What works in ethics and integrity management: where do we stand today?

Frédérique Six, Mieke van Tankeren & Leo Huberts,
VU University Amsterdam, Research Group Integrity of Governance

Corresponding author:
F.E. Six: fe.six@fsw.vu.nl
Tel +31 20 598 6908

PLEASE DO NOT CITE OR QUOTE WITHOUT PRIOR CONSENT FROM THE AUTHORS

Introduction and questions we hope to discuss

Many individuals, organizations and countries have become involved in fighting corruption and safeguarding integrity. Among the examples are governmental institutions at all geographic levels as well as business corporations and integrity watchdogs (e.g. Transparency International, national Independent Anti Corruption Commissions). Many policy instruments and institutions to promote integrity have been proposed and put in practice. A crucial question, however, is how successful or effective integrity instruments and institutions actually are.

This draft paper, an typical example of ‘work in progress’, presents a first idea and overview of a number attempts of our VU Research Group to address those questions. The plea to pay more attention to ‘what works’ is often heard (e.g. Bossaert & Demmke, 2005; Lawton & Doig, 2006; Huberts, Jurkiewicz & Maesschalck, 2008; Menzel, 2005), the actual practice of research is limited in significance.

First, we will present examples of research on policies and policy instruments. The business and public ethics literature offers a starting point to reflect on integrity policies. A number of policies and strategies, instruments and measures have been subjected to evaluation and research, remarkably primarily in the business sector. Research concentrates on ‘handy’ tools at the one side, in particular codes of conduct, investigations and sanctioning, selection, and training of employees, at the other side on influential but ‘slippery’ ethical culture and climate, in particular leadership and fairness. The main conclusions are that the picture is limited and inconclusive because we don’t do a very good job as researchers and where the quality is good, the results vary. It nevertheless is clear that effectiveness is context-dependent and related to the type of integrity violation. Furthermore it is important to note that the inconclusiveness is also true for a number of views that dominate the discussion: the importance of leadership and the effects of a compliance- or value-based approach. At this stage the most credible and safe conclusion is that organizations and systems need to balance different types of strategies and instruments as well as be reflective and critical on what works for them. This should not only include the more specific effects of policies and instruments but also their costs and unintended effects.

Second, the institutional dimension is dealt with. Is there a combination or configuration of organizations and initiatives that seems to be most appropriate to promote integrity and curb violation in the context of for example a big city, a police force, a corporation, or a country?
This line of institutional reasoning, additional to policy-based analysis, has advantages because policies and instruments can be applied by a variety of actors. Both elements seem to be important. When educational instruments would help to get employees more conscious of integrity, a first question is whether the instrument is present and the second who is organizing and implementing the instruction and training. The last part is not self-evident because it might be so that education by an agency that is also responsible for repression might harm the effectiveness. ‘Might’, we add, because research surprisingly shows the opposite (for the Amsterdam police force).

Questions / topics / ideas to be discussed

1. We don’t do a very good job as researchers concerning the effectiveness of policies and institutions.
2 Where the quality is considered good, the results vary.
3 Effectiveness is context-dependent and related to the type of integrity violation.
4 The inconclusiveness is also true for a number of views that dominate the discussion: the importance of leadership and the effects of a compliance- or value-based approach.
5 At this stage the most credible and safe conclusion is that organizations and systems need to balance different types of strategies and instruments as well as be reflective and critical on what works for them. This should not only include the more specific effects of policies and instruments but also their costs and unintended effects.
6 The future focus of studying what works and what does not work in terms of integrity management policies and practices should (more explicitly) be the level of the integrity system, rather than a specific organization or policy (instrument). An integrity system is the total set of policies, practices and actors that work together to fight corruption and safeguard integrity of a particular organisation.
7 This research should focus on establishing effective configurations of integrity policies, practices and actors within these integrity systems. And finding and testing theoretical explanations of the underlying mechanisms.
8 The approach is taken for national integrity systems, but it should and can also be applied to police departments, local authorities, banks and other organizations that fulfil important public tasks.
9 The hypotheses resulting from local integrity research are:
   - a core integrity agency responsible for integrity and corruption seems important; main issues have to do with the independence of the agency and the resources it possesses (budget, staff, powers, support)
   -the system has to balance: attention for strategies focusing on the values of public employees as well as on rule compliance, on internal as well as external involvement and controls
   -much more reflection on what works is necessary to make an integrity system effective in making the public sector more ethical.
1 POLICY INSTRUMENTS

