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PRACTICAL SOLUTIONS FOR ORGANISATIONS SEEKING TO PROMOTE AND ENCOURAGE INTEGRITY

BRIEFING

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1. BACKGROUND

Integrity is a much-desired but little-understood feature of organisations and of the individuals they employ. It is almost ubiquitous in codes of conduct and lists of principles employed by professional bodies to encourage ethical thinking and behaviour in their members. Crises and scandals in business and professional life are very frequently blamed on a lack of integrity. Whatever other factors may have been responsible for the collapse of Enron and Worldcom, the banking crisis, MPs' misuse of expenses or the media's phone-hacking scandal, many would say a lack of integrity played a part. However, what integrity is, and how we can go about encouraging it in organisations, are questions about which there is widespread disagreement and misunderstanding.

This briefing is one of two reports summarising the outputs of a piece of research – including a detailed online survey with about 1,500 respondents, and 94 interviews with professionals in 15 different organisations – which sought to address these questions. While the intended audience for the more comprehensive report which accompanies this briefing includes both academics and professionals, this shorter briefing is aimed squarely at those working in organisations who have the power to implement the techniques discussed.

2. PROMOTING INTEGRITY

We found an abundance of evidence that the use of certain techniques does make a difference to the level of integrity in an organisation, by shaping the organisational environment so that integrity can flourish.

In the quantitative survey, several techniques were found to have a significant effect on organisational integrity, and all were perceived to be effective to some extent. In both the survey and interviews, we found that our respondents were consistently able to pick out features of their organisations which not only have a clear effect on integrity, but which it is within the power of many people in the organisation, but especially leaders, to change.

Techniques which were found overall to have a significant positive effect¹ on organisational integrity were:

- Stated organisational values.
- Support for whistleblowing.
- Tone from the top.
- Open culture.

The major output from this research is a framework which organisations can employ in order to promote integrity. All of the elements in this framework can be effective if used correctly. In the main body of this briefing, we discuss insights from the interviews into best practice in terms of each of these techniques. However, there are also some general messages which cut across all of these elements.

2.1 The responsibility to promote integrity

The responsibility to promote integrity ultimately falls to organisational leaders. However, it should be noted that, firstly, many of the recommendations in this briefing apply to specific organisational functions. More than any other, Human Resources departments have access to the organisational levers that can make a difference to integrity, for example, advice, disciplinary and whistleblowing procedures. It may therefore be that organisations would want to give ownership of the implementation of the framework to the HR department. At any rate, HR should certainly be involved in any activities from early in the process. Secondly, the responsibility of leaders and HR departments does not absolve employees of a responsibility to contribute themselves. While the organisational environment can be made more conducive to integrity, it still requires individuals to make the right decisions. Ideas such as organisational openness rely on individual openness if they are to be effectively implemented.

1. Ordered Logit model.

2.2 Be aware of unexpected effects

Some of the results generated by our survey suggest that leaders are generally unaware of the effect – either positive or negative – which some techniques can have.

1. Rewards for ethical behaviour are rarely used, despite their apparent effectiveness.

Only 24% of survey respondents stated that ethical behaviour was rewarded in their organisation, making this by far the least prevalent technique of those we tested. Despite this, those respondents whose organisations did reward ethical behaviour, generally found this to be a quite effective way of promoting integrity.² This suggests that organisations might be missing out on a potentially useful technique.

Interestingly, rewards were seen as a particularly effective technique in private sector organisations.³ This may be because rewards for ethical behaviour act as an effective counterbalance to commercial pressures in this type of organisation.

2. Whistleblowing is more effective than it is perceived to be.

Whistleblowing was the technique rated lowest in terms of its perceived effect on integrity, both by survey respondents (score of 4.864 on a 1–7 scale) and interviewees (58% of interviewees cited whistleblowing as effective). Nonetheless, when matched against the perceived integrity of the organisation, whistleblowing exhibited a significant positive effect.⁴ This suggests that organisations which provide support for whistleblowing are having more of an effect on integrity than they are given credit for.

3. Training and discipline may both have a negative effect if misused.

We found that discipline and training both showed a significant negative effect on organisational integrity. This surprising result could be interpreted in a number of ways. It could be that increased emphasis on training and discipline are symptoms, rather than causes, of a lack of integrity. In other words, an organisation which is aware of ethical problems might try to ameliorate these by bringing in disciplinary procedures or ethics training. On the other hand, there were a striking number of stories in the interviews of disciplinary procedures which were seen as unfair or too harsh, and there was also a lot of scepticism about ethics training, which was often perceived as tokenistic, simplistic or even patronising. When this happens, it may be that the message taken away by staff is not the message that was intended.

2. With a score of 5.118 on a 1–7 scale, this was the sixth most effective technique of 10.

3. 5.108 in private sector overall, 5.16 in accountancy firms. NB all techniques were perceived to be less effective in private sector organisations than in public or third sector organisations.

4. $P < 0.05$.

Our research generated a number of insights into how each technique can be effectively implemented, and also some ideas about what to avoid. Nevertheless, because the effects of techniques can ultimately be unpredictable, we also recommend that leaders take steps to monitor the overall integrity of the organisation.

