Principles and Approaches in Ethics Assessment

Institutional Integrity

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Annex 1.e
Ethical Assessment of Research and Innovation: A Comparative Analysis of Practices
and Institutions in the EU and selected other countries
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Contents

1. Description of the principle or issue

A starting point for the discussion about institutional integrity is the concept of integrity and distinguishing between personal integrity and institutional integrity. Integrity refers to **principled behaviour**.[1] Dictionaries define integrity as the firm adherence to a code of moral values and principles, incorruptibility and soundness,[2] uprightness and honesty, and consistency between one's actions and one's principles, methods and measures.[3]

Integrity is said to have 'a clear intrinsic value – it is inseparable from the idea that it is better in any walk of life, including life serving others, to act reliably and with virtue, with fidelity and honesty, responsibly and appropriately, with a clear sense of proper, legitimate purpose and unaffected by the corruptive and perverse'.[4]

The development studies literature suggest that integrity has three dimensions:

> 1) **individual integrity**, which refers to the traditional understanding of integrity as honesty, appropriate behaviour ('doing the right thing') or consistency between words and actions.[5] It means that 'a person has conscious and consistent values that guide his or her decisions and actions'.[6]
> 2) **institutions of integrity** referring to the social norms and codes, including legal rules, that 'bind' individual behaviour;[7]
> 3) the **integrity of institutions**, which refers to the integrity on the level of an organisation, or even an entire public administration system,[8] where integrity is defined as the correct functioning of the institution and fitness for purpose,[9] its coherence and being perceived as legitimate.[10]

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[1] Pallai, K., "Integrity and integrity management", created within the framework of priority project No. SROP-1.1.21-2012-2012-0001, entitled 'Prevention of corruption and the revision of public administration development'.
http://corruptionprevention.gov.hu/download/8/f2/90000/Integrity%20and%20integrity%20management%20(Katalin%20Pallai).pdf

[2] Bader, B., E. Kazemek, R. Witalis, "Emerging Standards for Institutional Integrity: A Tipping Point for Charitable Organizations", A Governance Institute White Paper, Fall 2006, p. 1. http://www.witalis.com/pdf/WP_InstitutionalIntegrity.pdf

[3] The World Road Administration, PIARC Technical Committee B.1, Good Governance of Road Administration, "Best Practice of Good Governance – Institutional Integrity", p. 21. http://www.piarc.org/en/order-library/16949-en-Best%20practices%20of%20good%20governance%20-%20Institutional%20integrity.htm

[4] Field, C., "The fourth branch of government: the evolution of integrity agencies and enhanced government accountability", Paper presented at the 2012 AIAL National Administrative Law Forum, Adelaide, 19-20 July 2012.

[5] Grebe, E., M. Woermann, "Institutions of Integrity and the Integrity of Institutions: Integrity and ethics in the politics of developmental leadership", The Developmental Leadership Program, Paper 15, March 2011, p.8. http://www.dlprog.org/news-events/new-paper-ethics-and-integrity-in-the-politics-of-developmental-leadership.php

[6] Pallai, op. cit., 2012.

[7] Grebe & Woermann, op. cit., 2011, p. 8.

[8] Pallai, op. cit., 2012.

[9] Grebe & Woermann, op. cit., 2011, p. 8.

[10] Ibid.

Understanding institutional integrity requires an understanding of both individual and institutional integrity, and the correlation between these issues.[11] In other words, it is crucial to investigate both the complexities between individuals' choices and behaviour the context in which they act (including the relationship between agency and structure; or individual and institutions).[12] Institutions must retain their integrity despite any potential conflicts with the individual values of employees and any personal failings that might lead employees to undermine institutional policies.[13] There may occur, therefore, a conflict between these two types of integrity, and 'tension between creating incorruptible institutions and processes, and fostering personal integrity'.[14]

As was mentioned above, **individual integrity** refers to consistency between words and actions,[15] meaning that a person has a conscious and consistent system of values, which serves as guidance for making decisions and taking actions.[16] Individual integrity is 'a question of the relation and mutual constitution of individual persons and their inter-personal and socially constructed circumstances'.[17] Furthermore, individual integrity is compounded by the nature of institutional arrangements. Individuals are entangled in political and institutional structures that encourage or undermine the possibility of acting ethically.[18]

At **the institutional** level, integrity implies an organisation that 'defines, and acts within, a strong code of ethical conduct and positive values, and that adopts no tolerance of attitudes, actions and activities by its employees or partners that deviate from that code'.[19] This concept is strongly interlinked with the principle of transparency, implying openness, communication and accountability.

> As far as organisations and institutions are concerned, the key aspect is that an integrity-based organisation performs its tasks in line with its intended purpose, and is operated in a transparent, accountable, decent, ethical, faultless and invulnerable manner. The behaviour of the individuals is consistent with the values and goals that are being followed, and the organisations and their associates take all necessary steps to do their work in compliance with those values.[20]

The importance of institutional integrity applies to the public sector (including international and intergovernmental organisations (IOs)), the private sector, and the third/civic sector including non-governmental organisations (NGOs) and civil society organisations (CSOs).