1.1 Strategies

Often two strategies of integrity policy are distinguished in the literature in ethics and integrity management: compliance-based, or rule-following, and values- (integrity-) based, or incentive-giving. Pros and cons of both strategies have been broadly discussed (e.g. Maesschalck, 2004; Michaelson, 2006; Trevino & Weaver, 2003; Weibel, 2007). Each strategy appears to lead to more awareness of ethical issues, more willingness to look for advice, better ethical decision-making and less integrity violations. However, a values-based strategy advances employee’s intrinsic motivation to integrity, and by that yields more lasting effects, while a compliance-based strategy generates fear of sanctions and thus extrinsic motivation. Adopt the values-based strategy then? No, that will not be the right solution, for without sanction consequences of integrity violations a values-based strategy has no bite. In fact one strategy cannot without the other and integrating and balancing is required. However, a balance will not be found by simply adding and taking policy instruments. Though in literature policy instruments are often assigned to one strategy or the other, in our view it is not that simple. The way an instrument is used and communicated determines whether it should be seen as a ‘rule-following’ or an ‘incentive-giving’ tool.

Research on separate ‘handy’ policy instruments so far focuses on a number of themes¹:
- Codes (i.e. values, rules, organizational codes)
- Ethics training
- Selection
- Investigations and sanctions

Here we primarily discuss what research so far found regarding the effectiveness of some of the ‘handy’ instruments mentioned above. Before coming to that, an important remark: there seems to be no such thing as a ‘best buy’. Effectiveness of separate instruments are at root dependent of compatibility of goal, content, target group, implementation method etc. in combination with sources the program and the management pass to the employees to bring about changes themselves. For it is the interpretation of the employees that makes an instrument work. In this respect the underlying reasons the management has to apply the instrument is important while it impacts employee’s interpretation (Dunn, 2008; Pawson, 2002).

1.2 Codes

A code is often the first thing managers think of, when the call for integrity policy resounds. Mostly organizations then already have codes, because various forms of codes exist. Vertical codes give rules on specific matters, for example outside activities or private use of internet. Partial codes for specific positions give rules for employees who are confronted with task-related moral risks, for example the finance department or the personnel department. An oath or vow encompasses key organizational values and general moral rules the employee promises to keep oneself to. A mission statement often encompasses guiding principles.

¹ The extensive literature on ethical culture and climate is beyond the focus op this paper. For that we refer to Karin LasThuizen’s research (forthcoming) and conference paper.
More generally a code refers to an organizational code. The organizational code is often put forward as the queen of integrity policy, though it is a question whether its crown is deserved. Three types occur: a code of conduct, a code of values (also referred to as a code of ethics) and, most frequently, a combination of both. Codes of conduct give guidelines and directives on the way the organization and the employees can be expected to behave and to behave not. Codes of values focus at the key values the organization and the employees are supposed to act on. Do (organizational) codes help? On the effectiveness of codes extensive literatures exist. Research outcome is inconclusive. Kaptein and Schwartz (2008) did a very good job in unravelling the reasons. If one thing emerges out of research, it is that a code is an arduous tool. It is not enough to write down a code and distribute it. Attention has to be devoted to real commitment of top management, the development process, the content itself and last but not least the implementation process. If not, a code is money down the drain. The contribution of the development process is forming the minds, creating a broad foundation, and ensuring the code is relevant and useful in practice. The code content has to be logically structured, put in plain words and consistent in use of concepts. Moreover the code has to be related to other relevant documents like the organizational vision. At last the code has to be embedded in the organization processes. A balanced implementation plan had to be made and commitment of all leaders ensured, whereas they play an important part in putting the code in action.

1.3 Ethics training

In the end, ethics in organizations is a matter of individual responsibility. It are individuals in the organization who act and make decisions. Without some attention being paid to the development of individuals’ critical capacities and personal qualities, through education, training and workplace-based learning, the will be a major gap in any systematic approach to the institutionalization of ethics in organizations (Maclagan 1998).

Training and education refer to processes and experiences which are designed to impart knowledge, understanding and skills to people. The difference between ethics training and ethics education is a matter of degree. If ethics education is primary designed to foster the development of moral autonomy (albeit within a social setting), ethics training is primary designed to impart knowledge and skills sufficient to ensure that the organisation’s values are reflected in the behaviour of its members (cf. Longstaff, 1994).