2.3 Think about the big picture

It is important to be clear about the aim of an intervention, a change in policy, or the application of a technique. In some cases, this may be about fostering integrity. In others, it may be about ensuring ethical behaviour more generally. Sometimes, it will be about enforcing company policy, or improving productivity, or some other important goal that has nothing immediately to do with ethics. Being clear about the aims of interventions also makes it possible accurately to monitor their effectiveness.

It is also important to be aware of the way techniques within the framework fit together and can either catalyse or obstruct each other. Rewards for ethical behaviour should be in line with the organisation's stated values; a culture in which issues can be raised openly needs to be supplemented by the availability of confidential advice and support for whistleblowers as a last resort; ethics training should help employees understand and apply the principles enshrined in a code of conduct. Taking any of these elements in isolation is likely to be less effective than treating them as integral parts of a general framework. This idea is discussed more fully in the following section.

2.4 Integrity breeds integrity

Interviewees very often believed that tone from the top – the demonstration of ethical values in the behaviour of organisational leaders, was a necessary condition for the efficacy of many other techniques in the framework. Any technique which involves supporting ethical decision making, or promoting openness, is far less likely to be effective if leaders are not making ethical decisions, or being open, themselves.

This imperative for leaders to adopt ethical standards extends to the detail of how techniques are implemented. Disciplinary procedures which are not open, reward systems which are unfair or partisan, advice that is not really confidential, all have the potential to breed cynicism, resentment and distrust. Conversely, an organisation which takes ethics seriously, admits its mistakes, genuinely values its employees' contributions, and practices what it preaches, can make its employees feel proud to work for it, and motivate them to go the extra mile. The challenge for leaders is therefore to lead by example, demonstrating integrity in both words and actions.

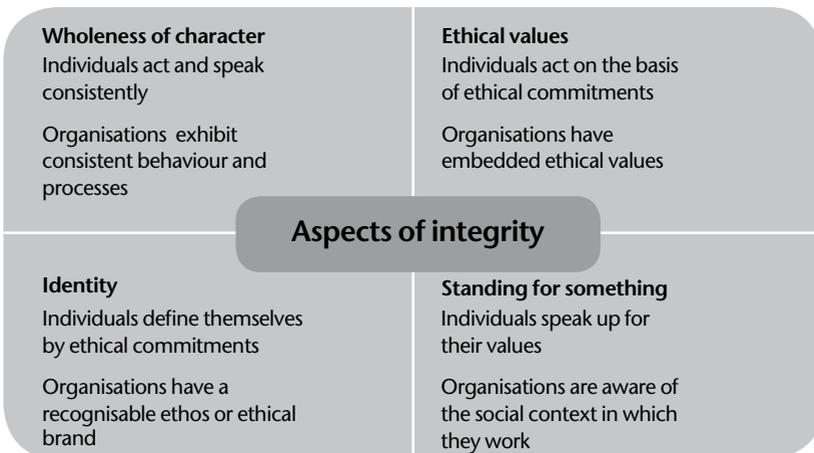
3. WHAT IS INTEGRITY?

Before we could find out how to promote integrity, we wanted first of all to be clear about what integrity is. Though asking people about this reveals a surprising amount of disagreement, there are a few persistent themes to be found in what people say. In our research we tried to synthesise these themes into a coherent picture of integrity.

- Having integrity involves speaking and acting consistently.
- This consistency is based on having certain ethical principles and commitments, which must be arrived at through a process of opening your beliefs up to scrutiny, challenge and debate, and will include openness, honesty and fairness. Professional integrity also involves a commitment to the central values of your profession.
- Integrity is part of our identity. Compromising integrity (by abandoning these ethical principles and commitments) means compromising your sense of self.
- Integrity also involves standing for something. It leads many people to stand up for their principles and commitments within the social context in which they find themselves. This includes trying to prevent unethical behaviour by individuals, and trying to create an environment in which ethical values can thrive.

Finally, we suggest that an organisation has integrity to the extent that, taken as a whole, it exhibits the features above, and also to the extent that its members or employees have integrity. Figure 1 below shows parallels between personal and organisational integrity.

