



# The State of Ethics & Compliance in the Workplace

## Indiana

► **2021** INDIANA BUSINESS ETHICS SURVEY REPORT

**MARIAN UNIVERSITY**  
Indianapolis®  
Walker Center for Applied Ethics

This report was commissioned and funded by the Walker Center for Applied Ethics at Marian University.

March 2021

**ECI** ethics & compliance  
initiative™

### **ABOUT THE ETHICS & COMPLIANCE INITIATIVE**

The Ethics & Compliance Initiative™ (ECI™) has a mission to empower individuals and organizations to build and sustain high-quality ethics & compliance programs. Established in 1922, the organization comprises the two oldest nonprofits in the ethics & compliance industry. As an association, ECI brings together ethics & compliance professionals and academics from all over the world to share techniques, resources and exciting new ideas.

Through its research, ECI identifies the practices that improve ethics & compliance program effectiveness and build institutional culture strength. ECI also has an established track record of providing support to organizations seeking to transform their cultures, often in the wake of significant challenges with noncompliance.

#### **Contact Information**

Ethics & Compliance Initiative  
2650 Park Tower Drive, Suite 802  
Vienna, VA 22180

Tel: 703.647.2185 | FAX: 703.647.2180  
[www.ethics.org](http://www.ethics.org) | [research@ethics.org](mailto:research@ethics.org)

### **ABOUT THE 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.

#### **Contact Information**

Elizabeth Coit, Executive Director

[ecoit@marian.edu](mailto:ecoit@marian.edu)

Tel: 317-955-6727

[www.marian.edu/walker-center-for-applied-ethics](http://www.marian.edu/walker-center-for-applied-ethics)

All content contained in this report is for informational purposes only. ECI cannot accept responsibility for any errors or omissions or any liability resulting from the use or misuse of any information presented in this report.

©2021 Ethics Research Center, the research arm of the Ethics & Compliance Initiative.

The Walker Center for Applied Ethics at Marian University has permission to distribute this report. Inquiries to utilize information in this report should be addressed to ECI and the Walker Center for Applied Ethics.

ISBN: 978-1-7923-6482-2

All rights reserved. Printed in the United States of America.

# The State of Ethics & Compliance in the Workplace Indiana

## Table of Contents

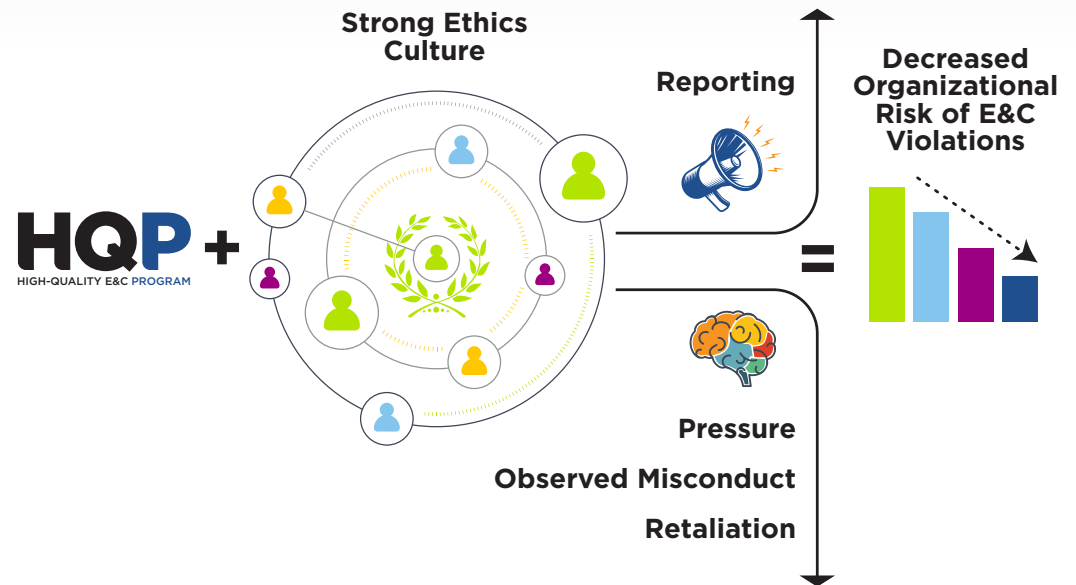
Background.....	4
Workplace Culture and Ethical Behavior.....	5
About This Report .....	7
Executive Summary.....	8
Ethical Culture Strength.....	12
Key Ethics Outcome 1: Pressure.....	14
Key Ethics Outcome 2: Observed Misconduct.....	15
Key Ethics Outcome 3: Reporting Observed Misconduct.....	17
Key Ethics Outcome 4: Retaliation for Reporting Observed Misconduct.....	19
Special Section: COVID-19 .....	20
Conclusions.....	22
Methodology.....	23
About GBES.....	25

## Background

Since 1994, the Ethics & Compliance Initiative (ECI) has conducted a longitudinal, cross-sectional study of workplace conduct from the employee's perspective. 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.

