Integrity of Governance: Towards a System Approach

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Paper on ‘Models of Ethics Management’ (Integrity System Approach) for ASPA 2019 session

Best Practices in Public Ethics Management: The Role of Democratic Values - moderator Frank Anechiarico

Added: draft chapter, chapter proposal not to be quoted.

for
Carole L. Jurkiewicz (Ed.) *Global Corruption & Ethics Management: Transforming Theory into Action*. To be published by Rowman & Littlefield

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Integrity of Governance

Integrity has become an important issue (and value) in governance, in the public but also in the private sector (Boatright 2011). With many interpretations of what "integrity" is about, everybody applauds acting with integrity, but the views on its basics vary (Huberts 2018). In this chapter, integrity is defined as "acting in accordance with the relevant moral values and norms and rules" (Huberts 2014, 44-45). The focus will be on the public sector. Politicians and public servants show integrity if they fulfill their duties and functions in accordance with what is morally justified, measured against the moral norms, values and corresponding rules which are relevant at that time and in that context.

The opposite of integrity are integrity violations, behavior that violates the relevant moral values and norms. Although the international research on what goes wrong in governance often focuses on 'corruption' (Graycar and Smith 2011; Heywood 2015; Anechiarico 2017), there is also broader research, highlighting different types of unethical behavior or integrity violation in public administration (Lewis and Gilman 2012; Hardi, Heywood and Torsello 2015; Svara 2015; Menzel 2016; De Graaf, Strüwer, and Huberts 2018). Consider, for instance, the (validated) typology of integrity violations based on research on police corruption and integrity, integrity of governance, and organizational misconduct (Lasthuizen, Huberts and Heres 2011), distinguishing nine types of violations, including corruption (bribing and favoritism), conflicts of interest, fraud and theft, abuse of resources, misuse of power and information, indecency (intimidation, discrimination) and private time misconduct (Huberts 2014).

What helps to promote integrity and curb integrity violations? In the literature, many methods, instruments and strategies are distinguished, with a lot of discussion on their effectiveness and how they interrelate. A brief overview of what is known in the literature about the effectiveness of the most important instruments, methods and strategies, leads to the conclusion that promoting integrity and curbing violations is served by an ‘integrity system perspective’ (Six and Lawton 2010; Huberts et al. 2014; Van Montfort, Ogric, and Huberts 2018) which will be clarified in this chapter. The thereby given sketch of the basic elements of a complete integrity system offers an evaluation framework with starting points for future research.

Separate Instruments and Strategies

Most studies on organization integrity focus on individual tools and methods utilized within a public organization to promote integrity and curb integrity violations. Among the many ‘integrity instruments’, a number are commonly used within organizations and extensively researched: codes of conduct (Kaptein and Schwartz 2008; Menzel 2016), ethics training (Karssing 2007; Van Tankeren 2010; Van Montfort, Beck, and Twijnstra 2013), and investigations and sanctions (Trevisano and Weaver, 2003; De Graaf 2010).

Ethical leadership is generally considered one of the most important factors in shaping the ethical culture of organizations, as well as the ethics and integrity of employees (Trevisano, Weaver and Reynolds 2006; Heres and Lasthuizen 2012; Jurkiewicz and Giacalone 2017). Studies on leadership theories have indicated that conceptions of leadership are context dependent (Jurkiewicz and Giacalone 2017). What helps differs depending on characteristics of the organization and the ‘followers’ of the leaders (Heres 2014).

The main conclusion that can be drawn from research on the use of such instruments as codes of conduct, investigations, employee training, and on leadership is that the picture is limited and inconclusive; even where the quality of those instruments is good, their
effectiveness varies. Effectiveness is context dependent and related to the type of integrity violation (Huberts et al. 2014).

In the literature on individual instruments, much attention has been paid to discussing the pros and cons of two overarching strategies that guide the choice of separate tools and methods. On the one hand, there is values-based (integrity-based or incentive-giving) strategy which is supposed to advance employees’ intrinsic motivation to integrity, thereby yielding more lasting effects. On the other hand, there is a compliance-based (rule-following and sanctioning) strategy which is designed to generate fear of sanctions and, thus, extrinsic motivation (Treviño and Weaver 2003; Maesschalck 2004).

Research on the effects of both strategies offer nuance on their effectiveness. For example, research on the presence and estimated effectiveness of integrity instruments in local government in the Netherlands, showed that the presence of clear rules (incl. on accepting gifts, outside employment) and ethical codes with clarity on values is considered very effective (Van den Heuvel et al. 2010).