Figure 1: Summary of aspects of individual and organisational integrity

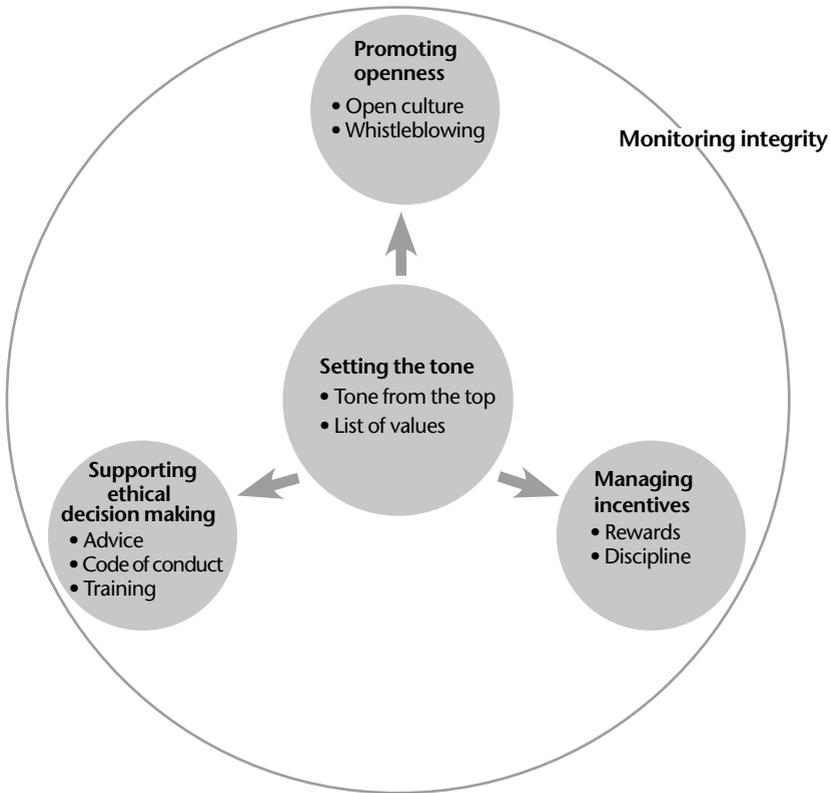


This view of integrity helped us to explore how organisations can create the kind of environment that allows integrity to thrive.

4. A FRAMEWORK FOR INTEGRITY

Through analysing the interviews, we became aware of the way techniques and aspects of the organisational environment come together in a way that either helps or harms integrity. This allowed us to put together the following framework for the promotion of integrity.

Figure 2: Relationships between techniques for promoting integrity



Setting the tone is pictured as central in the framework, because without the correct organisational tone from the top, other techniques are unlikely to have much effect, a theme which came out very frequently in the interviews. Having a list of values, as long as it is properly embedded, and genuinely able to guide behaviour, crystallises organisational tone and allows it to be spread throughout the organisation.

The importance of **promoting openness** is another key theme emerging from the research. Having an open culture supports tone from the top as it allows messages to be spread openly throughout the organisation. It also allows ethical issues to be raised and dealt with before they get out of hand. Clear procedures for reporting and whistleblowing also provide an important element in this process.

Individual integrity is the result of an ongoing series of decisions with ethical dimensions. It is therefore vital that organisations **support ethical decision making**. Seeking advice is often the first step in making a decision. A well-designed code of conduct also provides useful guidance. Training, if effectively done, fosters ethical decision-making skills.

Finally, **managing incentives** supports tone from the top, by showing that the organisation's stated values match up to what is actually valued within the organisation. Values should be clearly built into rewards and objectives, and disciplinary procedures should be clear, consistent, and supportive of the organisation's values.

It should be emphasised that the process of promoting integrity takes time. Organisational culture is difficult to change, and the process of embedding values, say, or making employees feel that their concerns will be listened to, will not happen overnight. Nonetheless, the techniques discussed in this briefing have been shown to work in the organisations we spoke to, and we believe there is good evidence to suggest that their effectiveness can be generalised to a wide range of organisations.

Monitoring integrity ensures that the other techniques in the framework are achieving their aims, are not having unintended consequences and are working together effectively.

All of the quotations used in the remainder of this briefing come from interviews that were carried out as part of the research.

