

An Agency in Crisis: Employee Satisfaction at the FTC Continues to Decline

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As a general proposition, it is hard to disagree with Democratic Senator Elizabeth Warren's argument that "Every worker should be treated with dignity and respect. And any employer that fails to ensure these conditions should be held accountable."¹ Although the progressive Senator was targeting her fire towards the private sector, basic comity requires that we should also apply this standard to how the Federal government treats its employees. For this reason, the silence from both the Biden Administration and Congressional Democrats about how controversial Chair Lina Khan is managing the Federal Trade Commission ("FTC") is deafening.

Prior to the beginning of Ms. Kahn's chairmanship, the FTC was the highest-rated federal agency in employee satisfaction. Largely due to Chair Kahn's mismanagement and politicization of the once highly-respected agency,² surveys conducted by both the Office of Management and Budget and *Best Places to Work in the Federal Government Rankings* revealed that employee satisfaction at the Agency sharply declined in the year following her confirmation (2021).

In October 2022, the Phoenix Center released a detailed analysis of these data.³ Using the summary level satisfaction measures from these surveys, our analysis found that the FTC fell from the highest-ranking federal agency in 2020 to the bottom quartile of agencies in 2021—the largest decline of all agencies in 2021, and nearly the largest decline in satisfaction across agencies in

the past twelve years. The surveys revealed the reduction in employee satisfaction at the FTC is driven by a lack of respect for senior leadership due to a perceived lack of honesty and integrity among the agency's senior leadership. That said, small increases in satisfaction were observed for direct supervisors, suggesting staff supervisors were trying to shield FTC line-staff from the mismanagement of senior leadership.

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In this PERSPECTIVE, I once again look at these data in detail with an additional year of data (2022). Some say, "it gets worse before it gets worse," and this cynical view appears to hold true at the FTC. After the stunning decline in the FTC staff's views of senior leadership in 2021—nearly the largest decline of any federal agency in a decade—satisfaction with senior leadership fell again in 2022, while views of FTC supervisory leadership once again improved. The agency appears to be in crisis with many FTC staff

leaving the agency due the dysfunctional leadership style of its chairman.

In 2020, senior leadership at the agency ranked first in staff's view of the honesty and integrity of senior leadership and their respect for that leadership. In 2021, and again in 2022, FTC staff's views on the honesty and integrity of senior leadership and respect for that leadership declined precipitously, placing the agency in last place on these attributes among its peers—an unprecedented decline. Whether, as Senator Warren demands, Chair Khan will be held “accountable” remains an open question.

Data

Data on federal employee satisfaction are obtained from the Partnership for Public Service and the Boston Consulting Group. Complete data are available for 65 agencies over the ten-year period 2013 through 2022.⁴

My attention is limited to three aggregate scores of satisfaction with leadership. First, the Effective Leadership score (Total Score), which “measures the extent to which employees believe leadership at all levels of the organization generates motivation and commitment, encourages integrity and manages people fairly, while also promoting the professional development, creativity and empowerment of employees.”

Second, there is the Effective Leadership: Senior Leaders score (Senior Leaders Score), which “measures the level of respect employees have for senior leaders, satisfaction with the amount of information provided by management and perceptions about senior leaders’ honesty, integrity and ability to motivate employees.”

Third, there is the Effective Leadership: Supervisors score (Supervisor Score), which “measures employee opinions about their immediate supervisor’s job performance, how well supervisors give employees the opportunity to demonstrate leadership skills and the extent to

which employees feel supervisors support employee development and provide worthwhile feedback about job performance.” The Effective Leadership Score is a combination of the Senior Leadership and Supervisor Scores.