Since its inception, ECI's research has provided leaders with reliable data on trends in workplace ethics focusing on the key drivers that improve ethical cultures in the workplace and how changes in 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. These behaviors demonstrate and promote a commitment to ethics on a daily basis. A thriving ethics culture involves commitment, modeling and the right conduct by all employees in an organization. Our 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 are tied to the daily micro decisions employees make with respect to how they behave in the workplace. These are: *pressure* in the workplace to compromise ethical standards; observations of *misconduct*; *reporting* misconduct; and ultimately, the *retaliation* perceived by employees after they reported misconduct.



“  
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.  
”

# 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.<sup>1</sup>
- 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.

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

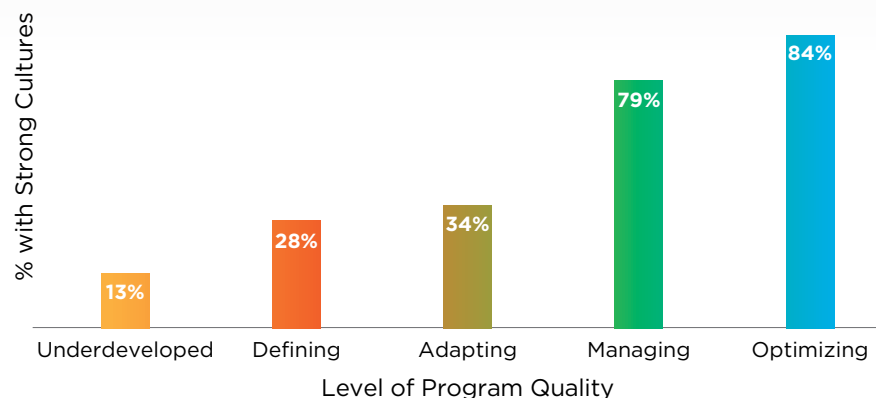
- Less **pressure** to compromise ethics standards;
- Less observed **misconduct**;
- More **reporting of misconduct** observed; and,
- Less **retaliation** for reporting.

In short, when these conditions occur, organizations with HQPs and a strong ethics culture have decreased risk for E&C violations.

<sup>1</sup> ECI 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. Generally, as used in this report, “strong culture” refers to strong or strong-leaning cultures and “weak culture” refers to weak or weak-leaning cultures.

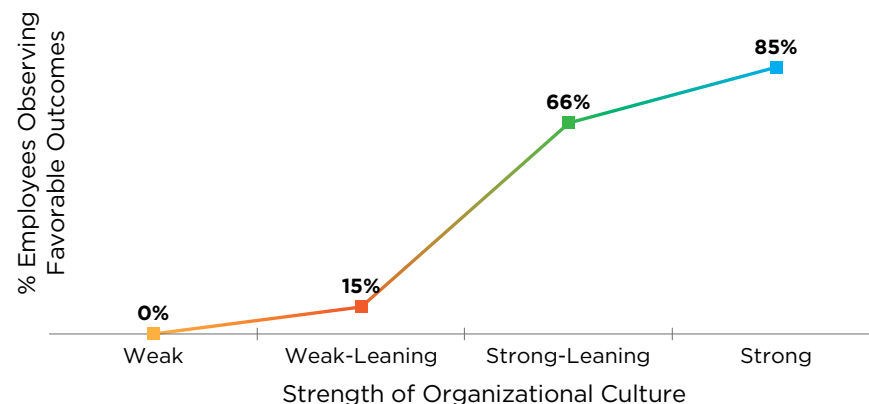
## The Higher the Program Quality, the Stronger the Culture

Organizations with high-quality programs (shown here as optimizing) demonstrate a 546% increase in culture strength over organizations at the lowest level of program quality.



## The Higher the Program Quality, the Stronger the Culture

As the culture strengthens, employee conduct improves. Organizations with strong cultures are 467% more likely to demonstrate a positive impact on employees than organizations with weak-leaning cultures. This impact includes employees’ recognizing and adhering to organizational values, feeling prepared to handle key risks, reporting suspected wrongdoing and reduced levels of misconduct overall.



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 ethics 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,<sup>2</sup> the organizations are more likely to have strong ethics health.<sup>3</sup>

“

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.

”

---

<sup>2</sup> Improving Ethical Outcomes: The Role of Ethics Training (Ethics Research Center, 2008).

<sup>3</sup> Reducing Perceived Pressure to Behave Unethically: The Role of Leaders and Coworkers (Ethics Research Center, 2008).

## About This Report

**In this report, ECI summarizes data collected from employees in the State of Indiana (Indiana) in late 2020.** 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.”

### NOTE ON INDIANA AND GBES-U.S. DATA

In order 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. For a more detailed explanation about respondent demographics, please see the “Methodology” section.

“

All comparisons made and presented in this report have been tested at the 95% confidence level to ascertain if the differences are statistically significant.