Figure 3: Perceived effectiveness of techniques overall

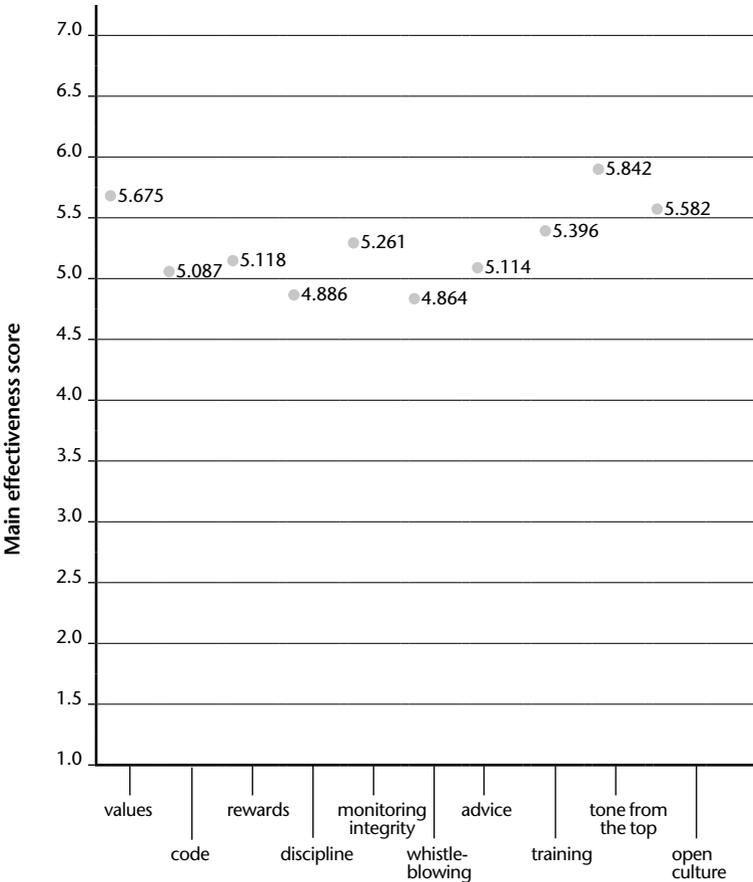


Figure 3 shows the degree to which each technique in the framework was perceived to be effective by survey respondents on a scale of 1–7. A neutral score would be 4 and all techniques scored higher than this, suggesting that they were generally perceived to be effective. However, there were clear differences among the scores given. These are discussed in the following section.

4.1 Tone from the top

‘The leadership of any organisation sets its tone... It tells people what isn’t acceptable, to form the external perception of the organisation, it informs where resources are directed and is incredibly important.’

Tone from the top was consistently rated as effective both by the interviewees and the survey respondents. There is no doubt that tone from the top is perceived to be highly important in terms of its effect on the integrity of the organisation. This effectiveness was noted both at the level of the organisation as a whole and at the level of individuals:

‘I think it’s that..., when you have people in responsibility at the top of an organisation then people aspire to be like them.’

‘To me it can have a negative effect. Because if you see someone higher acting [badly]..., then you start acting that way.’

Many felt that tone from the top is a necessary condition for the effectiveness of the other techniques; without it, nothing else will work, because the expectations set by other techniques need to be matched by the actions of leaders:

‘I think the biggest danger is the failure to practice what you preach, I think if you get a leadership set who put forward a set of values that they don’t actually believe in or practice themselves, that is the most damaging thing to an organisation.’

The effect of tone from the top, whether positive or negative, was felt by many to be more pronounced in smaller organisations than larger ones, though it was felt to be equally **important** in larger organisations.

As well as acting with integrity, leaders need to be **seen** to be acting with integrity. Tone from the top therefore requires effective, open and honest communication. This may also mean being honest about the fact that disagreements exist among managers.

Action points for organisations

Do

- Make sure senior managers are aware of and understand the organisation's values and code of conduct.
- Demonstrate to managers throughout the organisational hierarchy that ethical behaviour is a priority.
- Ensure senior managers are subject to the same ethical standards as staff.
- Communicate openly with staff about the outcomes of disciplinary procedures involving senior managers.
- Publish examples of value-driven policy.

Don't

- Try to carefully manage the image of senior managers.
- Treat ethics as an 'add-on', or an aspect of marketing and PR.

4.2 Organisational values

'My way of seeing it is: when I'm here late at night and I'm writing an email to someone...and I'm trying to decide how to word it, and what to say, what's my checklist of things I should abide by? And they should feel completely in line with what I feel personally.'

More than any other technique we examined, there was widespread disagreement among interviewees as to the effectiveness of having a list of organisational values. This led us to look at differences between organisations: in those organisations where values were rated as effective, what was the organisation doing to make them effective?

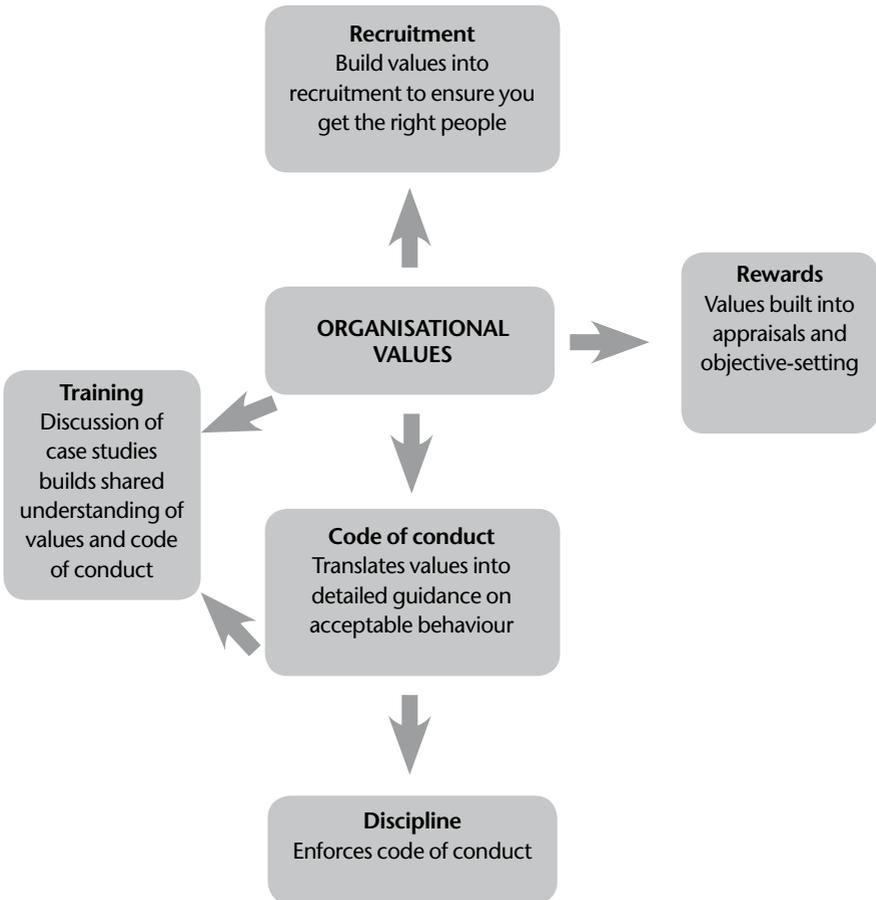
The general impression emerging from the interviews is that organisational values if approached correctly are a highly effective way of crystallising the ethos of the organisation; of giving it an identity with an ethical dimension. They also show what is expected of employees and have an important role in recruitment. However, if an organisation merely pays lip service to its values, they can be met with apathy and even cynicism, and can have a negative effect on integrity.