More specifically, ethics training often refer to cognitive training programs in ethical decision-making. In the cognitive decision-making process four stages are distinguished: moral awareness, moral judgment, moral motivation (or intention), and ethical (or unethical) behavior. Between moral judgment and ethical behavior some causal relationship is supposed, this relationship being intermediated by moral motivation, i.e. the degree of commitment to taking the moral course of action, valuing moral values over other values, and taking personal responsibility for moral outcomes. However, moral behavior itself often appears disconnected from explicit moral reasoning processes. People who are excellently capable of moral reasoning can in reality act unethically. In the opposite people who show act exemplarily ethical behavior often say they acted automatically and without inner struggle before. Thus at least other aspects than cognitive reasoning interfere in the occurrence of ethical behavior (or the intention to it). Scripts and moral schemata can play a role, but also immediate and direct intuitive moral judgment. Moreover leader’s behavior and ethical culture (fairness perception!) influence ethical motivation and thus ethical or unethical behavior. An interesting notion comes from Maclagan (1998) who points to the possibility of a Hawthorne effect: merely the fact people get training can have a positive effect on ethical behavior. (velen waaronder: Treviño et al., 2006; Rest and Narvaez 2000; Weaver xx)
Nevertheless, ethics training and education focus on moral awareness and moral judgment - in which a moral judgment comes about by moral reasoning. Most training programs in cognitive reasoning are based on or derived from the ethical decision-model, originally developed by Terry Cooper in 1982 (cf. Cooper, 2006). In most variants of this model participants pass through several steps, which can be summarized as

1. there is a case
2. the moral problem or dilemma is identified
3. arguments pro and contra different ways of acting are collected (based on one or more basic ethical theories: virtue ethics, deontology, utilitarianism)
4. a conclusion is formulated

Whether individuals actually use their moral reasoning capacity in decision making seems to be dependent on the circumstances: do those circumstances trigger or depress moral reasoning processes?

In practice, another common goal of ethics training and education is providing employees the ‘right’ moral framework. In literature a consensus has started to emerge that instruction should not be based on the rightness of a particular set of moral principles. Rather the focus should be identification and application of one’s own value sets, because of their basic impact on moral judgements. (Falkenberg 2008).

To be effective, training programs have to be designed in reference of the target group. That means, in general, age and educational level has to be taken in account. Ethics training in the workplace also means training adults, moreover professionals, on a sensitive subject. Four critical elements occurs then for an effective training program (cf. Thorne LeClair et al. 2000):

- Identical elements: cues in the training situation that parallel cues of the work situation or decision environment. Using cases is therefore essential.
- Presentation of the rules of the training condition.
- Stimulus variation
- Conditions of the learning environment, especially safety and trainer’s trustworthiness

Who?
Though ethics training is relevant to all employees, four specific moments in organizational career are seen as most important to advance and maintain professional ethical acting:

- at the introduction in the organization and/or in the organizational education period (to become aware of integrity aspects of professional life and of the meaning of key organizational values in working practice)
- in the first period at work (to discuss experienced dilemmas and to confront one’s first work experiences with own norms and values and with learned formal and observed informal organizational values. (Note that this is also an excellent opportunity to learn from their fresh eye on the organization and its (sub)culture.)
- when moving to ethically vulnerable positions (to discuss the specific integrity aspects of the position)
- in leadership education programs (with special attention for leader’s role in maintaining organizational integrity)

1.4 Investigations and sanctions
The effectiveness of internal investigations and sanctions on future ethical behaviour of co-workers is mediated by fairness perceptions. If investigation and sanctioning is seen as inconsistent, not in accordance with the earnestness of the misbehaviour involved or a sign of favouritism, the instrument is rather contra productive and leads to cynicism. The same is true if the investigation process is seen as biased or unprofessional.

In reverse, if investigation and sanctioning is seen as just, consistent, in accordance with earnestness and unbiased, it has a positive influence on fairness perceptions, and by that on ethical motivation. Moreover fairness perceptions of applied means of enforcement contributes to willingness to report misconduct (Ball 1994; De Graaf 2007; Treviño 2001;). Research at the Amsterdam police brings in the importance of accounting for the investigation process and sanction decision making process by the investigation officers, respectively (top) management to not as much the workers who were subject of investigation and sanctioning, as their co-workers (VanTankeren 2007). This internal (top-down!) accounting and seriously answering questions and uttered doubts by co-workers has a positive effect on fairness perceptions, and by that on the commitment to the organization.

1.5 Preliminary conclusions

We find that insofar as research has focused on the effectiveness of integrity instruments, the research was either flawed in method or resulted in inconclusive or comparatively contradictory outcomes. Most research focused on evaluating the effectiveness of individual instruments with the notable exception of Trevino and colleagues (e.g. Trevio et al 1999). Research that looks at the interaction of individual instruments has found that a balance of compliance-based and value-based approaches works best. It is the interaction of policies that appears most crucial. But how to assess when and what the right balance is, is as yet unclear.

- Effectiveness is context-dependent.
- Most research was done in business corporations, not public organisations. Research on effectiveness in public organizations is often done in the specific domain of police organizations.