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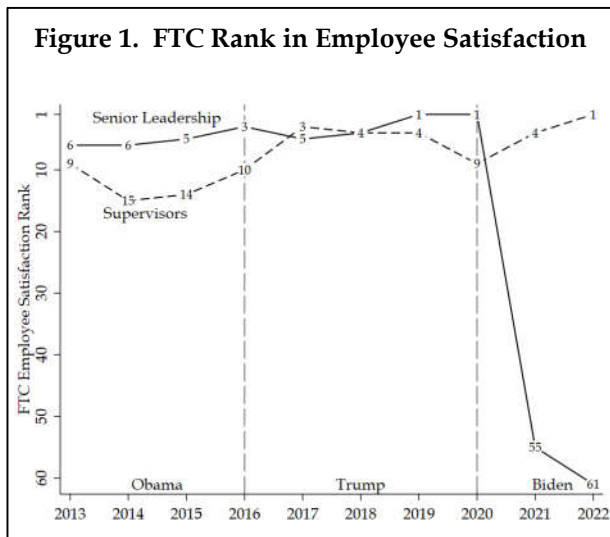
Additional data are obtained from the detailed reports of the Federal Employee Viewpoint Survey (“FEVS”).⁵ These data consist of many questions which underly the aggregate scores provided by the Partnership for Public Service. Based on Ford (2022), attention is limited to three questions:

- In my organization, senior leaders generate high levels of motivation and commitment in the workforce.
- My organization’s senior leaders maintain high standards of honesty and integrity.
- I have a high level of respect for my organization’s senior leaders.

Responses are based on a five-item Likert scale: (1) Strongly Agree; (2) Agree; (3) Neutral; (4) Disagree; and (5) Strongly Disagree. For expositional reasons, these five responses are condensed to three-item Likert scale: (1) Agree; (2) Neutral; and (3) Disagree. A balanced sample of 40 agencies across the years 2020 through 2023 is used.

Analysis of Aggregate Scores

To begin, Figure 1 illustrates the trend in employee satisfaction for the FTC over a ten-year period for Senior and Supervisory Leadership. Prior to the Chairmanship of Lina Kahn, the FTC ranked high among agencies for these measures. In fact, in 2020, the FTC ranked first in employee satisfaction with Senior Leaders, and that rank was never less than 6th position.



In 2021, however, employee satisfaction with Senior Leaders fell to 55th of 65 agencies, the largest decline in rank across agencies over the decade. Meanwhile, FTC staff satisfaction with Supervisors increased five places, presumably due to supervisors attempting to shield employees from the agency's dysfunctional senior leadership.

With many disgruntled employees leaving the agency, the expectation might be a tempering of the decline in satisfaction with senior leadership. Not so. Employee satisfaction with Senior Leadership at the FTC fell again in 2022, and the decline was one of the larger declines in that year (only 12 of 65 agencies were worse). Over the 2020-2022 period, only one agency had a larger two-year decline over the decade (the Federal Labor Relations Authority under President Trump). Thus, the decay in employee satisfaction at the FTC is nearly unprecedented.

Table 1. Satisfaction Scores

Year	Senior Leaders		Supervisors	
	Sample	FTC	Sample	FTC
2020	72.0	94.3	81.8	87.2
2021	71.3	51.7	83.8	91.0
2022	69.2	46.6	83.7	91.7

Satisfaction scores are summarized in Table 1. For both Senior and Supervisory Leadership, the scores for non-FTC agencies are relatively stable, declining slightly for Senior Leadership and increasing slightly for Supervisory Leadership. The scores for Senior Leadership at the FTC declined sharply, falling from 94.3 in 2020 to 46.6 in 2022, a decline of 50%. Satisfaction for Supervisory Leadership at the FTC increased slightly (4.5 points), but this change was more than twice the increase for other agencies.

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Analysis of Detailed Data

Turning to the three questions from the FEVS data, consider first the question: *In my organization, senior leaders generate high levels of motivation and commitment in the workforce.* Results are summarized in Table 2.