1.1. Institutional integrity in the public sector

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[11] Grebe & Woermann, op. cit., 2011, p. 8.
[12] Grebe & Woermann, op. cit., 2011, p. 4.
[13] The Integrity Project, 'Institutions & Integrity'. http://integrityproject.org/the-project/vi-institutions-integrity/
[14] Ibid.
[15] Grebe & Woermann, op. cit., 2011, p.8.
[16] Pallai, op. cit., 2012.
[17] The Integrity Project, 'Institutions & Integrity', http://integrityproject.org/the-project/vi-institutions-integrity/
[18] Ibid.
[19] The World Road Administration, PIARC Technical Committee B.1, Good Governance of Road Administration, 'Best Practice of Good Governance – Institutional Integrity', p. 21. http://www.piarc.org/en/order-library/16949-en-Best%20practices%20of%20good%20governance%20-%20Institutional%20integrity.htm.
[20] Klotz–Sántha, 2013: 16 in Pallai, op. cit., 2012.

Institutional integrity in the public sector is particularly important due to the public character of these institutions that implies public trust in the institution's practices, operations, and policies.

> For public administration bodies, integrity means that the relevant institution complies with the objectives of public interest as determined in the law establishing the body concerned (performance of public tasks). Thus, public administration bodies are clearly distinguished from other market players by the fact that the fundamental question regarding their operation is whether they observe their intended social function. Questions of economy or efficiency can only be evaluated afterwards.[21]

One of the most important aspects of institutional integrity in the context of the public services is the issue of **corruption**. Since the mid-1990s, the interplay between corruption, good governance, and integrity has become a crucial issue in a global setting. Corruption is one of the most significant risks for institutional integrity. Situations and abuses can also challenge one's personal integrity, and create a conflict between individual and institutional integrity. An individual seeking to maximise her/his personal ends through violating the ethics of the organisation and its moral code breaches its integrity. Therefore, a public servant acting in a way that is corrupt (for example, through accepting bribes or other favours to make favourable administrative decisions), acts without integrity.[22]

According to the OECD, corruption may be defined as 'providing of grants or gifts to, the bribing of, or the offering of money to a receiving party (public servant) with the intention of influencing the receiving party to do a task that is not in accordance with his duty'.[23] Nevertheless, striving for integrity goes beyond combating corruption. It is also about other forms of misconduct and improper actions, including other pathologies 'involving financial transactions, manipulation of knowledge and information, discrimination in all forms, (...) as well as biased rules and processes that favour power and short-term interests over equity, fairness, societal welfare and long-term sustainability'.[24] For instance, the Western Australian Integrity Coordinating Group, an informal collaboration of the Corruption and Crime Commission, Public Sector Commissioner, Auditor General, Ombudsman and Information Commissioner, introduced a broader understanding of integrity, defining it as 'earning and sustaining public trust by serving the public interest; using powers responsibly; acting with honesty and transparency; and preventing and addressing improper conduct'.[25] There is a clear differentiation between a public official acting in a public sphere and a private person acting in a private sphere.[26] The public official is a public servant bound by institutional integrity. The crucial component of these boundaries is the trust given by the public to the official to 'act solely in their interest, to be seen to be, and actually be, proper, honest and transparent in their dealings and, importantly, [is] paid by those members of the public, through taxation'.[27]

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[21] Klotz–Sántha, 2013: 16 in Pallai, op. cit., 2012.

[22] Field, op. cit., 2012.

[23] Romero, A.G., "Integrity and good governance - reputation risk in the public sector and financial institutions", Speech delivered by Drs A G Romero, Executive, President of the Bank of the Netherlands Antilles, on the occasion of the opening of the Sixth Biennial Regional Central Banks Legal Seminar, Willemstad, CuraÁao, 12-14 May 2003.

[24] OECD Water Governance Initiative, Thematic Working Group 4, "Integrity & Transparency in the water sector". http://www.inbo-news.org/IMG/pdf/OECD_WGI_WG4_Integrity_Transparency_Scoping_note_FINAL-2.pdf

[25] Field, op. cit., 2012.

[26] Ibid.

[27] Field, op. cit., 2012.

Public procurement lends itself to corrupt behaviour as it involves very expensive investments and contracting of (for example) energy supplies, road construction, or waste management, and also any activities related to research and innovation, including the funding of R&I. One tool that aims to prevent corruption in public contracting is the **Integrity Pact**, an agreement between the government offering a contract and the companies bidding for it.[28] The Integrity Pact states that a government and a bidder will abstain from 'bribery, collusion and other corrupt practices for the extent of the contract'.[29] An important part of the Integrity Pact is a monitoring system, which typically is led by civil society groups.[30] (For examples, see the chapter **Legislation, regulation, national and international frameworks**).

In the context of institutional integrity in the public sector, it is worth mentioning public integrity assessment tools that aim to 'identify weaknesses in the institutional framework for combating corruption in order to prioritise areas for reform'.[31] The role of these tools is either:

> (a) to assess the institutional framework for promoting integrity and combating corruption across the public sector, or
> (b) to diagnose corruption and/or corruption risks within specific government agencies and/or among public officials.[32]

The figure below presents the interplay between integrity assessment and other corruption assessment tools, as public sector integrity is a cross-cutting area including other assessment tools related to corruption.[33]

