

Templates for **Everyday Ethical Challenges**

Introducing GFOA's
**Smart Practices
for Ethics Policies**

BY SHAYNE C. KAVANAGH



Ethics policies lay the foundation for a healthy approach to everyday and large-scale ethical challenges. The way governments write and present these policies can play a key role in determining their efficacy. Learn how GFOA has incorporated findings from psychological research to optimize the effectiveness of ethics policies—and how you can incorporate this information into your government’s approach.

When we think of ethics in the finance office, our minds might jump to high-profile fraud, malfeasance, or mismanagement. The everyday ethical issues the finance office deals with, like vendor gifts or how employees record time, might seem small in comparison. These everyday issues are important, though. Consider the following:

- How these issues are handled sets the tone for ethical behavior in your local government.
- People who commit large ethical violations usually start with small ones.
- These everyday issues come up far more often than higher-profile problems. Taken together, their impact could be significant.

To help government finance offices better respond to everyday ethical concerns, GFOA developed policy templates for three areas of common concern:

- Proper recording of staff time
- Vendor relations and gifts
- Making gifts with public funds

The templates are available, free of charge, at gfoa.org/ethics. The policies were designed using findings from psychological research that suggested how we could optimize their effectiveness. In this article, we will review the design features of these policy templates. This will help you

make the best use of the templates and assist you in developing your own policies for other topics.

Sign Up Front

It is not uncommon for ethics policies to ask people to sign the policy *at the end* of the document. This serves as a signal of their commitment to abide by it, and research shows that this does have benefits. One experiment showed a 20 percent reduction in cheating after people were asked to sign a form at the end, versus not signing it at all. However, asking people to sign *at the beginning* of the document could be more powerful because it activates people’s sense of honesty and care *before* reading the policy. And the same experiment showed a 50 percent reduction in cheating when people were asked to sign at the beginning versus not signing at all!¹

Everyone Is Doing It

Humans are social creatures and will seek to fit in with colleagues. Often, this conformist behavior is subtle and not obvious even to the person engaging in it. For example, a person’s weight is often closely correlated with that of friends and family because our eating habits are shaped by them. For example, if you all go out to dinner, you are more likely to order dessert if everyone else does, too. The power of conformity is at the root of one of the all-time great rationalizations for unethical behavior: “Everyone does it.”² A local government ethics policy can turn the tables by

putting the power of conformity to work in favor of ethical behavior. This can be done by pointing out how common ethical behavior is.³ Our template's signature block invites the reader to join the crowd and commit to the ethics policy. (See Exhibit 1.) Finance officers can think of other ways to emphasize that committing to the policy is the thing to do. For example, rather than having individuals read and sign the policy in private, perhaps everyone reads and signs the policy in a meeting, at the same time.

Write the Policy in a Conversational Tone

Ethics policies are often written in highly formalized language, which can make the policy more difficult for people to relate to. A more conversational tone, where the reader is addressed as “you” and the local government referred to as “we,” can make it easier for the reader to engage with the policy.⁴

Ask and Answer Questions

Policies typically tell people the way things are or ought to be. However, the audience first needs to realize that they

need to know what the policy has to tell them. By posing a series of questions in the policy document, we highlight gaps in the audience's knowledge. The audience then feels compelled to fill these gaps by reading the policy to see what the answers are.⁵ The GFOA template poses the following questions, which serve as the major headers for each section of the document:

- Why do we have this policy?
- What is our policy?
- What else do I need to know?
- What reasons and rationalizations do I need to watch out for?
- What if I'm in a situation that this policy doesn't cover?

Start with “Why”

The traditional ethics policy is often organized around *what* activities the policy prohibits. The implication is usually that if someone violates the policy, they will be punished. Certainly, sanctions should be applied to ethical cheaters, but this approach misses out on a more powerful source of ethical leadership. Dwight D. Eisenhower said, “Leadership is the art of getting

someone else to do something you want done because he wants to do it.” This more inspirational mode of leadership doesn't start with *what* you want done but *why* it should be done.⁶ The reason “why” engages people's higher-order motivations, helping them to see the connection to a larger purpose.

