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SEARCHING FOR HONOR IN FEDERAL ACQUISITION

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Stories of ethics failures in the public sector are frequently in the news, in spite of numerous laws and codes of conduct that define acceptable behavior. However, there is little discussion about the factors that affect ethics in public service or the acquisition arena, or what those factors should be. In 2005, the authors conducted Web-based surveys with two demographic groups: Certified Professional Contracts Managers and members of the Defense Acquisition University Alumni Association (DAUAA). The survey contained 35 questions covering a range of ethics-related matters such as the moral authority of rule makers, whether universal concepts exist, whether ethics change over time, and organizational influence on ethics. This article will discuss key findings as supported by statistical analysis and other recognized means, followed by the questions and summary results from the DAUAA survey.

Ethics failures in the public sector surface all too frequently despite numerous sources that define acceptable conduct. The assumption is that people should know what is right and simply do it. However, there is little discussion about the factors that actually affect ethics in public service or the acquisition arena, or what those factors should be. There is virtually no published research on what the people involved in federal acquisition actually think about various aspects of ethics, or what affects their behavior and decision making. Thus, acquisition personnel at all levels are missing key information as they endeavor to operate in an honorable manner.

To address this lack of information, the authors conducted web-based surveys of two demographic groups that are involved in federal acquisition: Certified Professional Contracts Managers (CPCMs) and members of the Defense Acquisition University Alumni Association (DAUAA). These two groups were chosen because they represented two key professional groups at the center of federal acquisition.

The CPCMs represent the contracting professionals who are intimately involved in selecting sources, awarding contracts, and managing the contractual relationship between the government and its suppliers. The CPCM designation is the highest earned professional certification awarded by the National Contract Management Association (NCMA), the leading professional association for people involved in federal contracting. The CPCMs work for the government and industry in equal proportions. The DAU Alumni Association includes membership of over 1,500 defense acquisition professionals—both in Government and industry—who have graduated from defense program management courses at DAU. Within that membership are program managers and program management staff who ensure the warfighters receive the hardware and software capabilities needed for their missions. The survey of the DAU Alumni Association focused on the latter community—military and civilian alike—who fill program management positions and practice defense program management. Thus, members of both groups (CPCM and DAU Alumni Association) have achieved recognition as skilled professionals who are dedicated to excellence in their field.

A third group of professionals, students pursuing a doctorate at Walden University (www.waldenu.edu), was also surveyed, providing an unbiased reference point as they are not involved in federal acquisition. Walden students are typically successful working adults who have chosen to invest several years in academic study so they can take their professional contributions to the next level. The Walden survey differed only in that questions that would be difficult to answer by persons not involved in federal acquisition were omitted. In general, many of the Walden responses mirrored those of the acquisition professionals. However, as highlighted below, there were several areas where the responses were very different.

The survey contained 35 questions and was designed around three subject areas: the state of ethics in federal acquisition, factors that affect ethics in federal acquisition, and general questions on ethics. Demographic questions enabled analysis of subgroups, and some questions encouraged open-ended written responses. The Attachment that follows this article explains in detail the analysis methods employed.

THE STATE OF ETHICS IN FEDERAL ACQUISITION

GENERAL TOPICS

According to the survey results, over half of the acquisition professionals felt the federal procurement system was doing its job well with respect to ethics. The Walden group had a much more negative view, as shown in Figure 1. More than 80% of the acquisition professionals felt that defense contractors operate in an ethical manner, but the Walden respondents viewed the situation very differently, as shown in Figure 2. A third of all three groups felt that the formal rules and regulations were adequate, but the people involved are not doing as good a job as they could be. Executive-level contracts professionals and all acquisition professionals working in the Washington, D.C. area (including Maryland and Virginia) were much more positive with respect to the level of ethics in federal acquisition than other demographic groups. While