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[28] Transparency International, "Integrity Pacts". http://www.transparency.org/whatwedo/tools/integrity_pacts/3/
[29] Ibid.
[30] Transparency International, "Integrity Pacts". http://www.transparency.org/whatwedo/tools/integrity_pacts/3/
[31] McDevitt, Andy, "Public Integrity Topic Guide", Gateway Corruption Assessment Toolbox, Transparency International, November 2011. http://gateway.transparency.org/files/uploads/Public_Integrity_Topic_Guide.pdf
[32] Gateway project, "Public Integrity". http://gateway.transparency.org/guides/intro/public_integrity
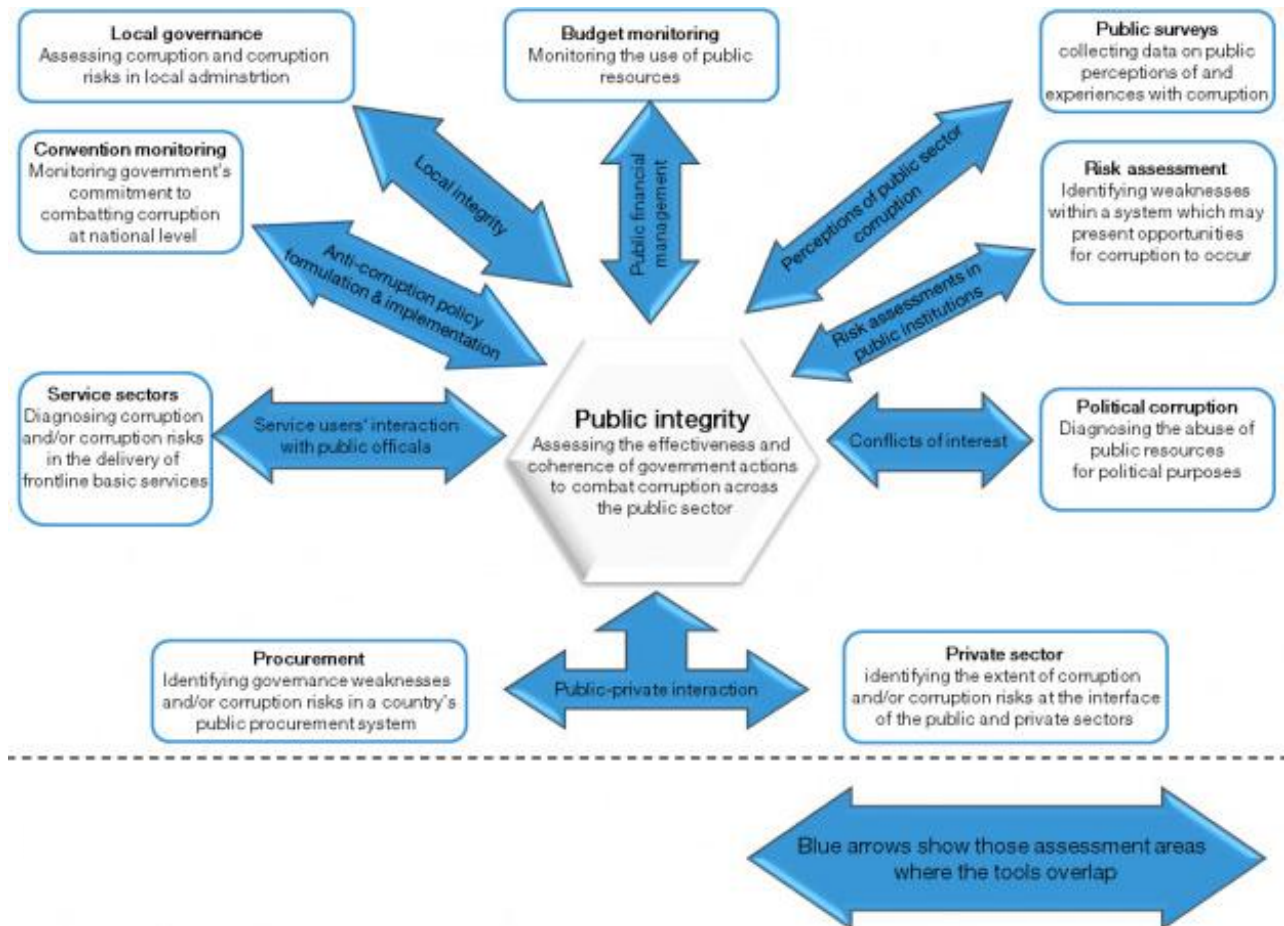[33] McDevitt, op. cit., 2011.

Figure 1 Relationship between public integrity assessments and other corruption assessment tools.[34]
Source: McDevitt, Andy, "Public Integrity Topic Guide", Gateway Corruption Assessment Toolbox, Transparency International, November 2011.
http://gateway.transparency.org/files/uploads/Public_Integrity_Topic_Guide.pdf

At the national level, public integrity is guarded by the integrity branch, represented by the Auditor General or Ombudsman, with a role to ensure '(...) that each governmental institution exercises the powers conferred on it in the manner in which it is expected and/or required to do so and for the purposes for which those powers were conferred, and for no other purpose'.[35]

1.2. Institutional integrity in the private sector

Institutional integrity in the private sector means ensuring that employees act ethically and with integrity.[36] Strategies employed to ensure integrity vary from focusing on compliance with legal frameworks to applying 'soft' approaches that centre on adherence to ethical principles.[37]

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[34] McDevitt, op. cit., 2011, p 2.
[35] James J. Spigelman AC 'The Integrity Branch of Government', AIAL National Lecture Series on Administrative Law, Sydney, 29 April 2004, p. 2.
[36] The Conference Board of Canada, "How to Ensure Ethics and Integrity throughout an Organization", April 2008, p. 1. http://www.conferenceboard.ca/e-library/abstract.aspx?did=2486
[37] Ibid.