2 INSTITUTIONS

In this section we review the institutions for integrity management. Different actors can be charged in different ways with implementation of the instruments discussed above. For example, who is charged with investigating reports of (alleged) integrity violations? And who is the final judge whether a violation has occurred and what sanction is appropriate? Different approaches are possible and have been taken. Beyond the organisational level, for most organisations with important public tasks, such as police departments, local authorities or banks, it helps to also have external actors that provide checks and balances in case the internal integrity strategies do not function properly. Insofar as there are formal laws regulating integrity the police and justice system is present as an external check and balance for any wrongdoing within the organisation in question. Also, the media are nearly always present as actor to make public any alleged wrongdoing, irrespective of whether the integrity violation is against the law or not. The degree to which these external actors can be effective depends on the independence, authority and expertise that they have. This will vary by country and vary by sector.
Because of the importance of external integrity institutions, we prefer to talk about integrity systems, following the lead given by Pope and Transparency International. First we review the literature to date on different integrity systems, national, international and local. Next, we address the research into the broader notion of integrity systems, including among others, integrity systems for national governments (e.g. Transparency International’s temple approach and Australia’s National Integrity System Assessment), police departments (Lamboo, 2005; Van Tankeren, 2007), local authorities (Huberts, Anechiarico and Six, 2008) and commercial banks (Kruithof, work in progress; Van der Veen, work in progress), and the implications for future research that can be identified.

2.1 National Integrity System

The National Integrity System (NIS) perspective was developed by Transparency International and Jeremy Pope as a model to use, describe and evaluate what countries can do and do to fight corruption and to safeguard integrity. The overall goal of the NIS model is to promote the integrity of governance in society. It is summarized in Figure 1. The model is built on and sustained by foundations, which comprise public awareness and society’s values. If public awareness is high and values are strong, they will support the pillars, which rest on them. On the other hand, if the public is apathetic and not watchful, or if the values are widely lacking, then the foundations will be weak. On top of the roof are three round balls; they represent important principles, including sustainable development of effective and efficient public services, government functioning under law and quality of life. These goals reflect the broad significance of NIS systems for countries, including developing countries.

The pursuit of the goals of the NIS is rooted in the conviction that all of the issues of contemporary concern in the area of governance - capacity development, results orientation, public participation, and the promotion of national integrity - need to be addressed in an integrated or holistic fashion.

The NIS approach works through a number of crucial institutions, sectors or activities - the pillars. These include the political will to fight corruption, an active parliament to attain and sustain good governance and to fight corruption, an auditor-general as watchdog over financial integrity, an attorney-general as ‘guardian of the public interest’, a public service system designed to protect the public decision-making process, the judiciary and the protection of the rule of law, an ombudsman, independent anti-corruption agencies, adequate procedures for public procurement, accounting and financial management, a private sector operating within the laws and public awareness, media, civil society and international organizations supportive of ethics and integrity.

Figure 1.1: Elements of a National Integrity System

---

2 For more detailed information about the NIS-model, please refer to the website of Transparency International, the leading international non-governmental organization devoted to combating corruption, that developed and promoted the concept of NIS, URL: [www.transparency.org](http://www.transparency.org) and; Pope, J. (Ed), 1996, *National Integrity Systems: the TI Sourcebook*. Berlin: Transparency International.
The NIS also encourages the pillars to work together, as stakeholders in developing a plan and assessing ‘the systemic identification of gaps and weaknesses, as well as opportunities for strengthening or augmenting each of these pillars into a coherent framework’ (Pope, 1996) - in terms of interrelationships, interdependence and combined effectiveness in a ‘holistic approach’. Pillars are not necessarily of equal strength but the overall impact can be achieved through over-compensation by certain pillars (for example, a proactive anti-corruption agency offsetting weak investigative journalism).

In the NIS approach the main criterion for judging the quality of the system, although only implicitly, is the completeness of the system; are all pillars and elements of the NIS present? This approach was taken by Doig and McIvor (Transparency International, 2001) in their study of many national integrity systems.

The OECD’s (2000) focus in ethics infrastructure identifies similar actors at the national level (such as legislature, executive, judiciary, auditor-general, ombudsman, watchdog agencies and civil society), but does not follow the Pope’s temple metaphor.

The Australian NISA approach actually replaces the Greek temple approach advocated by Transparency International with a bird’s nest metaphor for a more interdependent network representation (Sampford et al., 2005). TI’s temple metaphor suggests that the whole temple is as strong as the weakest pillar, while the Australian NISA’s bird’s nest metaphor suggests that ‘a multitude of often weak institutions and relationships can combine to more effectively protect and promote the fragile goal of public integrity’ (Sampford et al., 2005: 96). Their research suggests that the cumulative interrelationships may be more important than the individual institutions, which is suggested by the temple metaphor.