In organisations where values were seen to be effective, there was a view that they genuinely had a role in affecting decisions. A list of values, if it is properly embedded, can offer criteria for decisions which are not purely commercial, and can thereby offer a counter-balance to commercial pressure, which can be a threat to decision making with integrity.

Action points for organisations	
Do	Don't
<ul style="list-style-type: none"> • Express values concisely: a single word or short phrase. • Regularly and actively involve the values in conversations with staff. • Ensure values are seen to inform organisational strategy. • Refresh the list of values when the organisation's mission, or the key challenges it faces, have changed. • Use case studies from the organisation's history to demonstrate the meaning of values, and to foster a sense of organisational identity. • Build values into individual and team objectives alongside other aspects of performance. • Build values into other techniques generally (see Figure 4). 	<ul style="list-style-type: none"> • Have a list of values that is overly long or complex (leave detailed guidance to the code of conduct). • Change the list of values so often that they become difficult to internalise, and difficult to take seriously as a reflection of the organisation's true nature.

Figure 4 shows some practical steps that can help to embed values in an organisation using some of the other techniques explored in this briefing.

Figure 4: Embedding values



4.3 Open culture

'Around the time of [a controversial issue affecting the organisation, the CEO] went out of his way to do these all-staff briefings to say "Right, this is [happening] next week... this is my opinion on what is going to happen" ... within the context of it being confidential but that he trusted us, to share it with us.... I think [his openness] encourages people to replicate that.'

Having an 'open culture' (one that invites discussion of ethical issues, and where employees feel comfortable raising issues and concerns) was consistently cited as very important, both by interviewees and survey respondents. As with tone from the top, it was seen as more effective, and easier to achieve, in smaller organisations, though no less important in larger ones. Openness was seen by interviewees as a two-way process, with honesty on the part of organisational leaders encouraging the same in subordinates.

A key finding from the interviews was that organisational leaders may not be aware of the difficulty involved in raising ethical issues within organisations, particularly for those in more junior roles. Very frequently, we found that interviewees who were relatively senior in organisations were much more confident that they would be able to raise issues, that their views would be listened to, and that they would not suffer negative repercussions as a result. This was even more pronounced in organisations where there was a clear cultural divide between different levels in the organisation (eg, 'shop-floor' versus 'management'). It was seen as essential that leaders go beyond the bare minimum to encourage openness:

'I think if you asked them they'd say yes they would [promote an open culture]. I think they'd be completely wrong.... We have big staff meetings and everybody looks at them with fear They have all these big-wigs [there] and we can all put our hands up and ask any questions. No one is ever going to ask any questions!'

'I think maybe it needs to be done on a small scale. I think it's too much to ask somebody – a junior person – to say to [a senior manager] that they think that something is wrong. I think the management level in between should be open enough to [encourage comments].'

Innovative, proactive approaches can help to break down barriers:

'We have a staff forum once a month where you get bought breakfast which is nice! About 12 people are in it and the PA makes sure everyone has a go throughout the year. So the Chief Exec says what's going on with the company and you can raise any queries.'

It is important to be clear about expectations: not every piece of feedback can be acted on. However, openness requires that, where criticism is rejected, it is rejected on the basis of a clear and open explanation.

As well as routes for providing open feedback, several interviewees stressed the importance of providing confidential channels, since it is not always possible to raise issues openly:

‘I’m not certain that, unless it was confidential, people would be prepared to stand up and say what they really felt in case there were any repercussions on the back of it.’

For an open culture to be effectively created, leaders need both to proactively seek out, and demonstrate that they value, constructively critical feedback.

Action points for organisations	
Do	Don't
<ul style="list-style-type: none"> • Make sure policies and procedures are open and transparent. • Talk about how key strategic decisions have been reached – communicate the rationale or justification for decisions. • Make openness the default position – there should be a good reason for keeping a piece of information secret. • Ask staff about how comfortable they feel about raising issues and concerns. • Consider taking staff outside the usual working environment in order to put them at their ease. • Provide confidential channels as well as open forums. • Be clear about expectations – not every piece of feedback can be acted on. Trust employees to understand this. 	<ul style="list-style-type: none"> • Assume that saying, ‘my door is always open’, or inviting questions at large staff meetings, is enough.