In 2020, 80.2% of FTC staff had a favorable view of senior leadership, the most favorable rank of the 40 agencies in the sample. After Chairman Kahn's confirmation, the share of favorable views sharply declined while unfavorable views increased nearly as much. In 2021, the share of favorable views declined to only 41.5%, a decline of 38.7 percentage points ("pp"), and fell again in 2022 to 35.8%, another 5.7 pp decline. In 2022, the FTC ranked last in favorable views and first in unfavorable views across agencies, a remarkable

change by any standard. The bulk of this decline in favorable views shifted to unfavorable rather than neutral views. Between 2020 and 2022, neutral views increased by only 6.4 pp while unfavorable views increased by 38 pp (a 400% increase), with the bulk of that increase in unfavorable views coming in 2021. The shift to unfavorable views amounts to 86% [=38.0/44.4] of the decline in favorable views. So, this is not merely a waning satisfaction, but a strong shift toward unfavorable views.

Table 2. Motivation & Commitment

Year	Favorable	Neutral	Unfavorable
<i>Scores</i>			
2020	80.2	12.2	7.70
2021	41.5	13.4	45.1
2022	35.8	18.6	45.7
<i>Changes</i>			
2021-20	-38.7	1.2	37.4
2022-21	-5.70	5.2	0.60
2022-20	-44.4	6.4	38.0
<i>Means Differences</i>			
2020	28.3***	-9.8***	-18.4***
2021	-13.1***	-7.9***	21.0***
2022	-16.6***	-3.1***	19.9***
<i>Means Differences - Changes</i>			
2021-20	-41.4***	1.9***	39.4***
2022-21	-3.60***	4.8***	-1.10***
2022-20	-45.0***	6.7***	38.2***

Stat. Sig. *** 1% ** 5% * 10%

The change in views between the FTC and other agencies is equally stark. In 2020, the FTC's favorable views exceeded the mean of other agencies by 28.3 pp. In 2021, just one year later, the FTC staff's favorable view of senior leadership was 13.1 pp below the mean. Matters worsened in 2022, with the FTC staff's favorable views being 16.6 pp below the mean of other agencies.

In 2022, the FTC ranked last in favorable views and first in unfavorable views across agencies, a remarkable change by any standard.

Unfavorable views of senior leadership increased sharply relative to other agencies. In 2020, the share of unfavorable views was -18.4 pp relative to the average of other agencies. In 2021, the share of unfavorable views increased to 21%, and remained steady in 2022 at 19.9 pp (in part due to a small increase in unfavorable views across all agencies).

Honesty and integrity are key attributes of good leadership. Here, the FTC's current senior leadership is failing. Consider responses to the question: *My organization's senior leaders maintain high standards of honesty and integrity.* Results are summarized in Table 3.

Table 3. Honesty & Integrity

Year	Favorable	Neutral	Unfavorable
<i>Scores</i>			
2020	86.7	9.20	4.10
2021	53.1	18.1	28.8
2022	49.2	21.4	29.4
<i>Changes</i>			
2021-20	-33.6	8.90	24.7
2022-21	-3.90	3.30	0.60
2022-20	-37.5	12.2	25.3
<i>Means Differences</i>			
2020	26.9***	-11.8***	-15.1***
2021	-11.9***	-1.40***	13.3***
2022	-14.9***	1.40***	13.5***
<i>Means Differences - Changes</i>			
2021-20	-38.8***	10.4***	28.4***
2022-21	-3.00***	2.80***	0.20
2022-20	-41.8***	13.2***	28.6***

Stat. Sig. *** 1% ** 5% * 10%

In 2020, the FTC's favorable views exceeded the mean of other agencies by 26.9 pp. By 2021, however, the FTC staff's favorable view of senior

leadership's honesty and integrity was 11.9 pp below the mean, and that spread increased to -14.9 pp by 2022. In 2020, the share of unfavorable views was -15.1 pp relative to the mean of other agencies but exceeded the mean of other agencies by 13.3 pp in 2021 and 13.5 pp in 2022.