Each GFOA template begins with a short section about why the policy exists. Here is an illustration from the template on the proper recording of staff time:

Staff salaries and benefits make up the largest part of [insert government name]'s budget and is over [insert percentage] percent of our total costs. We must properly account for this large and expensive resource. This is no different from the equipment, vehicles, and facilities that we spend money on. This helps us build trust with the community we serve.

Keep the Core Policy Simple

Even the most cleverly designed ethics policy will not become the center of its audience's universe. Staff and elected officials will have other concerns top of mind. Therefore, the policy itself should be boiled down to its essential elements.

Exhibit 1: Sign First

I commit to join with my colleagues at the [insert government name] in following our policy on vendor relations and gifts:

X _____





The reason “why” engages people’s higher-order motivations, helping them to see the connection to a larger purpose.

If the policy can be short and to the point, there is a better chance people will remember it.⁷ To illustrate, here is the policy from GFOA’s vendor relations and gifts template:

What is our policy?

You should never accept the following from vendors:

- Any gift of cash or that is like cash. For example, a prepaid debit card is like cash.
- An individual gift valued at more than \$[insert dollar amount]. This is any kind of gift, including but not limited to meals, tickets to concerts, games, etc.
- Gifts from one vendor with a total value of more than \$[insert dollar amount] in a year. Many small gifts are just as bad as one large gift.

There could be other important points to cover in a policy on vendor relations and gifts. The template includes a section titled “What else do I need to know?”

where other points can be addressed. For instance, GFOA’s policy template on vendor relations and gifts warns against anonymous gifts, soliciting gifts, and accepting “awards” or “prizes” from vendors.

Keep the Language Simple

The average American reads at a seventh- to eighth-grade level. A policy written at about this level will be widely understood.⁸ Microsoft Word can score the readability of your document using two common measures: the Kincaid Grade Level test and the Flesch Reading Ease test.⁹ Each test is based on the average number of syllables per word and the number of words per sentence.¹⁰

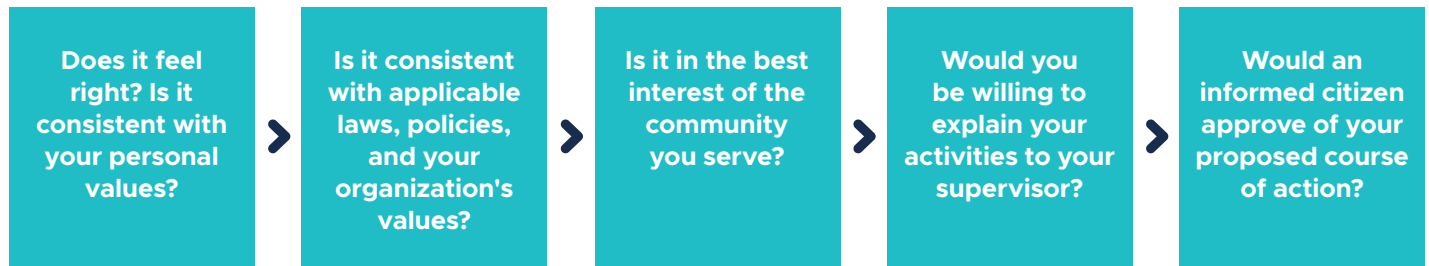
Help People Combat Reasons and Rationalizations

The Association of Certified Fraud Examiners uses the “Fraud Triangle” to explain people’s propensity to commit fraud. The three sides of the triangle are the financial pressures people face in their personal lives, the

opportunity they have to commit fraud, and the rationalizations they can come up with to justify their actions. An ethics policy can’t do much to affect financial pressures or opportunity. The former is primarily a function of personal circumstances, and the latter requires good internal control design. A policy can address reasons and rationalizations to justify violating it.

As we described earlier, humans are social creatures who tend to conform to their social group. This means that if people face social pressure to go along with something that they know is wrong, they will often go along with it—especially if some reason or rationalization is offered that gives them an excuse to do it. Mary Gentile, the originator of the acclaimed Giving Voice to Values ethical training program, tells us that the No. 1 challenge to ethical behavior is not the knowledge of what is right and wrong. Most people already know that.¹¹ Rather, the challenge is how to do the right thing despite pressure

Exhibit 2: Helping People Think Through Challenges



If the answer to all the questions is **yes**, it's probably OK to proceed.