Action points for organisations contd.

Do

- Ensure senior managers talk to staff at all levels regularly, not just when there's a problem.
- Be particularly attentive to dissenting voices.
- Engage with unions as a way of understanding staff concerns.

Don't

4.4 Whistleblowing

'I think as a whole... if it has a whistleblowing policy... it feels to me as if the organisation is then taking those issues and dealing with them. To me that makes them organisations [which are] working with clear integrity.'

Support for whistleblowing helps to promote openness in the organisation, by allowing people to raise issues in a confidential setting without fear of repercussions. It has an effect both on individual integrity – providing a route for people to 'stand for something' within the organisation – and also on organisational integrity, because it helps ensure consistent behaviour within the organisation.

The survey results were particularly interesting for this technique. Respondents generally did not see it as an effective way of promoting integrity. However, where respondents did perceive it to be effective, this was accompanied by a significant increase in the perceived integrity of the organisation, suggesting that whistleblowing is having an effect, but that this effect is not obvious to people.

In fact, not many of the organisations we spoke to had a formal whistleblowing procedure. The usual approach to reporting involves starting with your line manager, and then going up the chain of command (if for example the issue involved the line manager), with Human Resources as a possible alternative route. One problem with this approach is that it makes the effectiveness of whistleblowing dependent on the reliability of the line manager, and the further up the chain of command you are expected to go, the less comfortable you may be with raising concerns. Nonetheless, most of our interviewees were confident that they would be able to report an issue if they needed to, though as with several other techniques, there was something of an exception in organisations with a sharp cultural divide between 'shop floor' and 'management'. In these organisations, there is perhaps a need for procedures to be particularly clear, and for those to whom people are expected to report, to be proactive in making themselves visible and approachable, and to ensure that the system is genuinely fair and impartial:

'I think there is the HR department...but I've known in the past that if you go to [HR] before you go to the management...they think that you're going over their heads and they don't like it.'

'I actually found it quite difficult to...do something about it. In a way...it felt a little bit like [HR] were more in place to support managers than the people under the management team.'

The general view from the interviews was that whistleblowing as such should be a last resort:

'You would hope it's the last straw, it would be worrying if you had lots of whistleblowing [cases]. It would show you don't have the processes for people to raise things and deal with things as they arise.'

Whistleblowing and reporting procedures are perhaps best thought of as a safety net which is supportive of and complementary to open culture generally, rather than something which should be frequently used. However, it may not be possible to create a culture where people always feel able to raise ethical issues without having the guarantee of confidentiality.

Action points for organisations	
Do	Don't
<ul style="list-style-type: none"> • Make sure confidential channels for reporting are genuinely confidential. • Make the channels for reporting clear, for example as part of induction, in a staff handbook or on the corporate intranet. Be proactive in advertising these channels. • Publish the results of whistleblowing cases. • Be aware of negative repercussions for whistleblowers that are indirect eg, poor treatment by colleagues, inability to get promotions. • Engage with unions to provide support for genuine whistleblowers. 	<ul style="list-style-type: none"> • Interpret reporting or whistleblowing as disloyalty.

4.5 Advice

'Sometimes you don't know why you want to do something or you don't necessarily understand whether something is right or wrong... The individual decision to make in each case is always different. I think it helps to provide that space for someone to explore those things... Often you have people coming to you at the end of their tether and they'll be angry about something and it's very easy to make the wrong decision... Having that space to come and discuss things confidentially and work it through [means] you are able to make the right decision for the right reason.'

Two key roles for advice on ethical issues emerged from the research.

Firstly, it helps with the process of making ethical decisions. If integrity is about being open to critique and counter-argument, or listening to other people's views, before arriving at a judgement, access to good advice provides a reliable way of achieving this. Advice is therefore a route to making better ethical decisions, as the quotation above demonstrates.

Secondly, advice helps to confirm whether or not there is cause for concern in the first place:

'I think a lot of people are very able to say, "Oh, I thought that was a problem but I didn't want to cause trouble"...Also if you don't think anything is going to be done about it then there is no inclination to [come forward], whereas if you know that you've got support there and someone...to help you to analyse it and decide whether to go further, I think that makes a big difference.'

In this way, advice can be an important first step, coming before whistleblowing or raising an issue more widely in the organisation. Taking advice before taking an issue further can help clarify the relevant issues and considerations, in a way that is less intimidating than reporting on someone, or raising an issue in an open forum.

If advice is to play these roles, however, it must be confidential if needed. When asked if the advice available to them was enough, many interviewees answered that an independent, confidential helpline would be helpful, whether this was provided by the organisation or someone else:

'Once you're outside the walls of the company who do you speak to? Because you might not want to discuss these kinds of things within the company, but on an external basis I think it could be beneficial if companies have to advise their employees where they could seek alternative advice.'