”



# Executive Summary

In 2020, ECI was engaged by Marian University to conduct a GBES survey of employees in Indiana to gather their perspective on ethics and compliance in the workplace. A total of 975 employees working in all sectors/industries from organizations small to large in Indiana responded to the survey. This report covers ethical culture strength, key ethics outcomes and the impact of COVID-19.

## ETHICAL CULTURE STRENGTH

The strength of an organization's ethical culture is measured through multiple questions about the behavior of employees at various levels throughout an organization. A strong ethical culture involves managers and non-managers demonstrating their commitment to ethics through their words and actions thus demonstrating the enterprise-wide approach to culture by organizations.

### Overall Culture Strength

Based on ECI's Culture Strength Index,<sup>4</sup> 56% of Indiana employees indicated that their organization has a strong or strong-leaning ethics culture (strong culture). Although this is less than the 60% in the U.S., 18% of employees in Indiana perceive a very strong culture compared with 15% in the U.S. In total, employees in Indiana are in a less favorable position compared with employees in the U.S., but within that total, there is a subset that is in a more favorable position compared with the U.S.

### 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%). However, the strength of the top management culture in Indiana is the least favorable compared with all other cultures in Indiana and the U.S.

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%).

<sup>4</sup> 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.

<sup>5</sup> The percentage of employees who indicated "Strongly agree" or "Agree" that they feel pressure from others to compromise standards.

## KEY ETHICS OUTCOME 1: PRESSURE

Pressure to compromise standards serves as a warning signal for both ongoing and future misconduct.

### Pressure, Overall and Types

In Indiana, 26% of employees agreed<sup>5</sup> that they experienced pressure to compromise their organization's workplace ethics standards, seven percentage points less compared with employees in the U.S.

Employees in Indiana and the U.S. feel the same types of pressure and generally in the same relative order, however, employees in Indiana are less likely to feel each source of pressure compared with employees in the U.S. 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%).

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.

## KEY ETHICS OUTCOME 2: OBSERVED MISCONDUCT

The rate at which employees observe misconduct is a fundamental indicator of the strength of an organization's ethics culture.

### 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.

The six most commonly observed types of misconduct largely revolve around interpersonal behavior. The number one behavior is showing favoritism toward certain employees (Indiana, 36% vs. U.S., 37%). The second-most observed behavior is management lying to employees, seen by 25% of employees in Indiana, comparable with the 27% of employees in the U.S.



# Executive Summary

## 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,<sup>6</sup> 66% of employees observed misconduct. In organizations categorized as having strong cultures, the percentage of employees in Indiana observing misconduct dropped to 48%.

## KEY ETHICS OUTCOME 3: REPORTING OBSERVED MISCONDUCT

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. 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% of them. Of the remaining 25 types of misconduct, two others were also reported by fewer than 50% of employees in Indiana:

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

Conversely, 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.

<sup>6</sup> As used in this report, the term “weak culture” is a culture that is weak or weak-leaning.

<sup>7</sup> Change is the amount that observed misconduct decreases in a strong culture compared with a weak culture. Change is calculated using unrounded values.

	OBSERVED MISCONDUCT		
	WEAK CULTURE	STRONG CULTURE	PERCENTAGE POINT CHANGE <sup>7</sup>
U.S.—Overall Observation Level	64%	55%	-8*
Indiana—Overall Observation Level	66%	48%	-18*

\* 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)*

“  
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% of them.  
”

## Executive Summary

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%) or a higher-level manager (Indiana, 30% vs. U.S., 38%).

### The Impact of Culture on Reporting

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 98% in a strong culture, almost universal reporting.<sup>8</sup> 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 OUTCOME 4: RETALIATION FOR REPORTING 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 most frequently experienced forms of retaliation were committed by supervisors and managers—the two groups 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%).

<sup>8</sup> 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 12 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.



# Executive Summary

## SPECIAL SECTION: COVID-19

**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, Pressure and Observed Misconduct

Fewer employees in Indiana (54%) indicated that they were experiencing more work-related pressure compared with before the COVID-19 pandemic began, compared with the U.S. (58%); 8% of employees in Indiana (U.S., 8%) 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, 29% of employees in Indiana indicated they had observed less misconduct.

### 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 vis-à-vis work.

### Returning to Work

Nearly all (95%) employees in Indiana indicated that having or encouraging symptomatic employees to stay away from the 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 (50%, U.S.). Of those employees, 24% experienced a reduction in hours and 12% were furloughed.

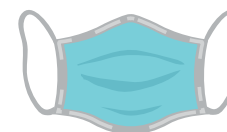
#### NOTE ON INDIANA AND GBES-U.S. DATA



In order 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. For a more detailed explanation of the methodology, please see the "Methodology" section.



“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%).”



## Ethical Culture Strength

### According to Indiana Employees, Culture Strength Is Slightly Weaker Compared with the U.S.

**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.”<sup>9</sup>**

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.