The existing evidence on strategies clearly suggests that a balance of compliance-based and values-based approaches may work best. The limitations of the often dominant focus on rules and compliance (Heywood and Rose 2016) are clear, but the credibility and effectiveness of a value-based strategy is undermined when integrity violations are not addressed adequately through ‘compliance’ (Van Tankeren, 2010). The interaction and combination of policies appears crucial (Treviño et al. 1999).

External Watch Dog Organizations

In addition to the insights about the effectiveness of individual instruments and strategies, the literature also presents insights into types of external institutions and organizations that might help to promote integrity and curb violations including corruption. First, national bodies to fight corruption come to mind. One institution that often has been presented as a successful example is the Hong Kong Independent Commission against Corruption (ICAC) (Scott 2011). The commission became famous for its “three-pronged strategy” of law enforcement, corruption prevention, and community education to tackle rampant corruption in Hong Kong as well as its major investment of resources (ICAC 2017).

Many other national or subnational anti-corruption institutions have been established elsewhere, several of which have been evaluated in research (Huberts et al. 2008; De Sousa 2010). This has led to some (supposed) success stories, as well as many partial and total failures. As De Sousa (2010, 19) concluded more eloquently: “If there is one lesson to be learnt from the history of anticorruption activity, it is that there are no individual solutions but a cocktail of measures, no silver bullets but a mixture of successes and failures and no quick fixes but a long and hard learning process. ACAs are an innovative institutional response to corruption, but they are not the panacea.”

A special agency can help, but its success is very dependent on its characteristics and - again- the context. It is, therefore, understandable that in recent years, increasing attention has been paid to the broader “integrity system” of the instruments and institutions that are collectively trying to establish integrity.

Shift to Integrity Systems

Many recent studies do not mainly pay attention to integrity instruments and extern watchdog organizations as separate elements, but focus primarily on the entire configuration of these elements. Such a system approach takes into account an extensive set of elements and conditions that are expected to be important to the integrity of the organization (Six and Lawton 2010). It focuses “on the connection between various components within and outside the organization, how they components are interconnected and how they are jointly
responsible for the integrity performance of an organization” (Van Montfort, Ogric and Huberts 2018, p. 73).

An integrity system consists of internal elements such as codes of conduct, integrity training programs, institutions for reporting and investigation, and ethical leadership, and external elements such as audit institutions, the police, the media and other external watchdog organizations (Slingerland, Six and Huberts 2012). An integrity system should be organized in such a way at the internal level that there is no need for external watchdog organizations to intervene. This applies to both national and local integrity systems.

National integrity systems

The famous national integrity system perspective was developed by Transparency International and Jeremy Pope (2000) as a model for describing and evaluating what measures countries can and do take to fight corruption and safeguard integrity. The model is built on foundations that comprise public awareness and society’s values and are important for the effectiveness of the pillars, a number of crucial institutions, sectors, or activities for stopping corruption.

These pillars are rather diverse and include political involvement, an active legislature on good governance and fighting corruption, an auditor-general as watchdog, an attorney-general as guardian of the public interest, an ombudsman, independent anticorruption agencies, adequate procedures for public procurement, a private sector operating within the laws and public awareness, media, civil society, and international organizations supportive of ethics and integrity. All pillars are interrelated, interdependent, and form the building blocks for a “holistic approach” (Pope 2000). Numerous national integrity systems have been assessed, often contributing to the discussion of what is missing and what might help (https://www.transparency.ie/resources/NIS).

The national integrity system approach has similarities with, for example, OECD’s (2000) policies on appropriate “ethics infrastructures,” which identify similar actors at the national level (e.g., legislature, executive, judiciary, auditor-general, ombudsman, watchdog agencies, and civil society). The Australian National Integrity Assessment Approach (NISA), in contrast, replaces TI’s Greek temple with a bird’s nest metaphor for a more interdependent network representation (Sampford, Smith, and Brown 2005).

Organizational Integrity Systems

Building upon the work done on national integrity systems, an international comparative study on ‘organizational’ integrity systems was initiated, with a focus on the policies, practices, and actors at the local government level that aim to fight corruption and safeguard integrity (Huberts, Anechiarico and Six 2008). Seven large cities or metropolitan areas were involved: Sydney/New South Wales, New York, Hong Kong, London, Hamburg, Amsterdam, and Antwerp. Among the ‘lessons learnt’ were the importance of the position and role of the core integrity agency. Several actors appeared to be active as guardians of integrity in an local integrity system: a core local integrity agency (with varying independence, roles, resources), the local auditor or comptroller, the local ombudsman, police and justice, and the media. Other ‘lessons’ concerned ‘determine scope: defining integrity’, ‘balance compliance-based and value-based approaches’, ‘balance internal and external checks and balances’ and ‘gain and maintain political and public support’ (Huberts et al. 2008, 275-285).