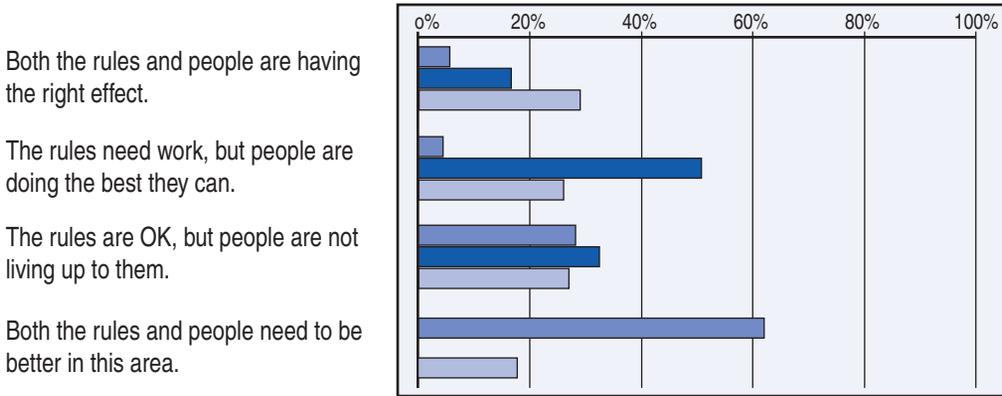
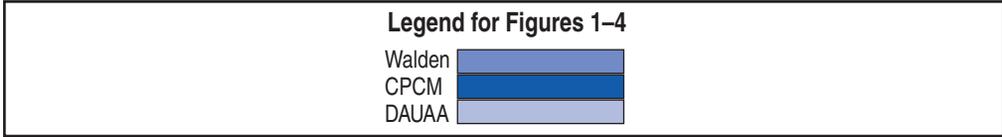


FIGURE 1. CONSIDERING BOTH THE LAWS AND REGULATIONS AND THE PEOPLE INVOLVED, DO YOU THINK THE FEDERAL PROCUREMENT SYSTEM DOES ITS JOB WELL, RELATIVE TO ETHICS?

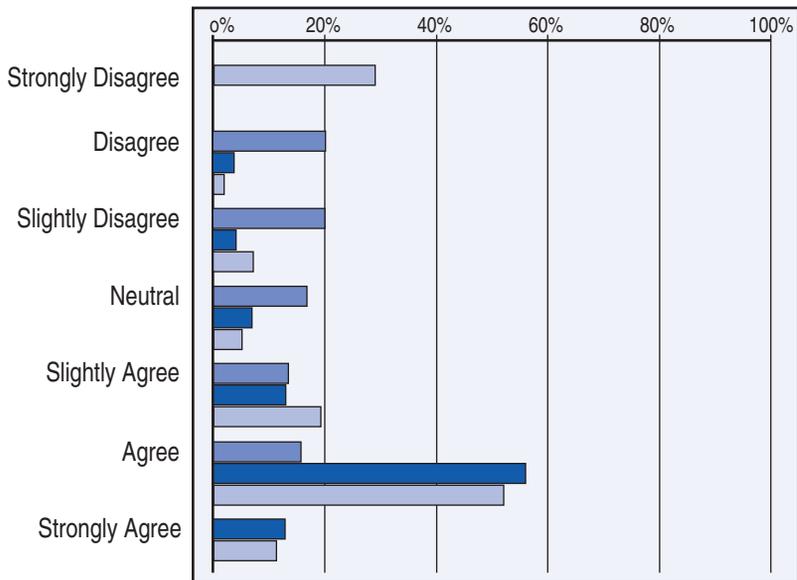


FIGURE 2. DEFENSE CONTRACTORS, IN THE MAIN, OPERATE IN AN ETHICAL MANNER.

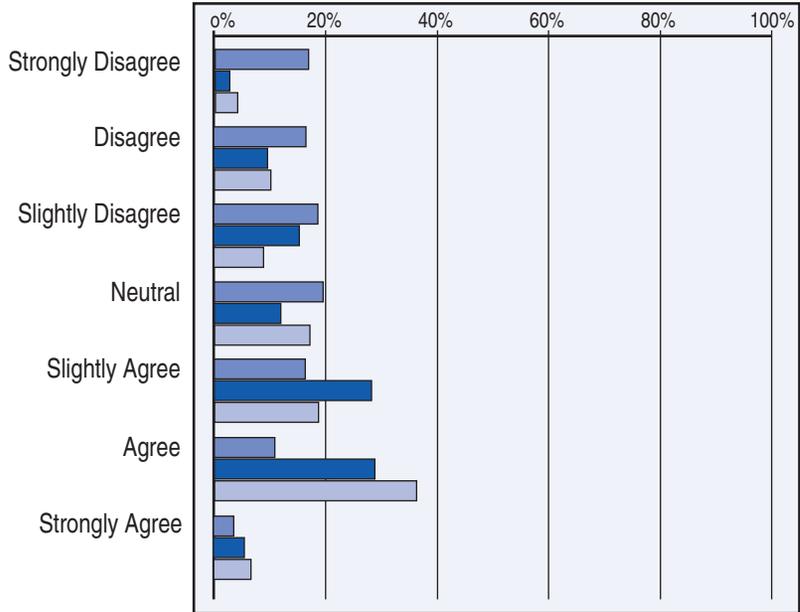


FIGURE 3. CONGRESS DOES A GOOD JOB IN DEFINING WHAT IS EXPECTED OF FEDERAL CONTRACTORS AND GOVERNMENT EMPLOYEES AS TO ETHICS AND STANDARDS OF CONDUCT.