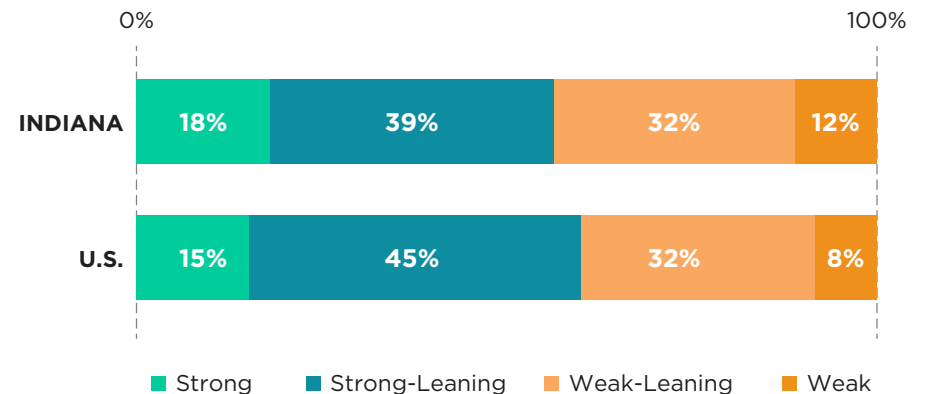
ECI measures the strength of an organization’s ethical culture through multiple questions about the behavior of employees at various levels throughout an organization. These behaviors exhibit whether or not there is an enterprise-wide approach to ethical culture by the organization, and demonstrate and 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.

Research by ECI 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.

#### INDIANA OVERALL

Based on ECI’s Culture Strength Index,<sup>10</sup> 56% of Indiana employees indicated that their organization has a strong or strong-leaning ethics culture (strong culture). Although this is less than the 60% in the U.S. who perceive a strong culture, 18% of employees in Indiana perceive a very strong culture compared with 15% in the U.S. Given that culture is the most influential determinant of employee conduct,<sup>11</sup> in total, employees in Indiana are in a slightly less favorable position compared with employees in the U.S., however, there is a subset that is in a more favorable position compared with the U.S.

#### Culture Strength Index



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

Note: Due to rounding, the sum of “Strong” and “Strong-Leaning” in the chart differs from the sum appearing in the text.

“  
Employees in Indiana are slightly less likely to perceive employees around them behaving ethically, compared with the U.S.  
”

<sup>9</sup> Edgar H. Schein, *Organizational Culture and Leadership: A dynamic view*. San Francisco: Jossey-Bass. 1985, 1992.

<sup>10</sup> 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.

<sup>11</sup> See “Workplace Culture and Ethical Behavior” on page 5.

### Indiana Top Management, Supervisor and Coworker Culture Strength

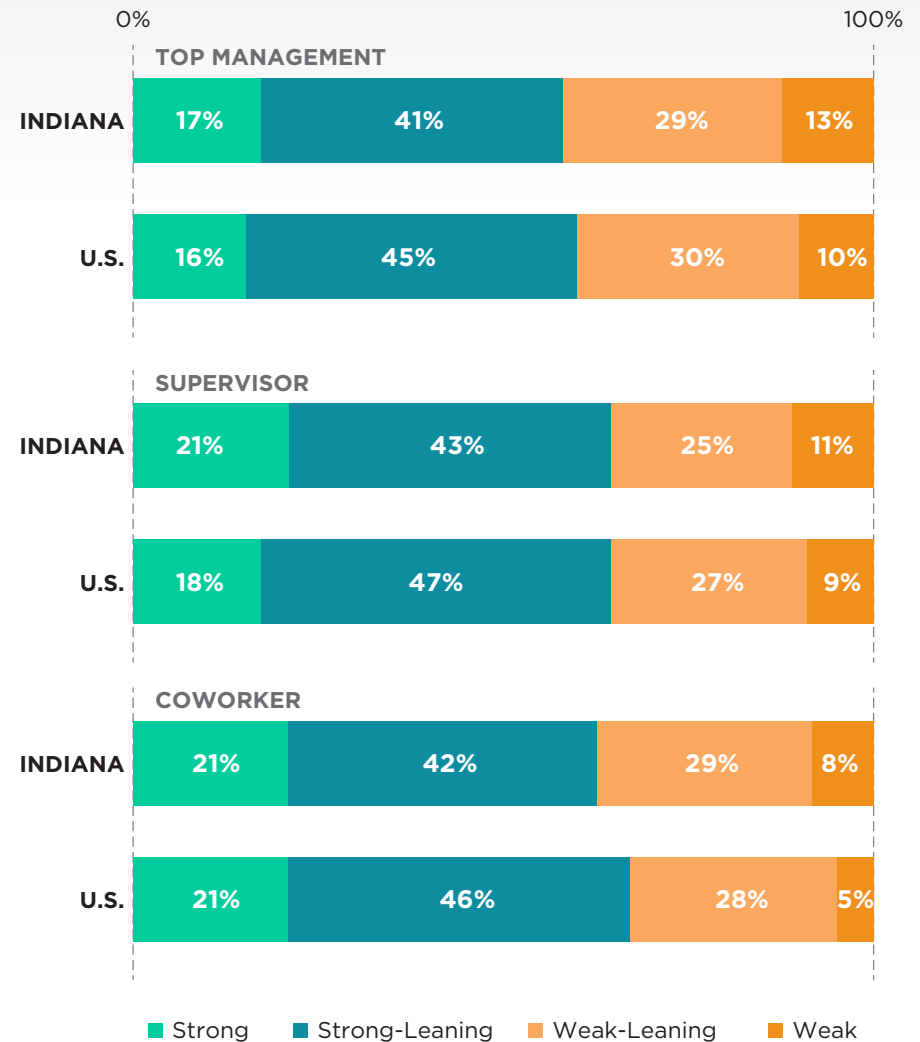
- Compared with employees in the U.S., employees in Indiana are as likely to perceive a strong top management culture (57% vs. 61%).
- Although employees in Indiana are as likely as employees in the U.S. to perceive a strong supervisor culture (63% vs. 65%), employees in Indiana are more likely to perceive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