Although that research related to municipal integrity systems, its findings are also relevant for private sector organizations. All organizations are confronted with integrity dilemmas and problems. A Dutch study on four large Dutch banks (Six et al. 2012) revealed that for each integrity risk to be contained, checks and balances need to be in place within and
Recent research on local integrity systems

The presented state of the art in research on the effectiveness of integrity systems served as a starting point for a number of research projects in the Netherlands on the content and effectiveness of local integrity systems. These concerned in depth analysis and evaluation of integrity systems in a number of municipalities in 2014 and 2016 (Heres et al. 2015; Van den Heuvel, Huberts, and Van Montfort 2017), followed in 2018 by studies and research on local integrity systems (qualitative case studies on Amsterdam and two small municipalities), a survey among all municipalities in the Netherlands on their integrity system (Ogric, Van Montfort, and Huberts 2018; Van Montfort, Ogric, and Huberts 2018), and two studies on integrity system in the financial sector, including a big bank.

These recent studies on local integrity studies addressed the state of the art of the literature on integrity systems and incorporated insights resulting from the ideas and formats on integrity systems of public agencies (BIOS 2018) and universities (Jeurissen, De Jong, and Odijk 2014). When looking specifically at the survey conducted among all Dutch municipalities in the spring of 2018, some notable conclusions can be drawn about the evaluation framework used and the integrity systems studied.

First of all, it is worth mentioning that although most previous studies do not pay attention to integrity systems as a whole, they are useful for making an overview of the important elements that should be present in a complete integrity system. For the purpose of the survey among Dutch municipalities, an overview of key internal elements of a complete municipal integrity system for civil servants was constructed. This comprehensive evaluation framework comprised forty internal elements divided into the following categories: attention to and clarity about integrity; clear regulations concerning integrity; ethical leadership; integrity in personnel policy; integrity training programs; procedures for advice, reporting and investigation; periodic registration and reporting; risk analyses or vulnerability studies; integrity unit or functionary; and combination of value-based and compliance strategy. The category ‘integrity unit or functionary’ consisted, for example, of elements concerning the importance of a specific institution or actor with integrity and anticorruption as primary task and responsibility. The complete evaluation model has been extensively described by Van Montfort et al. (2018).

The survey data showed that the tools and methods discussed in the first part of this chapter (i.e. codes of conduct, ethics training, investigations and sanctions, and ethical leadership) and incorporated in the evaluation model are applied in almost all local civil service organizations (Van Montfort, Ogric, and Huberts 2018). As evidenced by unpublished survey data, these four ingredients of a local integrity system are considered indispensable by municipal officials for promoting integrity within their organizations.

According to the survey data, a small majority (54.7%) of the investigated municipalities had a complete or a very complete integrity system (Van Montfort, Ogric, and Huberts 2018). Many Dutch municipalities appeared to have a very incomplete or an incomplete integrity system.

Finally, it should be noted that organizations can utilize the evaluation framework developed by us and the data obtained by the survey amongst Dutch municipalities for benchmarking the completeness of their own integrity systems. Such a benchmark will undoubtedly reveal a number of points for improvement. This applies to both public sector and private sector organizations, because “(t)here is little reason to assume that the
requirements and actual situation regarding local integrity systems in the public sector differ significantly from the requirements and actual situation in the private sector” (Van Montfort, Ogric, and Huberts 2018, 86).

Conclusions and Reflection

The foregoing presented a sketch of shifts to a system approach in both the practice of public administration and the research into the integrity of governance. It provided also some findings of recent new research which seem relevant to progress on our knowledge on the basic elements of an integrity system of a public sector (or private sector) organization.

Knowledge development in this area is work in progress in research, but with direct relevance for practice. The conclusions on what an (organizational) integrity system should consist of, offer an evaluation framework with food for thought for future research as well as for organizations to reflect on the presence (or absence) of the mentioned elements. In research it is often acknowledged that more attention has to be paid to “what works” (Menzel 2005; Huberts, Maesschalck, and Jurkiewicz 2008; Demmke and Moilanen 2011). The evaluation framework offers a challenging agenda for researchers to do that, to investigate (‘test’) whether the elements are relevant (and under which circumstances).

This also points at reflection from scholars who question the Western or cultural bias in many perceptions of integrity and corruption and policies (Sissener 2001; Mungiu-Pippidi 2006; Rothstein and Torsello 2013). The presented interpretation of integrity and corruption and the proposed elements for an integrity system seem indeed relevant for primarily ‘western’ societies. The relevance of those elements for ‘non-western’ integrity systems is something to reflect upon, also in research.
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Bios

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