### 2.2 International Integrity System

A number of global and international initiatives that tackle the problem of integrity at the local level are worthy of note (Huberts et al., 2008).
2.2.1 United Nations

As United Nations Secretary-General Kofi Annan said in his statement on the adoption by the General Assembly of the United Nations Convention against Corruption:\(^3\) ‘Corruption hurts the poor disproportionately by diverting funds intended for development, undermining a government's ability to provide basic services, feeding inequality and injustice, and discouraging foreign investment and aid.’ The Convention is a comprehensive international anti-corruption framework and it illustrates the international consensus on the issue. It includes a description of the values to be promoted amongst public officials, policies for prevention, legal remedies for violations, and a clause promoting asset recovery from individuals convicted of using public funds for personal gain.

Among the elements of the UN framework is a Code of Conduct for Public Officials, whose general principles include:

1. A public office, as defined by national law, is a position of trust, implying a duty to act in the public interest. Therefore, the ultimate loyalty of public officials shall be to the public interests of their country as expressed through the democratic institutions of government.
2. Public officials shall ensure that they perform their duties and functions efficiently, effectively and with integrity, in accordance with laws or administrative policies. They shall at all times seek to ensure that public resources for which they are responsible are administered in the most effective and efficient manner.
3. Public officials shall be attentive, fair and impartial in the performance of their functions and, in particular, in their relations with the public. They shall at no time afford any undue preferential treatment to any group or individual or improperly discriminate against any group or individual, or otherwise abuse the power and authority vested in them.

2.2.2 The World Bank and the International Monetary Fund

Mirroring ethics’ growing importance in the world of politics, major international financial and economic institutions like the World Bank and the International Monetary Fund have also embraced corruption-prevention techniques as central criteria when determining questions of developmental aid and debt release in international relations. Essentially, the focus is on whether assisting a country will ultimately facilitate profiteering of the elites through bribery and fraud. The World Bank, in concurrence with the IMF, has identified corruption as among the greatest obstacles to economic and social development, distorting the rule of law, and weakening the institutional foundation on which economic growth depends. As corruption sabotages policies and programs that aim to reduce poverty, confronting it is critical to the achievement of the World Bank's overarching mission of poverty reduction. The World Bank’s anticorruption strategy builds on five key elements: increasing political accountability, strengthening civil society participation, creating a competitive private sector, mandating institutional restraints on power, and improving public sector management.

In 2006 the World Bank brought together ‘over 250 leaders, thinkers, development practitioners, and youth from over 70 developed and developing countries for what was termed a World Ethics Forum. Discussions focused on strategies to promote ethical leadership and public integrity as tools for better governance and accelerated development. Its goal was to develop, empower, and support leaders at all levels who are committed to integrity, private, and civil society leaders to create new joint initiatives and partnerships\(^4\).’

\(^3\) See the full text of the Convention at http://www.unodc.org/unodc/en/corruption.html.
OECD
The Organization for Economic Co-operation and Development, consisting of 29 member states representing the industrialized world, has made anti-corruption initiatives and ethics and integrity policies an important aspect of its work. Its main contribution has been the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The Convention, signed by all member countries and a number of non-members, came into force in 1999 and for the first time made bribing a foreign public official a criminal offense. Another area of focus is evident in the OECD Guidelines for Managing Conflict of Interest in the Public Service which offers the first international benchmark in the field. A ‘conflict of interest’ was concretely defined as involving ‘a conflict between the public duty and private interests of a public official, in which the public official has private-capacity interests which could improperly influence the performance of their official duties and responsibilities’.

Transparency International
Transparency International, based in Berlin, is the best known and most ubiquitous example of an international non-governmental organization fighting corruption. With branches in 99 countries (2006), TI favors a holistic approach to a national integrity system (Pope 2000; Transparency International 2001). Although each country or region is unique in its own history and culture, its political system and its stage of economic and social development, similarities do exist and experience and lessons are often transferable. TI proposes a National Integrity System as a comprehensive method of fighting corruption. It comprises eight interdependent pillars for research, action, and dialogue: public awareness, public anti-corruption strategies, public participation, watchdog agencies, the judiciary, the media, the private sector, and international cooperation. From this initiative emerges the popular Corruption Perception Index, that scores countries on a continuum based upon surveys among business persons and analysts. Additionally, TI monitors a Corruption Barometer which tracks public opinion on bribery and corruption and issues an annual report, with detailed analyses on many countries and regions that cover most of the world. Collectively, those measures offer a glimpse of both the breadth and awareness of corruption in a sampling of countries across the globe.