A very comprehensive Code is needed to ensure the desired behavior; otherwise, people will do what they want.

A comprehensive Code is needed to ensure the desired behavior, because people need direction.

A less comprehensive Code is needed, because people basically will act in the public's interest.

A less comprehensive Code is needed, but emphasis is needed in training people to make good, ethical decisions.

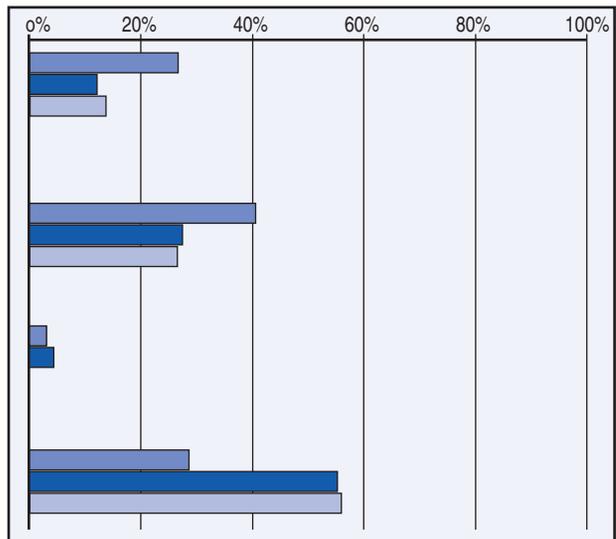


FIGURE 4. THE EFFORTS OF CONGRESS AND THE ADMINISTRATION TEND TO FOCUS ON MAKING RULES TO COVER A VARIETY OF SPECIFIC ACTIONS. WITH WHICH STATEMENT CONCERNING THIS DO YOU AGREE MOST?

nearly all acquisition professionals felt that progress was being made regarding rules and behavior, they also felt the rules were still too complex. Overall, the Walden group did not believe the ethics climate in federal acquisition was positive.

CLARITY OF ETHICS STANDARDS

It appears that there is significant uneasiness about the clarity and validity of the federal ethics codes. Sixty percent of the acquisition professionals felt Congress is doing a good job of defining what is expected of them, as shown in Figure 3, but over half of the Walden group disagreed. Yet three-quarters of all three groups felt it is possible that imposed codes are not necessarily based on what is truly ethical behavior. Nearly 60 percent of the respondents provided their own examples of when codes might be at variance with true ethics. In summary, their comments were:

1. Loopholes are often blatantly abused, as people hide behind the “letter of the law,”
2. Rule makers often excuse themselves from the standards they impose on others, and
3. Codes cannot cover everything, and they may create a false sense of honor.

Curiously, contracts professionals employed by government contractors and acquisition professionals working outside the Washington area were much less certain that there might be a difference between codes and true ethical behavior.

THE CONTENT OF ETHICS CODES

All three groups felt the factors affecting government ethics are not very different from influencing private business. Respondents believe that government employees should be held to the same ethics standards in their private lives as in their public lives. Further, as shown in Figure 4, over 50 percent of the acquisition professionals felt that the government should change its focus from creating a comprehensive code to emphasizing training in ethical decision making, but the Walden group felt a comprehensive code was needed.

ALLOCATION OF RESPONSIBILITY

A majority of all respondents believed that ethics principles in government acquisition are not fundamentally different than those in the commercial world. Respondents indicated a strong desire that additional limitations should be placed on those involved in government spending as compared to government employees who were not, but that defense procurement officials would not need different limitations from other federal procurement personnel. The responsibility for determining ethics policy and practice is borne equally by the government and contractors, according to most respondents, yet when it comes to setting ethics policy and norms, nearly 50 percent felt other forces frequently cloud the issues. Executive-level contracts

professionals and project managers, in particular, felt strongly that there is too much regulation.

FACTORS THAT AFFECT ETHICS IN FEDERAL ACQUISITION

Respondents were asked to select from a list (Table 1) which factors have an impact on ethics from two perspectives: what has affected ethics and what should affect ethics in the government. The top four factors are shown in Table 2.

