

National Business Ethics Survey: Ethics and Employee Engagement

Ethics Resource Center (ERC) with the Hay Group

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Objective:

This research brief explores the relationship between company ethics and employee engagement in order to answer several key questions:

- Does ethical culture play a part in employee engagement?
- Does management's commitment to ethics impact employees' engagement with the company as a whole?
- Does misconduct undermine employee motivation?
- Do engaged employees respond differently to observations of misconduct?

Methods:

The NBES is conducted biennially via telephone questionnaire. In 2009, the survey had 3010 respondents, of which 158 were removed due to being government employees, since the survey was attempting to survey only employees of for-profit businesses, for a revised total of 2852 respondents. Calls were made to randomly sampled residential households within the contiguous 48 states.

To be eligible for participation in the 2009 survey, respondents had to be:

- Eighteen years of age or older;
- Currently employed;
- Working for a company that employs at least two people; and
- Working at least 20 hours per week for their primary employer.

Results of the survey were weighted based on gender and age, according to statistics obtained from the 2000 U.S. Census data. Only 12% of all non-demographic questions had a difference of two or more percentage points between un-weighted and weighted results.

Key Findings:

- Positive perceptions of an organization's ethical culture are associated with higher levels of engagement. Furthermore, management's commitment to ethics is particularly important for employee engagement.
- Employees who observed misconduct were less engaged than those who did not. In addition, employees who already felt engaged were less likely to feel pressure to commit misconduct.
- Engaged employees are more likely to report misconduct when they witness it, thus reducing the company's ethics risk. Sixty-seven percent of engaged employees who witnessed misconduct reported it, versus only 57 percent of other employees.

Conclusion:

In investigating the relationship between company ethics and employee engagement, this study has demonstrated that:

- Employees' perceptions of company ethics do, in fact, impact their overall engagement: a positive impression of the company's ethical culture promotes employee engagement, while misconduct erodes it. Actions and decisions, especially on the part of managers, that compromise the company's ethical standards also erode employee engagement
- Engaged employees reduce ethics risk: they are more likely to react to misconduct by reporting their observations to an appropriate resource in the company, protecting the company by making management aware of problems that need to be addressed
- Many of the aims of the HR function complement the work of the ethics and compliance function, and vice versa: when HR is effective in its efforts to promote employee engagement, it is simultaneously reducing the company's ethics risk. Meanwhile, when ethics and compliance professionals are successful in their attempt to nurture strong ethical culture, they are concurrently improving the level of employee engagement

Full Research Brief: <http://www.ethics.org/files/u5/NBESResearchBrief2.pdf>

Full 2009 NBES Study: www.ethics.org/nbes

Methods: www.ethics.org/nbes/files/methodology.pdf