Conclusion
To the extent it is possible to summarize and generalize from these initiatives, one might conclude the following. First, international organizations over the past ten years have demonstrated a growing commitment to fight corruption. The topic has a prominent agenda position in international politics and administration and is seen as essential in safeguarding integrity to promote political and economic progress. Second, an extensive framework of conventions, rules, monitoring guidelines, and sanctions has been built and continues to grow. Third, these policies and practices are exercising increasing influence on the decision-making bodies that determine who receives financial assistance, debt reduction, developmental aid, and political and economic favours; countries that seek such support and do not abide by nor recognize these anti-corruption initiatives are regarded much less favourably on the whole. Fourth, there appears to be a growing awareness amongst the international community that

issues of integrity and ethics of government and governance encompass aspects beyond curbing and sanctioning corruption.

2.3 Local Integrity System
Local integrity systems (LIS) are very important for the integrity of local government and the public’s trust in government more generally. After all, the nature and potential of governance in a society is to a large extent determined where we live.

Different LIS configurations of actors, policies and practices are found in cities around the world with varying degrees of effectiveness in terms of levels of integrity achieved. Local line agencies have primary responsibility for managing the integrity of their officials, containing integrity risks. Recent research (Huberts, Anechiario and Six, 2008) shows that several actors are active as guardians of integrity in a LIS: a core local integrity agency, local auditor or comptroller, local ombudsman, police and justice and the media. In many cities a core local integrity agency has been set up, but with different roles and positions. Some are independent agencies external to local administration, with far-reaching investigative powers and varying sanctioning powers (Hong Kong, Sydney and New York). Others are agencies internal to local administration with varying powers (Hamburg and Amsterdam). While still others are committees with internal and external members and varying powers (London and Antwerp).

Based on exploratory research (Huberts et al, 2008) many potentially relevant components can be identified for a LIS aimed at local civil servants. In Figure 1 these are grouped into provisional causal conditions at different levels. We discuss the components from the bottom up. The outcome, integrity performance, is placed at the bottom of the figure. The degree to which a LIS manages to achieve high integrity performance is expected to be most directly affected by the degree to which at the agency level integrity risks are contained by effective agency level policies and practices. These most probably include: systematic risk analyses of all (major) work processes; proper formal procedures to mitigate the integrity risks identified; shared and internalized code of conduct stressing the moral values and norms relevant for the agency; leaders committed and motivated to actually, in practice, contain the risks and make the procedures work; in particular by setting the example; and employees aware of integrity risks and procedures to mitigate them.

The next level is the municipal level. Here we distinguish four components. The first component consists of the formal and informal institutions (actors, polices, practices) within the municipality’s administrative and political hierarchy. These include the executive, council and staff departments (in particular, internal financial control department). With the control they exercise towards the agencies through hierarchical accountability relationships (Romzek, 1998).

The second component at the municipal level consists of the institutions that are part of the municipality but are not hierarchically accountable to executive or council. They are charged with oversight of the municipal political and administrative system, including the line agencies, with regard to integrity risk containment. These institutions are usually installed, appointed and financed by council (or elected mayor): local auditor, local ombudsman, and external accountant.

The other two components at the municipal level refer to different positions for a core local integrity agency. In the first, the core integrity agency is part of the municipality’s administrative hierarchy (e.g. Integrity Bureau Amsterdam). The other option is an independent core integrity agency (e.g. Independent Commission Against Corruption Hong Kong, Standards Committee London).
At the next level up, external to the municipality, but still part of the LIS, are three types of external guardians of integrity and the regulatory context. The first type of external guardians is institutions that are external to the municipality and are specifically concerned with integrity issues. These include civic integrity watchdogs, state or national ombudsman, state or national auditor charged with oversight over integrity at the local level.

As a separate component we can have an external core integrity agency who (also) looks at municipal integrity performance (e.g., ICAC New South Wales with oversight responsibility for Sydney).

The third external type of guardian consists of guardians of general good governance. These include general watchdog agencies that ‘ensure’ that municipalities comply with laws and regulations (police and justice) or with public expectations more generally (media).

The fourth and final external component of LIS is the regulatory context as it affects the LIS. We include this component in this provisional list for completeness sake, but do not hypothesise ‘regulatory context’ to be a relevant causal condition because regulatory context can only be effective if there are good watchdog/inspectores and guardians with investigative and sanctioning powers to make the regulation ‘bite’. These institutions are present in the other components of Figure 1.

The core integrity agency is present in Figure 1 as three different components: within the municipal hierarchy, as independent municipal institution or external to the municipality. It would not make sense for any one municipality to have more than one core integrity agency. Hence, within any particular LIS, at most one of these three components will actually be present. This helps to limit the theoretically possible configurations.