At the corporate level, the question of integrity is strictly related to relations between an individual and corporation as an organisation, hence 'individuals as part of the relational whole to which they belong and corporations as part of the larger whole to which they belong'.[38] This interplay includes both interpersonal relationships and corporate relationships with other actors.[39] Management of integrity in the organisation, therefore, plays an incredibly important role. Ethical leadership is one of the components of the integrity of an organisation. The same applies to the internal communication strategy, which should clearly present the organisation's vision, and the general principles and core values that it strives for and which should be a driving force for individual employees. These principles and values should be reflected in an organisation's decisions. Furthermore, an organisation's culture should value institutional integrity and clearly communicate this to employees. Carol Taylor, a specialist in organisational integrity and clinical and professional ethics, emphasizes that '[r]eworded, organisational ethics is about organisational integrity, a commitment to promote that condition/culture in which the system's moral activity (valuing, choosing, acting) is intimately linked to its conception of what a morally good system looks like'.[40]

The discussion on corporate integrity tackles the general philosophical question of the moral agency of a corporation and the collective moral responsibility associated with the actions of groups. Some approaches suggest that the concepts of business ethics and corporate social responsibility (CSR) sheds light on the moral agency of organisations by recognising that companies have responsibilities towards society and the environment. Others understand institutional integrity as 'standing for something'.[41] Some others suggest that a discussion should derive from the civic perspective, from the concept of civic integrity and civic values. For instance, in his book *Corporate Integrity: Rethinking Organizational Ethics and Leadership* Marvin T. Brown suggest a civic approach to integrity and provides a model of organisational ethics that is integrative and explores five dimensions of corporate life: the cultural, interpersonal, organizational, civic, and environmental.[42] His model focuses on communication and relations between an individual, corporation and other actors, arguing that 'Improving the quality of these relationships will improve integrity'.[43]

In the corporate context, institutional integrity is related to the concepts of corporate citizenship and due diligence. The previously well-known slogan 'if it's legal, it's ethical' is irrelevant in the face of greater corporate legal responsibilities and liabilities, improvements in law enforcement and investigation, and (perhaps most significantly) the risk to corporate relationships and reputations.[44] Compliance-based management strategies are inevitable in company operations. They focus on preventive actions and avoiding legal sanctions and addressing potential risks of unlawful behaviour by eliminating and punishing them in order to steer the company in a lawful direction.[45] However, additional regulations, codes of

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[38] Brown, M. T., "Corporate Integrity: Rethinking Organizational Ethics and Leadership', Cambridge University Press, 2005.

[39] Ibid.

[40] Taylor, C., "Institutional Integrity and Organizational Ethics". http://ibc40.org/wp-content/uploads/2013/05/org_ethx_KIE_2013.pdf

[41] The Integrity Project, "Institutions & Integrity". http://integrityproject.org/the-project/vi-institutions-integrity/

[42] Brown, M. T., "Corporate Integrity: Rethinking Organizational Ethics and Leadership", Cambridge University Press, 2005.

[43] Ibid.

[44] Paine, L. S., "Managing for Organizational Integrity", *Harvard Business Review*, March-April 1994, pp. 106-117, [p. 109].

[45] Ibid., p. 110.

conducts and strict regulations do not necessary cultivate integrity.[46] Compliance-based strategies emphasise the threat of detection and punishment, by conceptualizing individuals as 'rational maximizers of self-interest, responsive to the personal costs and benefits of their choices, yet indifferent to the moral legitimacy of those choices'.[47] Strategies are therefore developed that reward compliance and punish non-compliance so that compliance will always be the most attractive option to take. Nevertheless, recent studies show that this is only the case when such behaviour is perceived as legitimate and correct.[48] Therefore, organisational culture has a strong influence on the 'ethical' or 'unethical' behaviour of individual employees. An integrity approach to promoting ethical behavior based on the concept of self-governance in accordance with a set of guiding principles may serve as a tool helping in creating 'an environment that supports ethically sound behaviour, and to install a sense of shared accountability among employees'[49], where ethics is seen as the driving force of a company.[50] Furthermore, organisational integrity envisages that

> Ethical values shape the search for opportunities, the design of organisational systems and the decision-making process used by individuals and groups. They provide a common frame of reference and serve as a unifying force across different functions, lines of business, and employee groups. Organisational ethics helps define what a company is and what it stands for.[51]

Organisational integrity has much in common with compliance strategy, nevertheless it requires more from the management level of a company, particularly in defining the responsibilities and aspirations that inform an organisation's ethical compass.[52] According to Lynn Sharpe Paine, 'creating an organisation that encourages exemplary conduct may be the best way to prevent damaging misconduct'.[53] Furthermore, recent studies show that 'ethically led organisations have been found to have increased effectiveness due to a strengthened organisational culture, lower turnover levels, and increased employee effort'.[54]

1.3. Institutional integrity in the third/civic sector

Organisations in the civic (or third) sector deliver a wide range of social services ranging from food programs, education, housing, healthcare but also scientific research.[55] Recently, organisations within this sector have faced increased scrutiny of their performance and integrity. Non-governmental organisations, both non-profit and non-for-profit are being questioned regarding the use of donations and other funds they receive and the fulfilment of

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[46] Verhenzen P., "The (Ir)relevance of Integrity in Organizations", *Public Integrity,* Spring 2008, Vol. 10, No. 2, pp. 133–149, [p. 134].

[47] Paine, L. S., "Managing for Organizational Integrity", *Harvard Business Review*, March-April 1994, pp. 106-117, [p. 110].

[48] Ibid.

[49] Paine, op. cit., 1994, p. 111.

[50] Paine, op. cit., 1994.

[51] Paine, op. cit., 1994.

[52] Paine, op. cit., 1994.

[53] Paine, op. cit., 1994, p. 117.

[54] Parry, K. W., S. B. Proctor-Thomson, "Perceived integrity of transformational leaders in organisational settings", *Journal of Business Ethics*, 35(2), January (II), 2002, Kluwer Academic Publishing, pp. 75-96.

