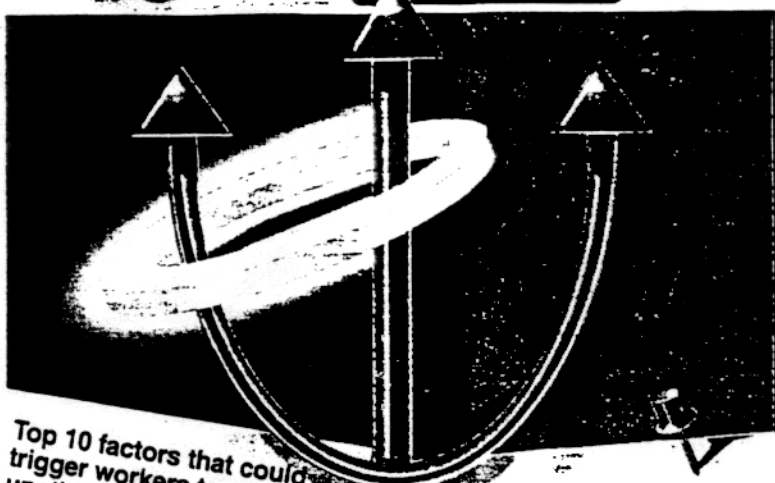


# Doing the **WRONG** thing



## Top 10 factors that could trigger workers to act unethically or illegally

- Balancing work and family
- Poor internal communications
- Poor leadership
- Work hours, work load
- Lack of management support
- Need to meet sales, budget or profit goals
- Little or no recognition of achievements
- Company politics
- Personal financial worries
- Insufficient resources

## Top five types of unethical/illegal behavior that workers say they have engaged in over the past year because of pressure

- Cut corners on quality control
- Covered up incidents
- Abused or lied about sick days
- Lied to or deceived customers
- Put inappropriate pressure on others

1—Workplace Pressure survey of 1,324 workers nationwide by the Ethics Officer Association and the American Society of Chartered Life Underwriters & Chartered Financial Consultants

Source: USA TODAY

By Suzy Parker, USA TODAY

## 48% of workers admit to unethical or illegal acts

By Del Jones  
USA TODAY

Prudential Insurance was a victim of an ethical breakdown, one of many U.S. companies that have learned lately that a breach of standards can be costly.

The insurer may end up paying \$1 billion to policyholders who were coaxed into buying more expensive life insurance. Prudential has replaced more than 1,000 agents and managers.

But Prudential's and other recent high-profile cases are not isolated incidents. A major study, to be released Monday and given in advance to USA TODAY, finds that ethical and legal lapses are common at all levels of the American workforce. The study shows that violations are so rampant that if you aren't stealing company property, leaking company secrets or lying to customers and supervisors, odds are the worker next to you is.

Nearly half, 48%, of U.S. workers admit to taking unethical or illegal actions in the past year.

Those include one or more from a list of 25 actions, including cheating on an expense account, discriminating against co-workers, paying or accepting kickbacks, secretly forging signatures, trading sex for sales and looking the other way when environmental laws are violated.

The survey of 1,324 randomly selected workers, managers and executives in multiple industries was sponsored by the Ethics Officer Association and the American Society of Chartered Life Underwriters & Chartered Financial Consultants. The 236-page report is especially sobering because workers were asked only to list violations that they attributed to "pressure" due to such things as long hours, sales quotas, job insecurity, balancing work and family and personal debt. It didn't ask about unethical or illegal action for other reasons such as greed, revenge and blind ambition. The survey's margin of error is plus or minus 3 percentage points.

Also sobering is that workers say it's getting

### COVER STORY

Please see COVER STORY next page ►

# Most workers think 'business and ethics can mix'

Continued from 1A

worse. Fifty-seven percent say they feel more pressure to be unethical than five years ago and 40% say it's gotten worse over the last year.

Some cases have landed in head-lines:

► Three Archer-Daniels-Midland executives will go on trial in 1998, charged with conspiring to fix world-

## COVER STORY

wide prices for a livestock feed supplement. The company has already paid \$100 million, the largest criminal antitrust fine in history.

► A U.S. attorney says more Texaco employees soon will be indicted for obstruction of justice in a case in which the company has already agreed to pay a record \$176 million to settle a racial discrimination suit.

► Columbia/HCA, the largest hospital company, is under federal investigation for possibly inflating the seriousness of patient illnesses to get larger payments Medicare and Medicaid payments.

► Eastman Kodak is suing a former manager for selling company film secrets.

► Centennial Technology's stock rose 450% last year before shareholders were told that earnings were inflated and Centennial CEO Emanuel Pinez was arrested for alleged insider trading.

► Dow Chemical sued General Electric Tuesday, alleging GE recruited more than a dozen Dow employees to acquire trade secrets.

## Lapses vary

Many workers might consider some of the 25 ethical violations far less serious, such as calling in sick when they're feeling well. But that's really their time and the problem is "just phenomenal," says Cindy Franklin, president of Background Bureau, a company in the booming business of checking the backgrounds of job applicants.