**Figure 1: Possible components of LIS configurations**

<table>
<thead>
<tr>
<th>External general guardians</th>
<th>External integrity Guardians</th>
<th>External core integrity agency</th>
<th>Regulatory context</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Police and justice</td>
<td>- Civic integrity watchdog</td>
<td>- Local auditor</td>
<td>External level</td>
</tr>
<tr>
<td>- Media</td>
<td>- State or national ombudsman</td>
<td>- Local ombudsman</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- State or national auditor</td>
<td>- External accountant</td>
<td></td>
</tr>
</tbody>
</table>

**Municipal hierarchy**
- Executive
- Council
- Staff depts

**Independent integrity guardians**
- Local auditor
- Local ombudsman
- External accountant

**Core integrity agency in municipal hierarchy**

**Agency level integrity risk containment:**
- Risk analyses
- Formal procedures for risk mitigation
- Code of conduct
- Committed leaders
- Employee awareness and knowledge of integrity risks measures

**Outcome**

**Integrity performance of LIS**
2.4 Towards a model for integrity systems

In section 2.3 we presented hypothesized components of a local integrity system. In this section we adapt these insights to a model for integrity systems more generally.

An integrity system is a system in the sense of Bunge’s (2004: 188, in Kittel, 2006) definition: a system is ‘a complex object whose parts or components are held together by bonds of some kind’. The components that are part of the system are all those actors, policies and practices that together affect the degree to which the organization, e.g. local authority, bank or police force, that forms the core of the LIS achieves a high or low integrity performance. Integrity performance is conceptualised as performance of the organization that is in accordance with the relevant moral values and norms in (the local) society (Huberts, 2005; Six et al, 2007). High integrity performance is achieved if officials (are perceived to) act with integrity and avoid integrity violations.

Research suggests there are several configurations that lead to high integrity in integrity systems; and possibly also several configurations that lead to corrupt, or low integrity, integrity systems (Huberts et al, 2008). A configurational approach suggests that integrity systems ‘are best understood as clusters of interconnected structures and practices’ (Fiss, 2007: 1180). For examples of configurational approaches at organizational levels, see for example, Ketchen et al (1997) and Myer et al (1993). A configurational approach to integrity systems acknowledges the equifinality and multicausality of different configurations to achieving high integrity at the organizational level.

The aim of any integrity system is to safeguard the integrity of the organization in all facets of its operation. This implies that each and every organizational official acts with (high) integrity and (at least) avoids integrity violations. We hypothesize that in all integrity systems (at least) three levels can be distinguished: the operational level, the (strategic) organizational level and the external level.

The operational level includes the operational agencies and departments in which the organization’s primary activities take place. This is the level where the interactions with key stakeholders such as customers, suppliers and network partners take place. It is the level where the integrity proof of the pudding is in the eating. Both of the other levels of the integrity system are geared towards ensuring that at this level integrity is safeguarded. Key actors at this level are the employees or frontline officials actually performing the organization’s primary activities; and the agency level leaders steering the frontline officials. Research abounds to show the importance of what is called ethical leadership, that is leaders, in particular direct supervisors, setting the example, establishing clear guidelines and boundaries, punishing undesired behaviour and rewarding desired behaviour (e.g. Brown et al, 2005; Lasthuizen, 2008). The strategies and instruments discussed in paragraph 1 are especially salient at this level.

The aim of an integrity system is that every official in the system takes ethical decisions, intentionally or unintentionally (Tenbrunsel and Smith-Crowe, 2008). This is most likely when the official is either in an ethical frame or effective sanctions are in place (Tenbrunsel and Messick, 1999; Tenbrunsel and Smith-Crowe, 2008). Ethical frames are stimulated by values-based strategies and effective sanctions are part of compliance-based strategies.

At the (strategic) organizational level the emphasis is on the policies and procedures that stimulate the desired integrity management initiatives at the operational agency level. Again
ethical leadership, leaders being committed to integrity and ethical behaviour, is crucial. Furthermore we usually find financial-administrative control procedures at this level, HR policies and practices and sometimes also a unit where people (organizational officials and outsiders) can report (suspicions of) integrity violations committed by organizational officials. The degree to which the financial-administrative control unit and the core integrity unit are independent and have the mandate to investigations suspicions of integrity violations is an important factor for safeguarding that the integrity performance of the system remains high irrespective of the leadership of the moment. Independent integrity units with strong mandates provide a strong internal check and balance to the commitment to integrity of the line (line management and operational officials).