“

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%).

”

### Culture Strength Index



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

Note: Due to rounding, the sum of "Strong" and "Strong-Leaning" in the chart differs from the sum appearing in the text.

# Key Ethics Outcome 1: Pressure

## Pressure to Compromise Standards Is Lower in Indiana than in the U.S.

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 agreed<sup>12</sup> that they experienced pressure to compromise their organization's workplace ethics standards, seven percentage points less than employees in the U.S.

### 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. Additionally, pressure to compromise standards is associated with intent to leave. In Indiana, 66% of employees who did not feel pressure said they intended to work for their current organization for five or more years, while 45% of those who felt pressure said the same.

“

In Indiana, 66% of employees who did not feel pressure said they intended to work for their current organization for five or more years, while 45% of those who felt pressure said the same.

”

<sup>12</sup> The percentage of employees who indicated “Strongly agree” or “Agree” that they feel pressure from others to compromise standards.  
<sup>13</sup> Change is the amount that Indiana is more or less than the U.S. Change is calculated using unrounded values.

### Pressure to Compromise Standards



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

	MOST COMMON SOURCES OF PRESSURE		
	INDIANA	U.S.	PERCENTAGE POINT CHANGE <sup>13</sup>
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 Outcome 2: Observed Misconduct

## The Observed Misconduct Rate in Indiana Is at the Same Level Seen in the U.S.

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.

### 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 12 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.

### Rate of Observed Misconduct



### PERCENT OBSERVING MISCONDUCT

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

	MOST COMMON SOURCES OF OBSERVED MISCONDUCT		
	INDIANA	U.S.	PERCENTAGE POINT CHANGE <sup>14</sup>
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 Indiana and U.S. rates of observed misconduct.

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

<sup>14</sup> Change is the amount that Indiana is more or less than the U.S. Change is calculated using unrounded values.



## THE IMPACT OF CULTURE ON OBSERVED MISCONDUCT

In Indiana, 66% of employees working in organizations with weak cultures<sup>15</sup> 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.

“

In Indiana, 66% of employees working in organizations with weak cultures observed misconduct. Conversely, in organizations categorized as having strong cultures, the percentage of employees observing misconduct dropped to 48%.

”

	OBSERVED MISCONDUCT		
	WEAK CULTURE	STRONG CULTURE	PERCENTAGE POINT CHANGE <sup>16</sup>
U.S.—Overall Observation Level	64%	55%	-8*
Indiana—Overall Observation Level	66%	48%	-18*
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)*

<sup>15</sup> As used in this report, the term “weak culture” is a culture that is weak or weak-leaning.

<sup>16</sup> Change is the amount that observed misconduct decreases in a strong culture compared with a weak culture. Change is calculated using unrounded values.

# Key Ethics Outcome 3: Reporting Observed Misconduct

## The Reporting Misconduct Rates in Indiana and the U.S. Are Comparably High

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.

### 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. Many employees who do report misconduct do not have positive experiences. In Indiana, 30% of employees who reported misconduct said they would not do so again based on their previous experience.

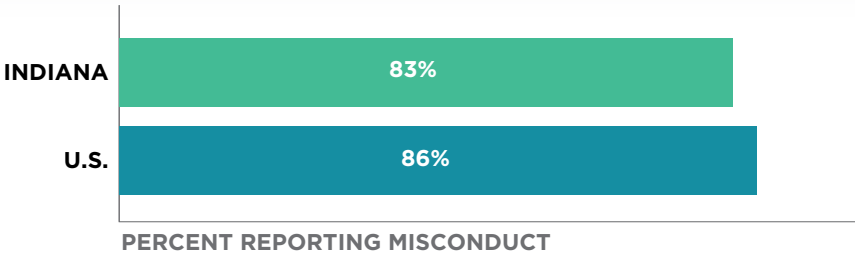
“

In Indiana, 30% of employees who reported misconduct said they would not do so again based on their previous experience.

”

<sup>17</sup> Change is the amount that Indiana is more or less than the U.S. Change is calculated using unrounded values.

