



# **THE ETHICS CULTURE ASSESSMENT:**

## **WHAT YOU NEED TO KNOW**

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# The Ethics Culture Assessment: What You Need to Know

- **The Ethics & Compliance Initiative's (ECI's) Ethics Culture Assessment is a comprehensive employee survey that measures the impact of ethics & compliance (E&C) programs and ethics culture.** ECI's survey framework is based on over three decades of research and collaboration with leading E&C practitioners and academics.

Since 1990, ECI has tested and fielded over 300 questions through its Global Business Ethics Survey® (GBES®) and client surveys. ECI has isolated a series of key topic areas and questions that have proven to be reliable and valid indicators of E&C program strength and ethics culture. Findings from ECI's Ethics Culture Assessment can be used in conjunction with ECI's HQP Assessment to provide organizations with an analysis of the impact and quality of their E&C programs and ethics cultures.

This document provides a high-level overview of the topic areas included in ECI's Ethics Culture Assessment. The length of the assessment is customized based on the needs of each organization.

On a foundational level, the Ethics Culture Assessment measures the state of ethics & compliance in an organization through three primary avenues—E&C program resources, ethics culture and ethics outcomes.

ECI's Ethics Culture Assessment in conjunction with ECI's HQP Assessment provide organizations with an analysis of the *impact* and *quality* of their E&C programs and ethics cultures.



## 1 E&C Program Resources

- **Establishing a high-quality ethics & compliance program (HQP) begins with ensuring that employees are aware of program resources and that they know how to use them.** The Ethics Culture Assessment addresses program resources through two primary avenues—program awareness and program effectiveness. One series of questions asks about awareness of specific resources, such as an E&C office or confidential helpline to report misconduct. Another series of questions centers on employees' ability to respond to ethics issues in their workplace and E&C training.

### Are employees aware of E&C program elements?

Widespread awareness of formal E&C program elements is a prerequisite for any company focused on developing an HQP. A lack, or low, level of awareness can be indicative of several critical issues:

- Insufficient investment in the E&C program, leaving employees with limited resources for support;
- Ineffective communication about an E&C program that an organization has prioritized, or;
- A “paper” program designed to satisfy regulatory requirements or other standards, but the resources are not integrated into everyday workplace activity.

The questions in this section of the Ethics Culture Assessment are designed to provide leaders with data on program awareness and commitment to providing E&C resources.

### What is the effectiveness of E&C program resources?

While overall awareness of resources is necessary, the extent to which employees actually understand issues related to E&C and are able to address them is of greater importance. Employees need to have the confidence to utilize E&C program resources if necessary. The Ethics Culture Assessment measures the effectiveness of E&C program resources through several avenues, including questions about employees' abilities to identify and respond to difficult situations in the workplace.

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## 2 Ethics Culture

- **The assessment returns insight into the strength of an organization's ethics culture by measuring the presence and prevalence of behaviors that are manifestations of employees' perceptions, thoughts and feelings.**

The behaviors covered in the Ethics Culture Assessment are known as ethics-related actions (ERAs). The assessment asks employees to what degree they perceive other employees at different levels of the organization engaging in various ERAs. Higher levels of engagement, in aggregate, are indicative of a stronger ethics culture and vice versa.

In organizations with HQPs, employees are more likely to engage in different ERAs. For example, employees at all levels of the organization might communicate about E&C, ranging from formal messaging from the C-Suite to discussions between employees and their supervisors. Additionally, employees in leadership positions might model ethical behavior for those employees they manage. A weak ethics culture might be characterized by leaders that message the importance of E&C but fail to demonstrate it. This risks delegitimizing E&C among employees and even encouraging misconduct, whether knowingly or not.