At the third level, the level external to the organization at the core of the system but still part of the system, we identify as (possible) actors police and justice, media, regulatory oversight agencies and civic integrity watchdogs. Regulatory oversight agencies are a relatively new phenomenon on modern society and are created for ever more sectors (Power, 1997). This can be attributed to the New Public Management and related movements (Osborne and Gaebler, 1992). These agencies are the guardians of the public interest, usually especially in terms of the quality and equity of the services delivered, but generally integrity dimensions are included.

For example, in the banking sector many countries now have at least two and sometimes three external oversight agencies that have a mandate to safeguard dimensions of integrity. The first is the central bank whose mandate includes providing safeguards that the bank’s balance sheet is sufficiently sound to ensure that a customer’s savings can be repaid. More recent are the financial markets watchdogs, such as the UK’s Financial Services Authority or the Dutch AFM, whose primary task is to ensure that financial institutions do not misuse their powerful position and treat their customers fairly. For example these institutions are concerned with the following issues: do financial advisors put the customers’ interest before their own when giving advice? Do financial institutions provide complete, transparent information about financial products that is understandable for the average lay customer? The third potential regulatory oversight agency is the financial sector Ombudsman. This institution is not very common yet (in the Netherlands it started in 2007).

Civic integrity watchdogs are less common in many integrity systems. At the national level, they are more likely than at the local government level, our research shows (Huberts et al, 2008). For business corporations, civic consumer organizations are usually the only organizations that potentially act as watchdogs. Incidental civic watchdogs are becoming more frequent, founded when and around specific incidents where the organization is believed to have violated integrity in some respect.

Integrity guardians at the external level provide an important check and balance in the system. If the system is effective at the other two levels, the actors at the external level need not be overly active, but if the other two levels are not performing as expected by society, then external actors are key in turning the performance around.

3. Preliminary concluding remarks

- Future research should also focus on integrity systems within and around organizations rather than only on the organization itself, or on individual integrity policies. For organizations with important public tasks, such as police departments, local authorities or
banks, there will nearly always be regulatory instruments in place that provide external checks and balances to the integrity policies within the organization.
- Future research should focus on establishing effective configurations of integrity policies, practices and actors within these integrity systems. And finding and testing theoretical explanations of the underlying mechanisms.

To give a first impression of possible results we finish with the headlines of the conclusions of our project on local integrity systems in seven world cities (Huberts et al. 2008). These conclusions might serve as hypotheses to be tested in other contexts.

1 More in general, in each of the seven world cities a number of crucial integrity functions are present and represented by an institution. These include the police and prosecutors, a (local) ombudsman, a local auditor and what we call a core local integrity agency. The core agency in for example in Hong Kong is the Independent Commission Against Corruption and in Amsterdam the Integrity Bureau. Striking differences appeared in the role, position and size of that agency. The main issues have to do with the independence of the agency and the resources it possesses (budget, staff, powers, support).

2 The integrity agencies actually function very differently and there is a great deal of room for improvement. Even though the book does not provide the definitive answer to what works and what doesn’t, the book offers many examples that might be useful. For example, systems of reporting violations and protecting whistle blowers, types of ethics codes for gifts etc., types of training of leadership. Further comparison and exchange between local integrity systems at the policy and instrument level might help.

3 The institutions within the seven cities show little dissatisfaction with their own performance. This is of course not very surprising but that does not make it less worrying. More self reflection and research into the effectiveness of the local integrity systems in the cities should become top priority. Some of the cities with more established core agencies have done more research, but even that is relatively sporadic. In continental Europe (Amsterdam, Hamburg, Antwerp) special attention should be focused on the issue how the integrity of politics and politicians are incorporated in the system.

4 Much more reflection on what works
Which local integrity system has been effective in making the public sector more ethical and local government more legitimate? This is a very hard question to answer and perhaps the most difficult challenge mentioned here, both for scholars and practitioners.

5 Realism about integrity and good governance
Most of the cities reviewed here, to some extent, incorporate in their local integrity systems a recognition that effectiveness and integrity have to be conjoined. Pursuing them separately will weaken the effort in each area. The same applies to other criteria of good governance (lawfulness, democratic quality).
References (yet incomplete)


Bossaert, Danielle and Christoph Demmke (2005), Main Challenges in the Field of Ethics and Integrity in the EU Member States, Maastricht: European Institute of Public Administration. (www.eipa.nl)


Lamboo, T., 2005. *Integriteitsbeleid van de Nederlandse politie*. Amsterdam: VU University Amsterdam. [Integrity policy of the Dutch police force]


Van Tankeren, M., 2007. *Het preventieve integriteitsbeleid van de politie Amsterdam-Amstelland. Onderzoek naar werking en effectiviteit*. Amsterdam: VU University Amsterdam/Politie Amsterdam-Amstelland. [the preventive integrity policy of the police department in Amsterdam-Amstelland]