### Reporting Rate of Observed Misconduct



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

	REPORTING RATES FOR MOST COMMONLY OBSERVED TYPES OF MISCONDUCT		
	INDIANA	U.S.	PERCENTAGE POINT CHANGE <sup>17</sup>
Abusive, intimidating or hostile behavior	66%	62%	+4
Violating health and/or safety regulations	61%	64%	-3
Conflicts of interest (gains at organization's expense)	53%	60%	-7
Improper hiring practices	44%	55%	-11*
Management lying to employees	44%	51%	-7
Favoritism toward certain employees	38%	44%	-6*

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

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

## 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.

## 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%).<sup>18</sup> 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 six most prevalent types of misconduct shown in the table (below right).

“

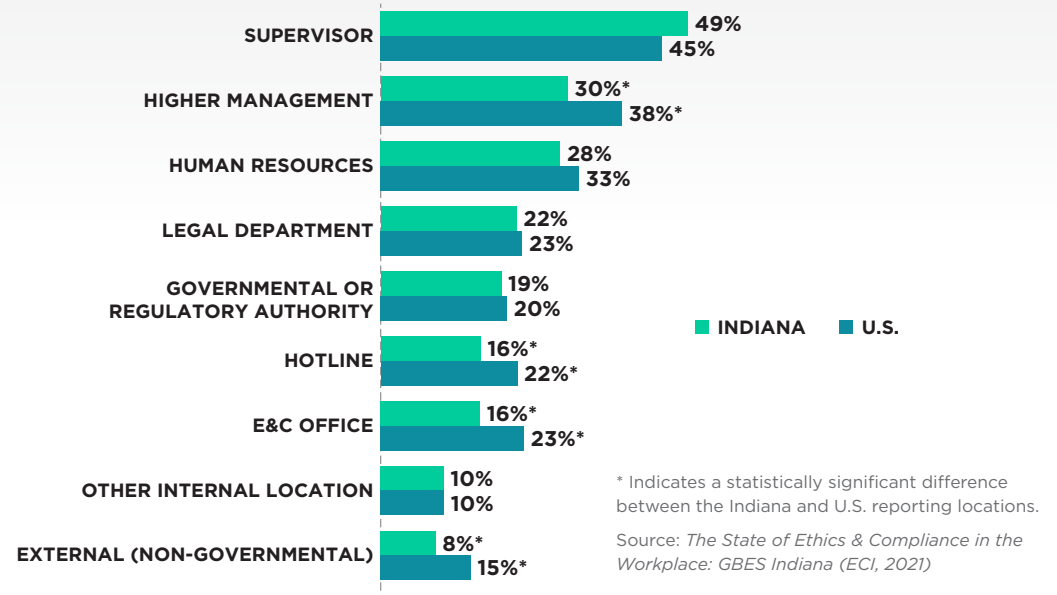
In Indiana, reporting overall rose from 70% in a weak culture to nearly universal reporting in a strong culture (98%).

”

<sup>18</sup> 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 12 months? Did you report your observations?” 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.

<sup>19</sup> 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.

## Reporting Locations



	REPORTED MISCONDUCT		
	WEAK CULTURE	STRONG CULTURE	PERCENTAGE POINT CHANGE <sup>19</sup>
U.S.—Overall Reporting Rate	65%	97%	+32*
Indiana—Overall Reporting Rate	70%	98%	+28*
Abusive, intimidating or hostile behavior	51%	80%	+29*
Violating health and/or safety regulations	47%	76%	+29*
Conflicts of interest (gains at organization’s expense)	35%	69%	+34*
Management lying to employees	26%	70%	+44*
Improper hiring practices	25%	64%	+39*
Favoritism toward certain employees	25%	55%	+31*

\* 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 Outcome 4: Retaliation for Reporting Observed Misconduct

## The Reporting Misconduct Rates in Indiana and the U.S. Are Comparably High

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.

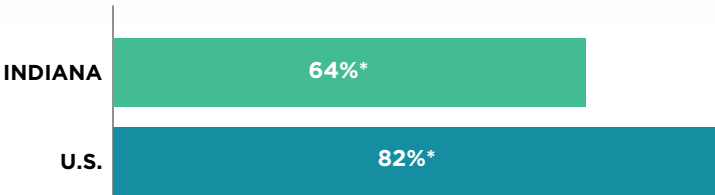
An encouraging finding is that employees were very likely to report retaliation they experienced. Ninety-three percent of employees in Indiana reported some or all of the retaliation they experienced (U.S., 94%). Consequently, most organizations were provided with an opportunity to identify and address 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 groups 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.

<sup>20</sup> Change is the amount that Indiana is more or less than the U.S. Change is calculated using unrounded values.

