 7= strongly agree) how

strongly they agreed that these leaders:

- (1) “listen to what employees have to say,”
- (2) “discipline employees who violate ethical standards,”
- (3) “conduct their personal lives in an ethical manner,”
- (4) “have the best interests of employees in mind,”
- (5) “make fair and balanced decisions,”
- (6) “can be trusted,”
- (7) “discuss business ethics or values with employees,”
- (8) “set an example of how to do things the right way in terms of ethics,”
- (9) “define success not just by results but also the way that they are obtained,” and
- (10) “when making decisions, ask ‘what is the right thing to do?’”

Leader Accessibility

Respondents were asked to think about leaders in their organization who may influence the likelihood that an employee would report misconduct, and with these leaders in mind to indicate via a 7-point scale (where 1= strongly disagree and 7= strongly agree) how strongly they agreed that these leaders:

- (1) “are available for consultation on problems,” and
- (2) “are an ongoing ‘presence’ in this organization-are readily available to employees.”

Characteristics of the misconduct

Respondents were asked to think about a potential and serious violation of the organization’s ethics policy, and with this incident in mind to indicate via a 7-point scale (where 1= extremely unlikely and 7= extremely likely) how likely it is that:

- (1) “This incident would have the potential to cause serious harm to me.”

Feelings of moral outrage

Respondents were asked to think about a potential and serious violation of the organization’s ethics policy, and with this incident in mind to indicate via a 7-point scale (where 1= extremely unlikely and 7= extremely likely) how likely it is that:

- (1) “The average employee in my organization would feel angry about this misconduct.”
- (2) “The average employee in my organization would feel upset about this act of misconduct.”

Secretive Decision Making

Respondents were asked to think about leaders in their organization who may influence the likelihood that an employee would report misconduct, and with these leaders in mind to indicate via a 7-point scale (where 1= strongly disagree and 7= strongly agree) how strongly they agreed that these leaders:

- (1) “do not explain why or how decisions are made,”
- (2) “do not involve employees in making decisions,”
- (3) “make secretive, ‘closed-door’ decisions,”
- (4) “do not ask for employee’s advice on issues,”
- (5) “dismiss employees’ ideas easily,”
- (6) “do not follow up on employees’ suggestions,” and
- (7) “do not value employees’ opinions.”

Reporting Likelihood

To assess the channel that respondents would probably use to report a misconduct, respondents were asked to think about a potential and serious violation of the organization’s ethics policy, and with this incident in mind to indicate via a 7-point scale (where 1= extremely unlikely and 7= extremely likely) how likely it is that the average employee in their organization would tell or report this misconduct to:

Internal reporting items:

- (1) “an appropriate organizational authority,”
- (2) “the Ethics/Compliance Office,”
- (3) “the hotline,”
- (4) “a direct supervisor,”
- (5) “the Human Resource or Personnel office,”

External reporting items:

- (6) “an authority outside the organization, such as the police or another government agency,”
- (7) “the media,”
- (8) “an organizational authority in a way that concealed his/her identity,” and
- (9) “an authority outside the organization in a way that concealed his/her identity.”