If you're **not sure**, seek input from others.

If there are too many **no's**, don't do it. Think about how you might reply to reasons and rationalizations you might hear for why you should do it.



An ethics policy can provide a **series of simple rules** that people can use to judge a situation and determine if a proposed course of action is acceptable.

to do otherwise. Giving Voice to Values emphasizes anticipating the reasons and rationalizations for acting unethically and preparing your response ahead of time. An ethics policy can help by identifying common reasons people might give for ignoring the policy and suggesting good responses. Here are two examples from the template for proper recording of staff time:

- **Reason:** It is only a small amount of time to falsify—for example, misrepresenting one day off for personal “recreation” as sick time. Therefore, it is not significant.
- **A right response:** Things like this often start small but then grow into big problems later. Let’s not go down that path. Most people record their time truthfully and would look down on us if we didn’t. We don’t want the reputation of people who fudge their time records.
- **Reason:** I deserve this. I don’t get paid enough and/or I work harder than everyone else, so falsifying time to get extra compensation is OK.
- **A right response:** If you feel you are underpaid for your work, you have other options besides falsifying your time records. That could get you fired...or worse. Perhaps you should talk to your department management or our human resource department to learn what options you might have to improve your pay.

Help People Navigate Situations the Policy Doesn’t Cover

No policy can cover every situation. The traditional approach has been to counsel the reader to seek guidance from a supervisor or, perhaps, a human resources (HR) department or some other central authority. There are a couple of problems with this approach, though. In some cases, a supervisor might not offer sound guidance or might even be part of the problem. Also, the ethical challenges people run into often occur with little or no warning and require a quick response. It might not be practical to consult with an HR department or other central authority in the time available.

An ethics policy can provide a series of simple rules that people can use to judge a situation and determine if a proposed course of action is acceptable. The GFOA ethics template provides a flowchart to help people think through challenging situations (see Exhibit 2).

Conclusions

GFOA’s ethics policies templates are designed to provide guidance for everyday ethical challenges, using findings from psychological research to make them as effective as possible. The design features described in this article can be applied to any topic, not just those covered by GFOA’s templates. Find them at gfoa.org/ethics. 

Shayne C. Kavanagh is Senior Manager of Research in GFOA’s Research and Consulting Center.

¹ Shu L, Mazar L, Gino F, Ariely D, Bazerman M (2012) Signing at the beginning makes ethics salient and decreases dishonest self-reports in comparison to signing at the end; Proceedings of the National Academy of Sciences (PNAS); Issue: 109 (38); 2012.

² Martin T. Biegelman. *Faces of Fraud: Cases and Lessons from a Life Fighting Fraudsters*. Wiley. 2013.

³ <https://www.ethicalsystems.org/content/contextual-influences>

⁴ Steven Pinker. *The Sense of Style: The Thinking Person’s Guide to Writing in the 21st Century*. Penguin Books. 2015. Pinker, a cognitive psychologist, stresses the importance of a conversational tone in writing.

⁵ Chip Heath and Dan Heath. *Made to Stick: Why Some Ideas Survive and Others Die*. Random House. 2007. The authors cite research by behavioral economist George Loewenstein.

⁶ Taken from Simon Sinek: *Start with Why: How Great Leaders Inspire Everyone to Take Action*. Penguin Group. 2009.

⁷ Chip Heath and Dan Heath. *Made to Stick: Why Some Ideas Survive and Others Die*. Random House. 2007. Note that the authors don’t suggest that shorter is necessarily better. Substance is important too.

⁸ Using text readability formulas, it has been shown that the average reading level is anywhere from seventh to eighth grade, indicating that a sixth-grade level would likely be widely accessible to U.S. adults. See <http://www.clearlanguagegroup.com/readability/>

⁹ To use this feature on a Windows computer, go to *File > Options*; select *Proofing*; under *When correcting spelling and grammar in Word*, make sure the *Check grammar with spelling* checkbox is selected; select *Show readability statistics*. The readability statistics will be displayed when you do a spelling and grammar review.

¹⁰ Some critics contend that the Microsoft Word scoring mechanism is not as accurate as other, more specialized tools. However, we deemed it adequate for our purposes.

¹¹ <https://www.darden.virginia.edu/ibis/initiatives/gvv>