[55] Ibid.

their commitments towards society.[56] In many countries, third sector organisations are eligible to receive a tax exemption, for instance in the U.S not-for-profit organisations are entitled to a tax exemption from federal, state and local governments.[57] They also cooperate with governments, local authorities, international organisations and businesses. The many corporate, political, and governmental relationships that need to be fostered and the continual need to secure the funding necessary to perform their work creates potential risks for those within these organisations to engage in corrupt behaviour. Therefore, expectations are higher for greater levels of performance, accountability, and transparency in the third sector.

1.4. Striving for integrity in organisation – strategies

As mentioned above, institutional integrity is strongly related to organisational ethics, in which values are used to guide the decisions of a system with the objective of having a strong connection between the system's stated vision, mission, core values and decision making at all levels of the system.[58]

Some of the strategies focus on either compliance with legal regulations or on ethical principles. Opinion leaders and practitioners suggest that building ethical behaviour and integrity requires:

- both ethics and compliance roles;
- setting the right tone through constant communication; and
- working through partnerships and collaboration.

According to Lynn Sharpe Paine, a specialist in in management ethics, the institution may be driven by two of the strategies: **compliance strategy** and **integrity-based strategy**.[59] There is a significant difference between these two approaches (Table 1). While the compliance strategy (which is predominantly lawyer driven) is strictly related to legal compliance, the integrity-based strategy is 'characterized by a conception of ethics as a driving force'[60] of the institution. The compliance-based strategy focuses on formal, detailed rules and procedures, where 'the individual ethical choice is limited to choosing to follow the rules (the ethical thing to do) or to violate them by commission or omission (unethical acts)'.[61] In the public sector, this strategy emphasises the importance of external control of public servants.[62] On the corporate level, it emphasises the importance of ethics management and managerial responsibility for ethical behaviour combined with a concern for the law.[63] In contrast, the

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[56] Bader B., E. Kazemek, R. Witalis, "Emerging Standards for Institutional Integrity: A Tipping Point for Charitable Organizations", A Governance Institute White Paper, Fall 2006, p. 3. http://www.witalis.com/pdf/WP_InstitutionalIntegrity.pdf

[57] Ibid.

[58] The original concept by Paine, L. S., "Managing for Organizational Integrity", *Harvard Business Review* 2, 1994, pp. 106–117); the conceptualisation also in OECD, "Ethics in the Public Service: Current Issues and Practices", Paris, 1996; OECD, "Trust in Government: Ethics Measures in OECD Countries", Paris, 2000; and Gilman, S. C., "Public Sector Ethics and Government Reinvention: Realigning Systems to Meet Organizational Change." *Public Integrity* 1, No. 2, 1999, pp. 175–92.

[59] Ibid.

[60] Ibid.

[61] Fox, C. J., "The Use of Philosophy in Administrative Ethics", Terry L. Cooper (ed.), *Handbook of Administrative Ethics*, 2nd ed. Marcel Dekker, New York, 2001, pp. 105–130.

[62] Maesschalck, J., "Approaches to Ethics Management in the Public Sector: A Proposed Extension of the Compliance-Integrity Continuum", *Public Integrity,* Winter 2004–5, Vol. 7, No. 1, pp. 21–41, [p. 22].

[63] Paine, op. cit., 1994, pp. 106-107.

integrity-based strategy focuses on the internal control mechanism which consists of two components.[64] One component is the individual's capacity for moral judgment, while the second component concerns the role of moral character in internal control of an internal control is moral character.[65] Integrity management aims 'to stimulate moral character and improve ethical decision-making skills through interactive training sessions, workshops, ambitious codes of values, individual coaching, and similar means'.[66] These approaches are not mutually exclusive, but should be complementary and include a clear balance between external control and self-control.[67]

Table 1 demonstrates the difference in approaches between the compliance strategy and the integrity strategy in institutions.[68]

	Compliance Strategy	Integrity Strategy
Ethos	Conformity with externally imposed standards	Self-governance according to chosen standards
Objective	Prevent criminal misconduct	Enable responsible conduct
Leadership	Lawyer-driven	Management-driven with aid of lawyers, HR, others
Methods	Education, reduced discretion, auditing and controls, penalties	Education, leadership, mentoring, accountability, organizational systems and decision processes ("centers of ethical responsibility") auditing and controls, penalties
Behavioural Assumptions	Autonomous beings guided by material self-interest	Social beings guided by material self-interest, values, ideals, peers

Table 1: Difference in approaches between the compliance strategy and the integrity strategy in institutions
Source: Taylor, C., "Institutional Integrity and Organizational Ethics".
http://ibc40.org/wp-content/uploads/2013/05/org_ethx_KIE_2013.pdf

In the very specific context of road administration, the World Road Administration, in cooperation with the United Nations (UN), the World Bank and Transparency International in 2009 conducted research including a survey entitled *Organisational Integrity – Principles, Policies and Practices related to preventing, Identifying and Tacking Corruption.* The outcomes show that there are a variety of approaches to ensure institutional integrity, however four principles were particularly underlined:

- the development of effective management systems;
- a positive corporate culture, including leadership by top management;
- initiatives to raise employees satisfaction and motivation; and
- improvements to procurement processes (and contract implementation and management).[69]

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[64] Maesschalck, op. cit., 2004–5, p. 22.
[65] Ibid.
[66] Maesschalck, op. cit., 2004–5, p. 22.
[67] Maesschalck, op. cit., 2004–5, p. 22.
[68] Taylor, C., "Institutional Integrity and Organizational Ethics".
http://ibc40.org/wp-content/uploads/2013/05/org_ethx_KIE_2013.pdf.
[69] The World Road Administration, PIARC Technical Committee B.1, Good Governance of Road Administration, "Best Practice of Good Governance – Institutional Integrity", p. 8.
http://www.piarc.org/en/order-library/16949-en-Best%20practices%20of%20good%20governance%20-%20Institutional%20integrity.htm.