Where interviewees felt that they would not be able to access confidential advice, they saw this as a clear problem:

'I think if you had somewhere to go [where] they wouldn't talk to anybody else then I think it would help. But the thing is, everybody is a bit scared to talk to someone because they know they'll talk to everybody else and everyone will know the problem in no time anyway... There's no way you can talk to someone without someone else finding out.'

Particularly in small to medium-sized organisations, it may not always be possible to provide truly independent advice within the organisation. However, the research suggests that there is a need for clearly advertised, confidential advice.

Action points for organisations	
Do	Don't
<ul style="list-style-type: none"> • Provide genuinely confidential advice. • Advertise sources of advice outside of the line-management chain. • Consider outsourcing advice to an independent, external service. • Make use of those professional bodies which provide advice. • Consider implementing a mentoring scheme. 	<ul style="list-style-type: none"> • Give the impression that seeking advice is only appropriate where there is a clear, definite concern.

4.6 Codes of conduct

'[With a code of conduct] people know how to behave and what they can and can't do. I think people's understanding of what integrity means is very different... I think having a written list of rules there is important.'

An organisational code of conduct can take the form of a range of different types of document. When asked about this, our interviewees cited lists of principles, lists of rules, and handbooks of processes and procedures. There is a wealth of academic literature on codes of conduct, which we do not intend to go into in detail here, except to say that it is well established that codes of conduct need to be enforced by sanctions in order to be truly effective. This fact was further supported by our interviewees, who referred to codes predominantly when they were involved in disciplinary procedures, on either side of the process. Codes were also used as a reference when dealing with subordinates with behavioural or performance issues, in order to clarify expectations, before disciplinary procedures were invoked. Insofar as it serves this purpose, a code of conduct supports integrity by setting incentives, a role which will be discussed under discipline below.

Nonetheless, several interviewees did believe that a code of conduct could have a role in guiding decision making, and for this reason we have also reserved a separate place for it here:

‘I think [a code of conduct] helps to shape people...so that they are an organisation where they feel proud of the people and what they do...then if anyone’s not living up to those standards...they feel confident to challenge them or speak to someone else.’

A true code of conduct is a way of translating principles or values into guidance on specific issues. Organisational values need to be made concrete in order to be helpful. A code of conduct can be one way of achieving this, by showing what the values mean in terms of behavioural requirements. In this way, in the words of one interviewee, it ‘creates a level of clarity’ in organisational expectations.

Action points for organisations	
Do	Don't
<ul style="list-style-type: none"> • Think carefully about the purpose of the code of conduct. Is it simply a disciplinary tool or also a guide for behaviour? • Integrate the code of conduct with the organisation’s values. Translate the values into guidance on specific issues. • Use training to help employees interpret and apply the code of conduct. • Use a combination of rules, which are needed to identify ethical breaches, and principles, which provide more flexible guidance. • Use the code of conduct as the basis for implementing an action plan with individuals before invoking the full disciplinary procedure. 	<ul style="list-style-type: none"> • Expect a list of rules to be able to cover every eventuality. • Create a code of conduct without thinking carefully about how employees will engage with it.

4.7 Training

'I think taking it beyond the theoretical into something that might actually happen in your day-to-day work life is where you start getting somewhere... the sort of training which describes something which could happen to you tomorrow; you do start to sit up and pay attention.'

As noted above, training was one of the two techniques which, according to our quantitative research, correlates negatively with organisational integrity. The general impression arising from the interviews with regard to training in ethics is that, while it can be very effective if done well, there are a lot of ways of getting it wrong, and of creating training which is counter-productive, which may explain the surprising quantitative result.

Overwhelmingly, interviewees favoured training that made use of real-life case studies to illustrate ethical issues:

'Hypothetical situations...and breaking it down to see how it should have been done.'

'There were a lot of situations where...they showed you various scenarios at the beginning of the class and got you to say what you would do... Then you went through the training and at the end you did it again and everyone had changed! The training was [about] how to analyse an ethical issue, if they were easy to answer then there wouldn't be such a big problem, so it's more how to pick it apart and how to look at it from every standpoint.'

These were seen as useful because they demonstrate the pitfalls of not behaving ethically:

'I think it's more about, sometimes, the outcome of not behaving ethically which isn't always necessarily clear... Unless you know the potential end result...it doesn't necessarily motivate you...to actually follow a code.'

...because they allow one to see situations from others' points of view:

'Recently we had something on discrimination...and it was useful...in understanding what the types of discrimination are. For example if someone said something discriminatory towards you as a joke but someone else overheard it and was offended by it then they have a right to speak up.'

...or simply because it makes points in a more memorable way:

'Those sort of things [cases] are really good, because I can remember that case about the guy that put signs outside of his front door, and I couldn't give you any other things about anything else.'

Training if done properly can have an important role to play in developing understanding of ethical issues, and decision-making abilities. However, it is vital that organisations use the right and appropriate style of training, and see it as a long-term process, rather than a quick fix.