A negative view of the honesty and integrity of senior management is certain to reduce respect for those leaders, as the data confirms. Consider responses to the question: *I have a high level of respect for my organization's senior leaders.* Results are summarized in Table 4.

Table 4. High Level of Respect

Year	Favorable	Neutral	Unfavorable
<i>Scores</i>			
2020	83.2	10.6	6.2
2021	48.5	16.1	35.4
2022	44.0	18.7	37.4
<i>Changes</i>			
2021-20	-34.7	5.5	29.2
2022-21	-4.50	2.6	2.00
2022-20	-39.2	8.1	31.2
<i>Means Differences</i>			
2020	22.5***	-9.9***	-12.6***
2021	-15.6***	-3.7***	19.3***
2022	-20.4***	-0.6	21.1***
<i>Means Differences - Changes</i>			
2021-20	-38.1***	6.2***	31.9***
2022-21	-4.80***	3.1***	1.8***
2022-20	-12.9***	9.4***	33.7***
Stat. Sig. *** 1% ** 5% * 10%			

In 2020, FTC staff had a highly favorable view of senior leadership, with 83.2% having a favorable view, again the highest rated agency. In 2021, the share of favorable views fell to only 48.5%, and fell again in 2022 to only 44%, a 39.2 pp decline over two years. Over the same time, unfavorable views increased from 6.2% (the lowest of any agency) to 35.4% in 2021 and 37.4% in 2022, a 31.2% increase over two years (a 500% increase).

By 2021, the FTC switched from ranking 1st in favorable views to 1st in unfavorable views.

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Conclusion

Once an agency with the highest ratings for employee satisfaction, morale at the FTC is in a state of rapid deterioration. Evidence shows a stunning and sustained decline in employee satisfaction with senior leadership at the FTC during Chair Lina Kahn's tenure, driven by a decline in respect for senior leaders based on a diminished view of her leadership's honesty and integrity. The surveys continue to offer strong evidence that under the leadership of Chair Khan, the FTC is the worst run agency in the Federal Government, at least among those for which data are available.

High-profile failures of the agency's recent actions, unhinged from antitrust law and economics, no doubt contribute to employee dissatisfaction.⁶ While many attorneys and economists agree that antitrust enforcement needs reform, such restructuring requires an experienced and thoughtful leader targeting the sorts of incremental changes courts may embrace. Such wisdom seems entirely absent at the agency, which is now increasingly perceived as little more than an amateur purveyor of partisan ideology and vendetta. The U.S. economy deserves better, though there appears to be little sign that the Biden Administration or Congressional Democrats have any interest in righting the sinking ship.

NOTES:

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¹ <https://elizabethwarren.com/plans/empowering-american-workers>.

² See, e.g., L.J. Spiwak, *Pushing the Bounds of Judicial Deference: Some Thoughts on The FTC's New Unfair Methods of Competition Policy Statement*, PHOENIX CENTER POLICY BULLETIN NO. 63 (January 2023) (available at: <https://phoenix-center.org/PolicyBulletin/PCPB63Final.pdf>); L.J. Spiwak, *Biting Off More Than It Can Chew? Some Thoughts On The FTC's Advance Notice of Proposed Rulemaking on "Commercial Surveillance And Data Security"*, PHOENIX CENTER POLICY BULLETIN NO. 59 (September 2022) (available at: <https://www.phoenix-center.org/PolicyBulletin/PCPB59Final.pdf>).

³ G.S. Ford, *Employee Dissatisfaction at the Federal Trade Commission: An Empirical Analysis of Size and Source*, PHOENIX CENTER POLICY BULLETIN NO. 60 (October 2022) (available at: <https://phoenix-center.org/PolicyBulletin/PCPB60Final.pdf>).

⁴ Data available at: <https://bestplacetowork.org/rankings/?view=overall&size=large&category=leadership&y=21&>.

⁵ Data available at: <https://www.opm.gov/fevs/reports/data-reports>.

⁶ See *supra* n. 2.