This research provides also a cyclical model of integrity (Figure 2) that can be easily applied to other branches of industry and both the public and private sector (see below). The model of integrity is contrasted with the model of corruption and the factors favoring corrupt behaviour. The analysis based on the model has to take into consideration the specific context in wich the assessment is applied, such as local conditions, culture and practices.[70] However, the perception of corruption varies in different countries. While an action or gesture like a gift may be perceived as corruption within one country, it might only be viewed as a polite gesture of gratefulness in another country. Additionally, the organisation should suplement the model with effective management systems and monitoring processes (financial transactions, contracts, tendering and risk assessment).[71]
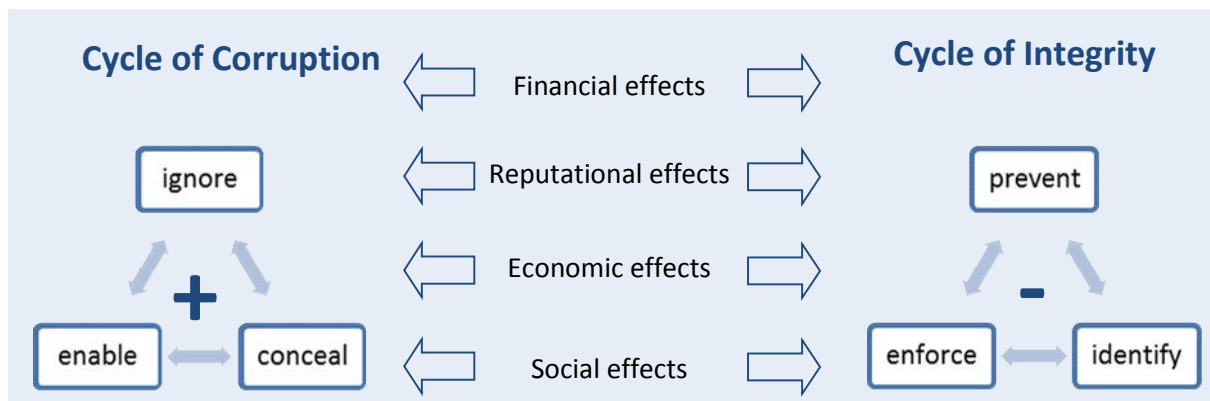

Figure 2. Cycle of Integrity in comparison with cycle of corruption
Source: The World Road Administration, PIARC Technical Committee B.1, Good Governance of Road Administration, 'Best Practice of Good Governance – Institutional Integrity', p. 9.

1.5. Institutional integrity and Research and Innovation (R&I)

Taking into consideration all of the concerns presented in section 1, it is hard to deny that '[c]hanged expectations and the rising influence of internal and external stakeholders have highlighted the fact that integrity is at the forefront of a successful organizational culture, embodying a vision and strategy that takes ethical principles seriously'.[72]

Institutional integrity plays an important role in the ethical management of research and innovation, whether in the public sector or business. The reasoning behind this is that R&I processes involve the management of funds and dealing with different actors engaged in these processes, which may lead to potential unethical and corrupt behaviour. Therefore, a strategy for creating and maintaining institutional integrity plays an important role in avoiding this type of behaviour. This strategy should include all levels of an organisation, from ethical leadership to individual employees.

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[70] Ibid., p. 9.
[71] Ibid.
[72] Verhenzen, P., "The (Ir)relevance of Integrity in Organizations", *Public Integrity,* Vol. 10, No. 2, Spring 2008, pp. 133–149, [p. 133].

2. Comparative analysis of scientific fields and disciplines

Approaches to institutional integrity, such as strategies that strive for compliance, and integrity strategies aiming at enabling responsible conduct, focus on the institutions and organisations that perform research rather than on scientific fields and disciplines themselves. Institutional integrity may be analysed in the context of the public sector integrity, the private sector integrity or the third sector integrity. This differentiation can be found in section 1.Regarding the issue of integrity in the private sector, the factors enabling and constraining institutional integrity and corruption may vary depending on the branch of industry. For instance, in the construction sector, particularly infrastructure projects such as road infrastructure, the main factors encouraging corruption include the specific character of this branch of industry and the nature of infrastructure projects; extent of public sector involvement; the frequent lack of a culture of transparency; the local context and perception of corruption; and international factors such as insufficient cooperation between countries in identifying, investigating, and prosecuting corruption between jurisdictions.[73] Some of these factors (such as a lack of transparency, local context and perceptions of corruption, and a lack of international cooperation and coordination) are also common in other sectors.

3. Organisations and publication series

Organisations

With regard to organisations that conduct research on the institutional integrity in the corruption context, it is worth mentioning the following sources of information:[74]

- **Freedom House,** *Nations in Transit.* The ratings by Freedom House, published annually in *Nations in Transit,* cover electoral processes, civil society, independent media, governance, corruption, and the constitutional, legislative, and judicial framework. This index covers 27 countries in Central and Eastern Europe and the former Soviet Union.
- *International Country Risk Guide.* The *International Country Risk Guide* provides one of the longest statistical database of risks of corruption. It includes an explicit corruption variable as well as political risk factors such as democratic accountability, bureaucratic quality, government stability, and law and order (see Kaufmann, Kraay, & Zoido-Lobatón, 1999b, p. 50).
- **Heritage Foundation &** *The Wall Street Journal, Index of Economic Freedom.* The annual *Index of Economic Freedom* includes corruption-related measures such as government intervention in the economy (which many economists believe is positively related to corruption), property rights (negatively related to corruption), and regulation and the black market (both positively related to corruption).These estimates are prepared for 161 countries, based on expert opinion and research staff assessments.