Constant ethical violations have made workers so cautious that deception passes for good salesmanship. Franklin says, "If someone can talk me into buying an \$8,000 copier rather than one that sells for \$4,200, they're going to get a pat on the back. I see that as unethical if all I need is the \$4,200 model."

But unethical and illegal action by employees is taking a heavy toll. Most employees theft goes unreported, but employee screening company Guardium estimates it at \$120

## Hype & Glory by Walter Shapiro appears on 6A

billion a year. Retail stores lose more to employee theft than to shoplifting, according to a University of Florida survey. Entry-level restaurant and fast food employees confidentially admit to stealing an average \$239 a year in cash and merchandise, according to a separate survey by McGraw-Hill/London House.

Another survey of 2,500 cases of employee fraud by the Association of Certified Fraud Examiners says small businesses suffered a median loss of \$120,000 per occurrence. A survey by CCH shows that the more sick leave companies give employees, the more days they call in sick.

The federal government successfully sues for more than \$100 million a year, mostly from defense contractors and doctors and hospitals that overbill. That's four times the rate it recovered 10 years ago, says Peter Chatfield, a partner at the law firm Phillips & Cohen, which has eight full-time lawyers working on fraudulent billing against the government.

For the past decade, librarians thought that Baker & Taylor Books was making honest mistakes by failing to pass along 40% publisher discounts granted to libraries for trade books. Statements would arrive categorizing some trade books as technical books, which are discounted 10% for libraries. Baker & Taylor corrected billing errors brought to its attention.

One day in 1993 a statement arrived with some errant paperwork not meant to be forwarded to the Richmond, Va., Public Library. The paperwork indicated the overbilling was intentional and, when confronted by city librarian Robert Costa, Baker & Taylor sales manager funded for an explanation.

"They always blamed it on some computer error or clerk," says Costa, who then went back through three years of statements and found hundreds of "mistakes," often \$4 to \$6 on a \$20 book.

Costa and former Baker & Taylor salesman Ronald Thornburg have sued Baker & Taylor for \$200 million on behalf of local governments. The state of California and the U.S. Justice Department have joined the suit. Baker & Taylor, which has denied the allegations, did not return phone calls.

Although the survey blames ethics violations on pressure, workers in marketing/advertising reported themselves to be under the least pressure to be unethical, yet committed

That comes as no surprise to Info-rmix Software, which filed suit in February against 11 ex-employees for stealing trade secrets when they quit and went to work for rival Oracle.

The employees say they were quit Info-rmix because they were disenchanted. They also said they spoke with other companies about jobs. A hearing is scheduled for May 12.

"Software by its nature is intangible. You can't see it," says Info-rmix lawyer David Stanley, trying to explain why workers in the industry reported so many ethical lapses.

The survey was taken during good economic times. Pressure, and resulting ethics violations, would likely turn worse in an economic slump.

Yet there are nuggets of hope in the ethics survey. In a "startling shift in public opinion," only 15% of U.S. workers surveyed believe poor ethics is an inevitable byproduct of business, says Ed Petry, executive director of the Ethics Officer Association.

"In the late-1970s and 1980s, business ethics was an oxymoron, a contradiction in terms."

Driving the change could be corporate focus on pleasing customers at almost any cost, and the price extracted from companies such as Texaco and ADM. At any rate, the survey may be the most concrete indication to date that "a majority of workers believe that business and ethics can mix," Petry says.

The need to meet sales, budget or profit goals ranked sixth among 23 factors that workers said could trigger them to act unethically or illegally. Other top factors include balancing work and family, poor leadership, work hours and work load, and little recognition for achievements.

Other survey findings: ► Most workers feel some pressure to act unethically or illegally on the job (56%), but far fewer (17%) feel a high level of pressure to do so.

en (34%) more than men (24%) say balancing work and family causes significant pressure.

► Workers say the best ways to curb ethical violations are better communication and more open dialogue (73%), and serious commitment by management to address the issue (71%).

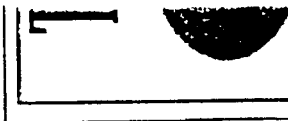
► The most common ethical violation is cutting corners (16.1%) on quality control. Nearly one in ten say they lied to customers and one in 20 lied to superiors. One out of every 40 workers say that due to pressure, they had an affair with a business associate or contact.

Forty-eight percent say they actually made at least one unethical or illegal action in the past year.

► Mid-level managers: most often reported a high level of pressure to act unethically or illegally (20%). Employees of large companies cited such pressure more than those at small businesses (21% vs. 14%).

► High levels of pressure were reported more often by those with a high school diploma or less (21%) vs. college graduates (13%).

► Men (74%) and women (78%) say they feel their families have been neglected to some extent because of workplace pressure. Women



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# Espy case dramatizes need for strong anti-corruption action

## OUR VIEW There's no excuse, nor exoneration, for violating public trust.

Mike Espy liked big-time football and basketball games. He liked expensive luggage, free plane tickets and fancy dinners. Unfortunately for Espy and the public he served, the one-time Agriculture secretary also liked others to pick up his tab. He saw no harm in accepting costly favors from the agribusiness interests he was responsible for regulating.