According to over 60 percent of those in the acquisition groups, the factors that most affect government ethics were Individual Beliefs and Universal Ethical Concepts. They saw Media Coverage and The Immediate Situation playing a lesser role. The Walden group, however, had a markedly different view, believing that the Self-interest of Politicians, Bureaucrats, and The Immediate Situation had the most influence.

TABLE 1. FACTOR CHOICES

Bur	Bureaucrats
Gov	Good Governance by Congress
Pwr	Government Power over its Employees
Ind	Individual Beliefs
Med	Media Coverage
Opi	Opinion Polls
Pre	President and Administration
Sel	Self-interest of Politicians
Sit	The Immediate Situation
Uni	Universal Ethical Concepts

TABLE 2. TOP FOUR FACTOR CHOICES BY GROUP

Have Affected Government						Should Affect Government					
CPCM		DAUAA		Walden		CPCM		DAUAA		Walden	
%	Factor	%	Factor	%	Factor	%	Factor	%	Factor	%	Factor
77	Ind	75	Ind	65	Sel	88	Uni	88	Uni	91	Gov
65	Uni	68	Uni	62	Bur	82	Gov	80	Ind	88	Uni
58	Med	57	Sit	60	Sit	79	Ind	78	Gov	62	Pre
55	Sit	51	Gov	58	Ind	67	Pre	71	Pre	58	Ind

As to what should influence government ethics, over three-quarters of the acquisition professionals felt Universal Ethical Concepts, Individual Beliefs, and Good Governance by Congress should be the most important factors. The Walden group chose the same factors, but ranked them differently. They believe Congress,

Universal Ethical Concepts, and the President and Administration should have the most influence on ethics in federal acquisition.

Comparing the overall “have” and “should” list, it is apparent that all three groups believe that Congress and the President have had little or no impact on ethics practices as compared to other factors, yet all three groups believe Congress and the President should exert considerable influence in ethics matters.

Seventy percent of all respondents felt the most important ethics concepts do not change over time, though the way people practice them does change. Respondents were asked to explain under what conditions the relative importance of ethics concepts and factors might change and 60 percent provided written examples. In summary, they wrote:

1. The media has great influence and that can be good or bad,
2. The example set by political and business leaders has a huge influence, and
3. Fundamental ideals of ethics do not change.

GENERAL VIEWS ON ETHICS

The survey asked several questions about ethics in general, and organizations in particular. All three groups’ responses were consistent with each other.

Over 80 percent of the respondents agreed that early in life people adopt their personal value systems, and this determines how well they will follow any behavior code. Sixty percent disagreed with the concept that people follow the rules only when it is convenient for them to do so, yet the same percentage agreed that people change their behavior depending on the setting, for example, home vs. work. Mid-level contracts professionals held these beliefs much more strongly than executive-level contracts professionals or the project manager group. In aggregate, 60 percent agreed that people behave differently when closely supervised.

Three-quarters of all respondents believe people will comply with behavior codes even if they do not agree with the codes in order to advance their personal goals. Consistent with this, over half of all groups felt that even the best people will deliberately “excuse themselves” from the rules from time to time, while only 30 percent disagreed. Nearly 80 percent agreed that a person’s immediate workgroup or team has more influence on their behavior than the official organizational standards or norms. Finally, nearly 90 percent of all respondents felt organizations will be successful only to the extent that the organizations understand their people and their personal value systems.

RESEARCH CONCLUSIONS

The purpose of the research was to explore and report on the factors that affect ethics in federal acquisition, so that those involved in this area can make better

decisions with respect to this important subject. Data was collected from three groups of people who have a vested interest in how well the federal acquisition system works. Contract managers and project managers represented two key groups that interact with the system on a daily basis. A group of professionals not involved in the acquisition system were also polled to see if their views differed from those inside the system. Considering the data described above, the researchers conclude, that with respect to general ethics principles, those working in the acquisition system and those outside it share very similar views. While there was a divergence of opinion in some areas, all three groups substantially agree that they:

1. Believe the underlying concepts of ethics and morals are stable over time,
2. Want both Congress and the Administration to influence ethics more than they have,
3. Have a high level of skepticism as to the moral validity of some of the standards set by Congress and the Administration,
4. Believe that federal acquisition ethics should not be very different from corresponding practices in the commercial world, and
5. Feel the imposed standards are not as clear as they should be.

Contract managers and project managers represented two key groups that interact with the system on a daily basis.