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[73] The World Road Administration, PIARC Technical Committee B.1, Good Governance of Road Administration, "Best Practice of Good Governance – Institutional Integrity", pp. 22-24. http://www.piarc.org/en/order-library/16949-en-Best%20practices%20of%20good%20governance%20-%20Institutional%20integrity.htm.
[74] The list fully quoted from: the United States Agency for International Development, "Tools for Assessing Corruption & Integrity in Institutions: A Handbook", August 2005, pp. 25-26. http://www1.worldbank.org/publicsector/anticorrupt/USAIDCorAsmtHandbook.pdf

- **Global Integrity** is a non-profit organisation striving to ensure more transparent and accountable governments for all citizens.[75] Global Integrity tracks governance and corruption trends around the world. The organisation works with a global community of local contributors, including researchers and journalists, in order to monitor openness and accountability.
- **PriceWaterhouseCoopers Institute,** *Opacity Index.* The *Opacity Index* (where opacity means broadly the absence of transparency) creates indices for legal and judicial opacity (including shareholder rights), regulatory opacity, economic policy, and accounting and corporate governance, in addition to its separate indicator for corrupt practices.
- **The World Bank.** The World Bank has compiled a large database of political institutions that details how many political parties there are, how often governments change, etc., for a large number of countries over several years (Beck et al., 2001).This can be treated as a source of information for certain kinds of integrity (largely political and macro-accountability).
- **Center for Dispute and Conflict Management,** *Polity IV. Polity IV* is a database of political institutions that has data on such variables as the frequency of elections.
- **Transparency International's** *Corruption Perceptions Index.*
- **The World Bank's** *Control of Corruption Indicator.*[76]

Publication series

- Business & Society. http://bas.sagepub.com/.
- Corporate Governance. http://www.emeraldinsight.com/journals.htm?issn=1472-0701.
- European Management Journal. http://www.journals.elsevier.com/european-management-journal/
- Harvard Business Review. http://hbr.org/
- Journal of Business Ethics. http://www.springer.com/social+sciences/applied+ethics/journal/10551.
- Business and Professional Ethics Journal. http://www.pdcnet.org/bpej/Business-and-Professional-Ethics-Journal
- Public Integrity journal. http://www.mesharpe.com/mall/results1.asp?ACR=pin

4. Legislation, regulation, national and international frameworks

In the mid-1990s, the Organisation for Economic Cooperation and Development (OECD) conducted an international comparative research study on integrity in the public sector in the OECD countries. [77] The outcome of the findings resulted in a set of recommendations titled

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[75] Global Integrity, "Mission". https://www.globalintegrity.org/about/mission/.
[76] The United States Agency for International Development, "Tools for Assessing Corruption & Integrity in Institutions: A Handbook", August 2005, pp. 25-26.
http://www1.worldbank.org/publicsector/anticorrupt/USAIDCorAsmtHandbook.pdf
[77] Romero, A. G., "Integrity and good governance - reputation risk in the public sector and financial institutions", Speech delivered by Drs A G Romero, Executive, President of the Bank of the Netherlands Antilles, on the occasion of the opening of the Sixth Biennial Regional Central Banks Legal Seminar, Willemstad, Curacao, 12-14 May 2003. http://www.bis.org/review/r030522e.pdf

Improving Ethical Conduct in the Public Services, launched in 1998.[78] The United Nations has also addressed the issue of public sector integrity and issued a Code of Conduct for Public Officials.[79] The Code provides guidelines on the acceptance of gifts, the handling of confidentiality, and the financing of political activities.[80]

As an example of institutional attempts to ensure public integrity, it is worth mentioning a unique institution created in 2007 dedicated to promote integrity in the Canadian federal public sector - the office of the Public Sector Integrity Commissioner.[81] The Commissioner has two major tasks: he or she receives allegations of wrongdoing in the public sector and has the discretion to determine whether to launch an investigation, in addition to facilitating protection against reprisals for public sector employees participating in a disclosure process.[82]

Inevitably, institutional integrity is interrelated with corruption. Therefore, in order to ensure institutional integrity, the problem of corruption has to be addressed. In the area of institutional integrity and corruption, a number of global and national instruments have been launched.

In the context of institutional integrity and corruption, a number of global organisations have adopted various legal mechanisms, including international conventions to address these issues, including:[83]
- The United Nations Convention Against Corruption;
- The Organisation of American States' Inter-American Convention Against Corruption;
- The Council of Europe's Convention on Corruption and the European Union's Instruments on Corruption;
- The African Union's Convention on Preventing and Combating Corruption;
- The Organisation for Economic and Cooperation and Development's Convention for Combating Bribery of Foreign Officials in International Business Transactions.

At the national level, many countries have legislation regulating/covering transparency and institutional integrity. Some examples are as follows: [84]
- Australia: Criminal Code Amendment (Bribery of Foreign Public Officials) Act and the Protected Disclosures Act;
- France: Penal Code and the Code of Criminal Procedure of the French Republic
- Poland: Penal Code and the Code of Criminal Procedure of the Republic of Poland
- United States: Foreign Corrupt Practices Act and the Sarbanes-Oxley Act;
- United Kingdom: Anti-Terrorism and Security Act 2001 and the Bribery Act 2010.