### Retaliation Rates After Reporting



### PERCENT REPORTING RETALIATION

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

	SPECIFIC TYPES OF RETALIATION		
	INDIANA	U.S.	PERCENTAGE POINT CHANGE <sup>20</sup>
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

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

## 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.

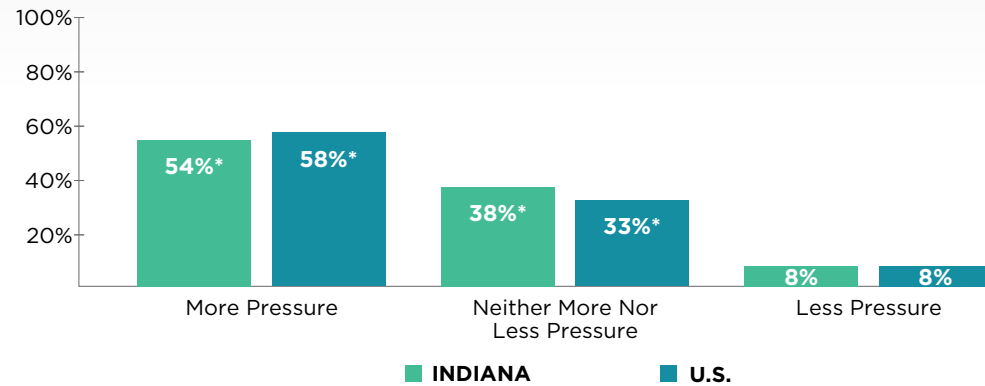
### COVID-19 AND PRESSURE

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.

### COVID-19 AND OBSERVED MISCONDUCT

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.

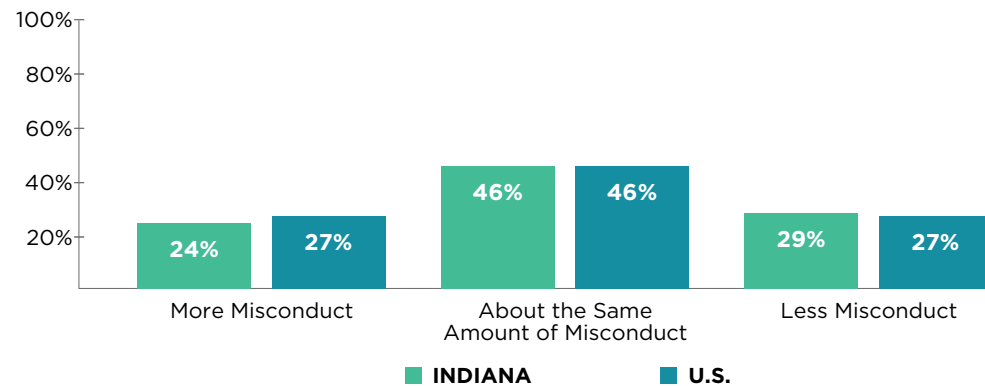
### Pressure Post-COVID



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

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

### Observed Misconduct Post-COVID



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

## 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 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.

## RETURNING TO WORK

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 to stay away from the work location. Adding more sick days might provide sick employees with the necessary time 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.

## ORGANIZATIONAL CHANGES DUE TO COVID-19

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.

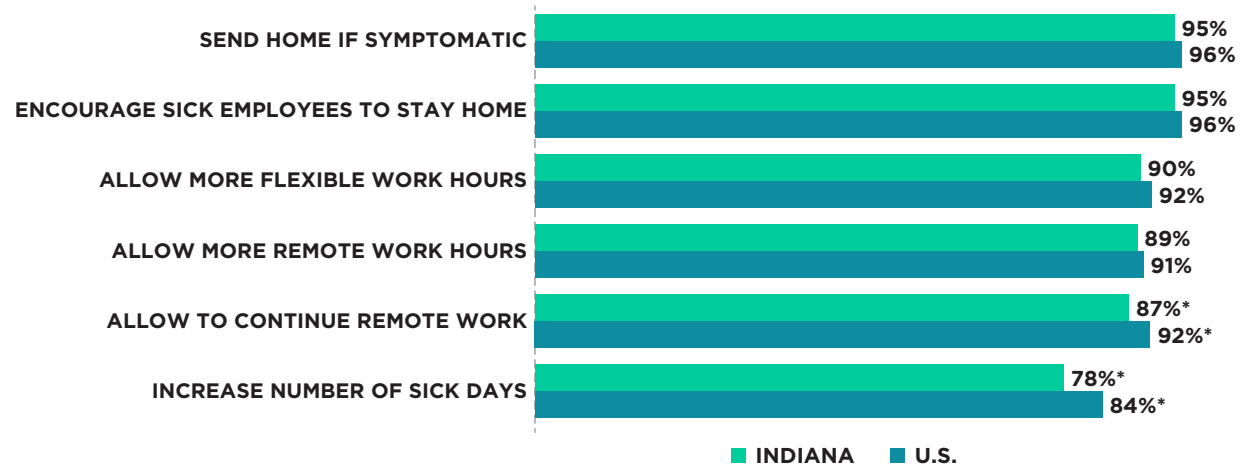
EMPLOYEES WHO WERE DIAGNOSED WITH COVID-19		EMPLOYEES WHO TOLD THEIR EMPLOYER	
INDIANA	U.S.	INDIANA	U.S.
12%	14%	86%	91%