### How do employees perceive tone at the top?

Whether they recognize it or not, every leader is continuously communicating whether ethical conduct really matters. Employees are constantly watching leaders: How they make decisions, how they treat workers at lower levels of the organization, and how they handle challenges and crises. In larger organizations, employees' perceptions of their senior leaders are likely to be filtered through their experiences with their supervisors, middle management, or policies, documents and procedures, while in smaller organizations employees may interact with senior leadership on a more personal basis. The Ethics Culture Assessment includes questions about the behavior of senior leaders, providing insight into employees' perceptions of their leaders' ethical character.

### How are supervisors impacting the ethics culture?

While effective senior leadership is of paramount importance, ECI's research has found that supervisors play a particularly significant role when it comes to influencing employee behavior and supporting the strength of the ethics cultures in which they work. In many organizations, supervisors are the only people in leadership positions that employees interact with on a daily basis. This is often especially true in large organizations, where

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employees may have little to no direct contact with anyone in an executive role. As a result, supervisor behavior serves as a proxy for the values and priorities of senior leadership and the organization as a whole. The Ethics Culture Assessment measures supervisors across a wide array of dimensions, including their communication about E&C to whether or not their employees feel comfortable raising concerns.

### **What is the role of coworkers?**

In addition to questions about senior leaders and supervisors, the Ethics Culture Assessment includes questions that ask about employees' view of the behavior of their coworkers, providing insight into the strength of the coworker ethics culture. In organizations with HQPs, employees are more likely to feel that they can trust their coworkers and see evidence of their coworkers demonstrating ethical behavior. Employees look to their coworkers to see how everyday activities are performed in the workplace. Watching others provides employees with cues about which behaviors are rewarded by supervisors and senior leaders.

### **Other Ethics Culture Areas**

#### **Are employees at all levels held accountable for their behaviors?**

In organizations with HQPs, senior leaders establish accountability for employees at all levels of the organizational hierarchy, including themselves. In this section of the survey, a series of questions measure whether or not employees believe that all individuals, regardless of their level, would be held accountable for violating workplace ethics standards. In organizations that lack company-wide accountability, employees may have less confidence that there is actual commitment to ethical conduct. Consequently, employees may be less likely to engage in ethical behavior if they perceive that individuals are held to different standards based on their position within the organization.

#### **Do employees feel comfortable raising their concerns?**

In organizations with HQPs, transparency is valued, employees feel comfortable raising concerns, bad news is not swept under the rug and employees feel encouraged to act ethically. To address this key area, the Ethics Culture Assessment focuses on whether or not employees feel cared about, heard and supported when it comes to raising concerns. Furthermore, questions in this section explore whether or not employees believe that retaliation is occurring within their organization.



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## Are organizational values embedded across the organization?

The most successful organizations translate their values into understandable, everyday actions that all employees feel empowered to undertake. This helps guide employee behavior and reinforces employees' sense of ownership in the organization. In order to encourage their employees to make ethical decisions, leaders are looked upon to promote a set of shared organizational values and demonstrate to employees that those values play a critical role in their everyday, on-the-job decision-making. To understand the role of values within organizations, ECI's questions evaluate if values are embedded in day-to-day operations, both at the organizational and supervisory levels. This section can help business leaders understand if their values are actually being incorporated and utilized throughout the organization.

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## Is ethical behavior rewarded?