Worse, after a jury rejected a shaky criminal case against him Thursday, Espy now claims to be "completely exonerated."

Wrong. Doubly wrong.

Espy, like others acquitted in similar high-profile circumstances, may not have been guilty of a crime, but he and his like are poster children for the tawdry notion that government officials are on the take from special interests. Espy may have done no special favors for Tyson Foods, Sun-Diamond or the rest, but he betrayed the public trust by allowing even the appearance of such corruption to occur.

That's why laws and rules bar officials from accepting costly gifts. According to testimony at his trial, Espy didn't feel bound by those rules. He didn't dispute accusations that he even solicited some of the favors. There is no exoneration for such arrogant bad judgment.

Only an irony of our times lets opportunists like Espy seize upon acquittal to claim vindication. Before Watergate and the reforms that made prosecution of top administration officials easier, punishment was more enduring. In the most notable case, Dwight Eisenhower was forced to dismiss his right arm, chief of staff Sherman Adams, because Adams accepted a vicuna coat from an industrialist. Adams, a well-regarded former governor, was never prosecuted. But he spent his life in disgrace because he'd sullied the administration.

Compare that to Espy's "vindication." Or to the post-scandal resurrection of Oliver North, whose illicit Iran-contra dealings a decade ago stole control of U.S. foreign policy from those supposed to be in charge. The money he played his self-righteousness and afterward returned conviction into election to the Senate.



By William Propp. Reprints: Reuters  
Acquitted: Ex-Agriculture Secretary Mike Espy.

Clearly, the independent counsel law, created after Watergate to get around the problem of expecting an administration to investigate itself, isn't working as its creators hoped. But as the Espy acquittal after a four-year, \$17-million investigation and public antipathy toward Ken Starr's investigation fuel cries to reform the reform, caution is advised.

Eisenhower fired Adams only reluctantly. Clinton, guided by his own dubious ethical barometer, fired Espy only when the political risk ran too high. Ronald Reagan was stubbornly slow in addressing Iran-Contra.

The need for independent investigation remains, whether that be through a revamped independent counsel law or through an arm of the Justice Department that's somehow truly isolated from political influence.

When the independent counsel law expires in June, Congress must find a solution that ends the excesses of the present without reinventing the problems of the past.

If justice is to be done, violators of the public trust will end their careers with punishment that's appropriate to their case. "Complete exonerated" of unethical public officials was not the goal Watergate reformers had in mind.

## 'Never lost my good name'

### OPPOSING VIEW "I knew from day one I would stand exonerated."

*Former Agriculture Secretary Mike Espy and his lawyers were unavailable Thursday to respond to the above editorial. The following are excerpts from Espy's statement after his acquittal Wednesday:*

In another case, another secretary, upon his acquittal . . . said, "Where do I go to get my good name back?" . . .

I won't repeat that because I don't believe that I ever lost my good name. . . . I don't believe I lost my good name because I never believed that I was guilty of anything. . . . And I believe(d) that this day (would) come, and so I'm not so excited because I just expected that I would be found not guilty. And I . . . (have been) exonerated completely.

I believe it's not what they call you. It's what you answer to. And I never answered to these theories that (independent counsel) Donald Smaltz and his minions tried to force upon me. . . . But I have to tell you (what it's like) to be the target of an independent counsel — someone with all the money, all the power, very little supervision, no timetable, to unleash powerful hoards of prosecutors (against) you and your family. . . .

They indicted my brother . . . who was the

mayor of Clarksdale, Miss. And my brother, as I did, pleaded not guilty. They took my brother, Henry, to trial in Clarksdale . . . while he was in the midst of a re-election campaign. . . . He was acquitted on a Friday, but the election was on a Tuesday. And he did not have sufficient time to go back and tell the electorate that he had been found not guilty. And he lost his seat in Clarksdale. . . . And I think that that community lost an honorable and faithful public servant, just because of Donald Smaltz.

So it's cost a lot. It's been tough. But I knew from day one that I would stand . . . completely exonerated. And throughout this process, I can say three things: I'm much stronger. I'm a much stronger person. I'm stronger physically. I'm stronger mentally. And I'm certainly stronger physically. . . .

And I also want to thank the people of Mississippi because they took me in. No, they didn't believe the cynicism and the levels of acrimony thrown . . . such as have been thrown . . . in Washington, D.C. I went back to Mississippi and I made my life in Mississippi for these last about four years. . . . They knew that none of this was true. There really weren't any hard feelings.

And so I just want to thank . . . the people of Mississippi for standing with me and not believing for one second that what Donald Smaltz said I was actually was.

## Ethics in the high-tech workplace

Forty-five percent of workers surveyed say they have engaged in one or more unethical or illegal actions in the past year using new technology.

	Consider it unethical	Did it in past year
Sabotage company system or data	96%	4%
Visit pornographic websites using office equipment	87%	5%
Create a potentially dangerous situation by using new technology while driving	67%	19%
Use office equipment to search for another job	66%	11%
Use office equipment for shopping on the Internet	54%	13%
Use office equipment to help children/spouse do school work	37%	19%
Use company e-mail for personal reasons	34%	29%