EMPLOYEES WHO FELT THEY NEEDED TO CONTINUE WORK FOR FEAR THEY WOULD LOSE THEIR JOB	
INDIANA	U.S.
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)*

## Actions to Make Employees More Comfortable Returning to Physical Work Location/Facility



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

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

# Conclusions

**The findings illustrate that employees in Indiana have both strengths and opportunities compared with employees in the U.S. In some instances, employees in Indiana might hold a more favorable perspective or have had a more favorable experience, however, even that more favorable finding presents a risk and an opportunity to strengthen the ethical climate in which employees find themselves.**

## ETHICAL CULTURE

Compared with employees in the U.S., employees in Indiana are less likely to 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.

Employees in Indiana and the U.S. observe misconduct at the same rate, with over half of employees in Indiana (54%) observing at least one type of misconduct in the previous 12 months (U.S., 57%). 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.

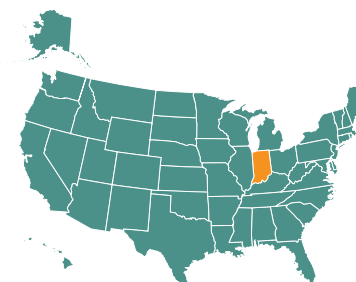
Almost two-thirds of employees in Indiana who observe and report misconduct experience retaliation for reporting (64%). This is a more favorable finding compared with employees in the U.S. where 82% of reporters experience retaliation, but it presents a drastic condition for

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.



“  
Compared with employees in the U.S., employees in Indiana are less likely to perceive that employees around them are behaving ethically.  
”



# Methodology

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 975 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. 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.

An asterisk (\*) indicates a statistically significant difference between Indiana and the U.S.

ORGANIZATION SIZE	INDIANA	U.S.
2 to 5	4%	4%
6 to 9	4%	3%
10 to 19	4%	4%
20 to 49	8%	6%
50 to 99	9%	8%
100 to 249	9%	9%
250 to 499	9%	10%
500 to 999	14%	16%
1,000 to 2,499	9%	8%
2,500 to 4,999	6%*	8%*
5,000 to 9,999	6%	6%
10,000 to 19,999	5%*	4%*
20,000 to 49,999	4%	3%
50,000 to 89,999	2%	2%
90,000 or more	7%	7%

JOB POSITION	INDIANA	U.S.
Top management (e.g., CEO/President, C-suite)	11%	11%
Middle management (e.g., director, persons managing multiple reports)	17%*	22%*
First-line direct supervisor with direct reports	22%*	17%*
Individual contributor/Not a member of management	40%	41%
Other—unidentified	10%	10%

INDUSTRY	INDIANA	U.S.
Arts, Entertainment and Recreation	2%	2%
Accommodation and Food Services	2%	2%
Aerospace and Defense	1%	1%
Agriculture, Forestry, Fishing and Hunting	1%	1%
Automotive	2%	2%
Construction	4%	4%
Education	13%	12%
Finance and Banking	4%	5%
Government	5%	6%
Information, Media (e.g., Cable, Publishing, Radio, Social Media)	1%	1%
Insurance	2%	3%
Management of Companies and Enterprises	< 1%	1%
Manufacturing	9%*	6%*
Medical	12%*	9%*
Mining: Oil, Coal, other Materials and Ores	< 1%	< 1%
Nonprofit (Other type not listed)	5%*	2%*
Professional, Scientific and Technical Services	4%	4%
Real Estate (Commercial and/or Residential), Rentals and Leasing	1%*	2%*
Retail Trade	5%	7%
Technology (e.g., Info Tech (IT), Info Systems (IS), Tech Firms, Telecommunications)	11%*	18%*
Transportation and Warehousing, Waste Management	3%*	2%*
Utilities: Electric, Gas, Water	1%	1%
Wholesaling	1%	1%
Other Services: Personal Svcs., Repairs, Civic/Prof./Social/ Religious/etc. orgs.	2%	3%
Other	9%	9%

AGE	INDIANA	U.S.
18-34	24%*	27%*
35-44	26%	25%
45-54	23%	24%
55+	28%*	24%*

SEX	INDIANA	U.S.
Male	48%	50%
Female	52%	50%
Non-binary/third gender	< 1%	< 1%

UNION	INDIANA	U.S.
Yes	14%*	24%*
No	86%*	76%*

## 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 sixteenth iteration of the GBES (formerly NBES). 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, EthicsStats® and other formats.

For more information about GBES research and to access previous reports, please visit our website at [www.ethics.org/GBES](http://www.ethics.org/GBES).





# The State of Ethics & Compliance in the Workplace

## Indiana

**MARIAN UNIVERSITY**  
Indianapolis®  
Walker Center for Applied Ethics

This report was commissioned and funded by the Walker Center for Applied Ethics at Marian University.



**ECI** ethics & compliance initiative™