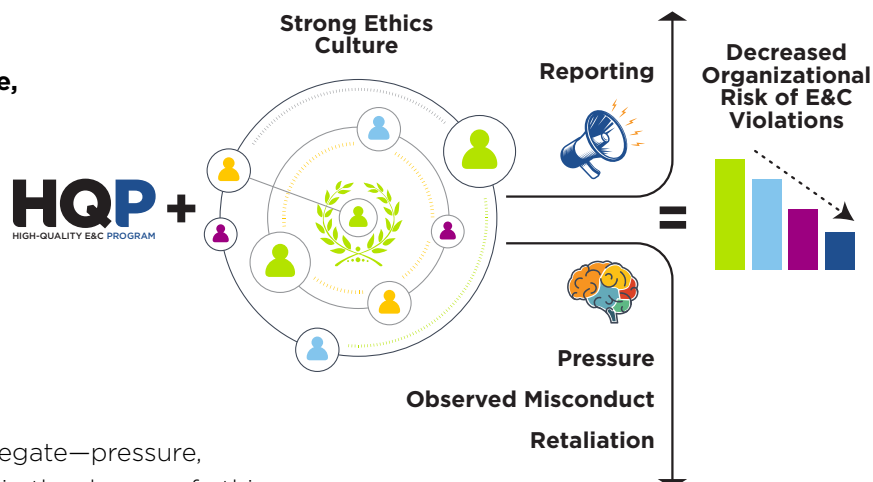
ECI's research has found that a key component of HQPs is the extent to which organizations truly measure, manage and reward positive behavior. Consequently, the Ethics Culture Assessment includes questions focused on incentives and the degree to which employees believe that positive behavior is valued within their organization. The questions in this section provide insight into the relationship between employee behavior, advancement and the priorities of senior leaders, supervisors and the organization as whole.



### 3 Ethics Outcomes

- **Effective E&C programs and strong ethics cultures improve ethics outcomes—measurable, manageable actions. ECI focuses on four key ethics outcomes:**

1. **Pressure to compromise standards**
2. **Observations of misconduct**
3. **Reporting of misconduct**
4. **Retaliation for reporting**



Furthermore, ECI looks at three of them in aggregate—pressure, observed misconduct and reporting—to ascertain the degree of ethics risk an organization faces. ECI's research shows that the highest ethics risk occurs in organizations where pressure is high, the level of observed misconduct is high and misconduct goes unreported. The Ethics Culture Assessment also explores ethics outcomes in detail in order to understand specifics about and nuances of each.

#### **Do employees feel there is pressure to compromise standards?**

Pressure to compromise standards is an important warning sign of future workplace misconduct. In organizations where pressure is high, employees are more likely to observe misconduct. To address pressure in the workplace, leaders must understand why employees are feeling pressured to compromise standards. This section of the Ethics Culture Assessment asks employees about perceived pressure and about the specific sources of pressure they are experiencing. The most common type of pressure will vary across organizations, but overall, ECI has found that meeting performance/production goals and pressure from supervisors are the most dominant forms.

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#### **Are employees observing misconduct?**

Misconduct is the most fundamental indicator of the state of E&C in the workplace. High rates of misconduct signal the need for further investment in the E&C program and in developing a strong ethics culture. Critically, leaders must understand the nature of the misconduct in their organizations in order to effectively invest in E&C program development and in improvement of ethics culture. To provide leaders with the information they need, the Ethics Culture Assessment asks about general violations of organizational standards and about a range of specific types of misconduct, including abusive behavior, and violations of health and safety regulations.

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## Are employees reporting misconduct?

Reporting provides organizations with the opportunity to address misconduct that would otherwise continue unabated or worsen, further increasing the potential for harm to the organization. Failure to report misconduct can negatively affect an organization in several critical ways:

- Leaders will not know where misconduct is occurring and will, therefore, be unable to address it;
- Employees who commit misconduct may continue to do so, further harming the organization, and;
- Employees may begin to view misconduct as acceptable or even rewarded within the workplace.

The Ethics Culture Assessment includes questions that measure how often misconduct is reported and where employees report misconduct. The question set also assesses employees' satisfaction with the reporting process, as well as why employees choose not to report misconduct.

## Is there retaliation when misconduct is reported?

Retaliation can impact the reporting culture in an organization. Experiencing retaliation can discourage reporters and those whom they tell about their experience from future reporting. In its research, ECI has found that the primary form of retaliation is exclusion by others from the group or from work activities. The questions in this section of the Ethics Culture Assessment address rates of retaliation, types of retaliation and who committed the retaliation.

**To learn more about conducting ECI's Ethics Culture Assessment in your organization contact us today at [advisoryservices@ethics.org](mailto:advisoryservices@ethics.org) or 703-647-2185.**

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