Those who work in the acquisition system reported that they:

1. Believe there is a high level of ethics in the federal acquisition system,
2. Were concerned about the adequacy of ethics rules, and
3. Want less formal control and more training in ethical decision making.

Contrasting these views, the non-acquisition professionals felt that:

1. Politicians and bureaucrats have far too much influence,
2. Ethics in federal acquisition are not very good, and

3. A comprehensive code is needed to control behavior.

The media will continue to publish headlines about ethics failures among federal acquisition personnel, thereby degrading the reputation of everyone involved. Yet the search for honor among acquisition professionals will continue. The authors hope that this article may help by providing information and analysis not previously available, so that acquisition personnel at all levels can be better equipped to discharge their responsibilities in an honorable manner.



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ATTACHMENT

RESEARCH METHOD

SURVEYED POPULATION

Data were collected using the Zoomerang Web-survey tool (www.zoomerang.com) in such a way that the identity of the respondents was not known to either Zoomerang or the researchers. The CPCM survey was conducted during April, 2005, and sent by the NCMA headquarters to approximately 5,000 people; 236 replies were received. The DAUAA survey was conducted in July, 2005, and sent by DAUAA headquarters to its approximately 1,400 members; 130 replied. The Walden survey was sent by the researchers to 650 current Ph.D. students in June, 2005; 92 responses were received. Demographic questions asked respondents to indicate their certification level, tenure with their employer, organizational level, what state they worked in, and for what type of organization they worked.

STATISTICAL ANALYSIS APPROACH

To determine if the responses from the CPCM group were different from the DAUAA group, a conservative statistical approach was taken. The CPCM and DAUAA groups compared each of the possible responses to each question of the multiple choice questions.

The problem to test is stated as follows:

- Null Hypothesis: Data do not suggest a difference, and
- Alternative Hypothesis: Data suggest that there is a difference in the responses between the two groups.

To avoid rejecting a true null hypothesis or accepting a false one, the alpha value was set at .10. This is more stringent than the common .05, and was chosen because the researchers believed the respondents are a very good representation of the whole population (i.e., another sample of the same size would most likely yield very similar responses).

The statistical method used to determine whether the responses from two groups are different is to estimate how close the responses are to a projected mean score. The difference is called the z-statistic. If a response group's z-score is less than the absolute values of the z-statistic, then the response is the same as all other groups with z-scores less than the z-statistic. The z test can be two-tailed if one is seeking to determine if there is any difference. A one-tailed z test is used if the direction of the difference is important. As the group sizes were different and the number of responses for a particular answer was different, the data were normalized into percentages.

Calculations for survey question 1, answer 1 are detailed as follows:

	CPCM	DAUAA
Question 1, Answer 1		
Number of Responses	17	94
Total Responses	54	238
Percentage	.314	.394
Combined Percentage	.380	
S (Sample Estimate of Sigma)	.072	
Z-statistic	1.114	

The combined percentage for this example is $(17+94)/(54+238) = .380$

S was then calculated as $\text{SQRT}(.38*(1-.38)*((1/54)+(1/292))) = .072$

The z-statistic is $(.314-.394)/.072 = -1.114$

$$z = \frac{\hat{p}_1 - \hat{p}_2}{\sqrt{\hat{p}(1-\hat{p})\left(\frac{1}{n_1} + \frac{1}{n_2}\right)}} \text{ where } \hat{p}_1, \hat{p}_2 \text{ are the sample proportions of respondents}$$

who chose that response in CPCM and DAUAA, n_1, n_2 are the sample sizes in

CPCM and DAUAA, and \hat{p} is the overall proportion of respondents who chose the response in CPCM and DAUAA combined.

The data were then compared to the defined values for the z-statistic for the two-tailed test, as the research was seeking to determine if any differences existed in the responses.

LIKERT SCALE QUESTIONS

For 15 questions, a 7-point Likert scale was used to record responses. The choices were Strongly Agree, Agree, Slightly Agree, Neutral, Slightly Disagree, Disagree, and Strongly Disagree. This permitted the respondents to indicate the strength with which they agreed or disagreed to a statement. The analysis examined the proportion of the answers that were one of three groups: Agree (all 3 levels), Neutral, or Disagree (all 3 levels). This resulted in three numbers that were compared using the same statistical technique described above.

FACTOR RANKINGS

The four factor ranking questions asked the respondents to select 5 items from a list of 10 factors. The percentage of the time that a factor was selected was used to rank-order the selections for each response group. The discussion focused on the factors that were selected at least 50 percent of the time, which for each group was 4 categories.