Each year, Transparency International conducts an analysis of the perceived levels of public sector corruption in its Corruption Perception Index.[85]

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[78] Romero, op. cit., 2003.
[79] Ibid.
[80] Romero, op. cit., 2003.
[81] The Conference Board of Canada, "How to Ensure Ethics and Integrity Throughout an Organization", April 2008, p. 1. http://www.conferenceboard.ca/e-library/abstract.aspx?did=2486.
[82] Ibid.
[83] The World Road Administration, PIARC Technical Committee B.1, Good Governance of Road Administration, "Best Practice of Good Governance – Institutional Integrity", p. 31. http://www.piarc.org/en/order-library/16949-en-Best%20practices%20of%20good%20governance%20-%20Institutional%20integrity.htm
[84] Ibid.
[85] http://www.transparency.org/research/cpi/overview

Furthermore, there is an emerging sentiment that human rights standards should be relevant among non-state actors, including corporations. This has resulted in the proliferation of global corporate social responsibility (CSR) arrangements, including actions demonstrating leadership against corruption by governments, international organisations, businesses and their organisations and civil society organisations (CSOs). However, some of these initiatives are perceived as insufficient and, in many cases, serving only as formal documents without any significant influence. Some examples of corporate initiatives include:[86]

- The International Chamber of Commerce on Anti-Corruption;
- World Economic Forum Partnering Against Corruption Initiative (PACI);
- The United Nations Global Compact 10th Principle;
- Transparency International Business Principles for Countering Bribery;
- The World Federation of Engineering Organisations' Anti Corruption Action Statement.

An important tool for preventing corruption in public contracting are **Integrity Pacts (IPs)**, agreements between the government offering a contract and the companies bidding for it.[87] This tool was developed in the 1990s by Transparency International (the global civil society organisation leading the fight against corruption) to help governments, businesses and civil society to eliminate corruption in the field of public contracting. Since the 1990s, Integrity Pacts have become more popular and have been applied in more than 15 countries.[88] The following are guidelines on Integrity Pacts:

- Integrity Pacts in Water Sector: an Implementation Guide for Government Officials (Transparency International, 2010) http://issuu.com/transparencyinternational/docs/2010_integritypactswatersector_en?e=2496456/3179713
- Handbook for Curbing Corruption in Public Procurement (Transparency International, 2006) http://issuu.com/transparencyinternational/docs/2006_curbingcorruptionpublicprocurement_en?e=2496456/2901839
- The Integrity Pact: A Powerful Tool for Clean Bidding (Transparency International, 2009) http://www.transparency.org/files/content/tool/IntegrityPacts_Brochure_EN.pdf

The GATEWAY database offers a very useful source of corruption assessment tools and currently contains over 500 tools with which to diagnose and analyse corruption. GATEWAY defines a corruption assessment tool 'as any research methodology whose primary aim is to identify the extent of corruption, corruption risks, and/or anti-corruption (integrity, transparency, accountability) in a given context'.[89]

Below is a selection of integrity and corruption assessment tools:[90]

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[86] http://www.transparency.org/research/cpi/overview
[87] Transparency International, "Integrity Pacts". http://www.transparency.org/whatwedo/tools/integrity_pacts/3/.
[88] Ibid.
[89] Transparency International, Gateway, Corruption Assessment Toolbox. http://gateway.transparency.org/tools
[90] The list based on the resources listed by Gateway, Corruption Assessment Toolbox. http://gateway.transparency.org/tools/detail/222; (http://gateway.transparency.org/tools/search/cd2216999f645991396980d2c755cbc7

- AfriMAP: Democracy and Politcal Participation Questionnaire
- Campaign Finance Monitoring for the 2009 Parliamentary Elections in Lebanon
- Electoral Integrity. A Review of the Abuse of State Resources and Selected Integrity Issues During 2010 Elections in Sri Lanka
- Evaluating Parliament. A Self-Assessment Toolkit for Parliaments
- Global Integrity Report
- Governance and Anti-corruption (GAC) Diagnostic Surveys
- GRECO Questionnaire on Transparency of Party Funding
- How to Monitor and Evaluate Anti-corruption Agencies: Guidelines for Agencies, Donors, and Evaluators
- Income and Asset Declarations: Tools and Trade-offs
- Índice de Transparencia de las Entidades Públicas (Index of Transparency in Public Agencies)
- Local Governance Toolkit
- Local Integrity Systems: Analysis and Assessment
- Managing Conflict of Interest in the Public Sector. A Toolkit
- Methodology for Assessing the Capacities of Anti-Corruption Agencies to Perform Preventive Functions
- Monitoring Election Campaign Finance A Handbook for NGOs
- Monitoring of Campaign Finance of the 2007 and 2008 Elections in Armenia
- National Integrity System Assessments
- Parliamentarians and Corruption in Africa: The Challenge of Leadership and the Practice of Politics
- Preventing Corruption: UNCAC Toolkit for Parliamentarians
- Project Against Corruption in Albania (PACA): Corruption Risk Assessment Methodology Guide
- Promoting Transparency in Political Finance in Southern Africa: Comparative Analysis and Findings from Mozambique, Namibia, South Africa, Zambia and Zimbabwe
- Public Procurement Due Diligence Tool
- Public Sector Integrity: A Framework for Assessment
- Risk Assessment: Assessing Corruption Risks
- The Crinis Index
- UN Anti-corruption Toolkit: Assessment of Institutional Capabilities and Responses to Corruption
- Understanding the Integrity Development Review (IDR) Project
- World Bank's Country Policy and Institutional Assessment (CPIA)

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