Action points for organisations	
Do	Don't
<ul style="list-style-type: none"> • Use real-life case studies. • Use training to help employees interpret and apply the code of conduct. • Make training part of a long-term process of development. • Consider using coaching or mentoring as well as, or in addition to, classroom-based training sessions. • Make sure that the content of training is matched by the tone from the top of the organisation. 	<ul style="list-style-type: none"> • Use training which is patronising, or seeks to enforce rigid patterns of behaviour. • Use training as a 'box-ticking exercise' which fulfils a compliance requirement rather than seeking to foster skills or knowledge. • Use overly simplistic online training that does not engage participants. • Provide a short course in isolation with no follow-up.

4.8 Rewards

'If you are in a situation where there is a lot of lure [towards using] unethical means, then maybe having a carrot as well as a stick may be a good thing.'

Rewarding ethical behaviour, at least formally, does not appear to be a popular way of trying to instil integrity. In fact, several interviewees felt that rewarding ethical behaviour was actually inappropriate, because ethical standards should be expected of people as a minimum requirement.

On the other hand, many felt they were able to get recognition for showing integrity, in the form of compliments or encouragement:

'It's valued in the sense that one wants to feel valued, one wants people to say, "well done, that's a good thing you're doing".'

It is possible to reward integrity in employees' core activities by linking organisational values to appraisals and objectives, counterbalancing commercial pressures by incentivising ethical decisions:

'The theory is, ok you can set yourself some objectives. The objective might be to build 10 widgets in a year. If someone builds 12 then they've done really well. If someone builds 8 then they've fallen short. But actually the person who's built 12 might not have behaved in a way that is supportive of the rest of the team or organisation and they might not have behaved with integrity, they might have stolen two widgets off someone else and got credit for them. So just being measured on the outcome of objectives is not really a fair thing to do. You really need to start looking at people's behaviours, integrity being one of those behaviours.'

That this might be an effective technique is given some support by the fact that, in contrast to the other techniques, rewarding ethical behaviour was seen by our survey respondents as particularly effective in private sector organisations, where commercial pressures might be thought to be a more immediate concern (and hence might need to be counterbalanced). However, there were some concerns that this system might not be as effective as it could be, or could even be unfair and demotivating:

'I think it's probably quite difficult to reward someone, or make a point of rewarding someone, in such a way to give an incentive without having to give it out to the whole team. That could be quite tricky. I think in a lot of situations it might actually be counter-productive...because the easy ones don't deserve reward and the hard ones, someone's going to have lost out on that decision.'

'I think it's effective if the managers make it effective.'

Overall, the research suggests a role for rewarding ethical behaviour, in setting organisational expectations, incentivising ethical ways of thinking and thereby positively affecting decision making. Building the organisation's values into a reward scheme is a way of further embedding those values into organisational culture, thereby motivating consistent action and strengthening organisational integrity. However, this conclusion comes with the caveat that it appears to be very difficult to implement rewards in a way that is fair, consistent and effective, and if this is not achieved, they may have a deleterious effect on integrity.

Action points for organisations

Do

- Reward ethical behaviour by building values into employee appraisals and objective setting.
- Use rewards to counterbalance pressures that may lead to unethical behaviour.
- Think about the behaviours that are actually rewarded in the organisation (implicit values) and try to bring these into line with the published (explicit) values.
- Carefully monitor the outcomes of rewards.

Don't

- Reward behaviour inconsistently eg, by setting ethical objectives which are easier to achieve in one part of the organisation than in another.

4.9 Discipline

'[Discipline] just forms part of the overall way of thinking which is...common to every business and every part of your life: 'if I do something wrong then I'm going to create an issue around me.' [The disciplinary] process is just a detail of that.'

Disciplinary procedures enable organisations to correct unethical behaviour through punishment, or to rid themselves of persistent or serious offenders. It can also act as a deterrent, though the opinions of our interviewees were mixed as to whether discipline would be effective in this way.

It is useful to note a distinction between behaviour that is directly motivated by rewards and discipline, and behaviour that is indirectly motivated by a culture that values integrity. Rewards and discipline have a role to play in establishing this kind of culture, by translating organisational values into general incentives for ethical action. This is not to say that each decision will be motivated by rewards and punishment, but that ethical decisions will be easier to make if the organisation demonstrates that integrity is valued, and rewards and discipline are part of the framework for achieving this.

Unfair or inappropriate disciplinary procedures were a source of frustration for many interviewees. The overall view was that for disciplinary procedures to be conducive to integrity they need to be open as far as possible, which is to say that while details of individual cases may need to be kept confidential, employees should at least be made

aware of the overall structure of the disciplinary process, including the use of formal and written warnings, the investigatory process, their right to appeal and so on. It was also seen as important that they should be fairly and consistently applied:

‘You’ll speak to a colleague who has had a similar [disciplinary case]...and they’ll have spoken to someone at [HR] and the answers are slightly different, so I think sometimes it is [about] what that individual believes themselves.’

If disciplinary procedures are not consistent within the organisation, this risks not motivating consistent behaviour, and can therefore be destabilising to the organisation’s integrity.

Action points for organisations	
Do	Don't
<ul style="list-style-type: none"> • Make sure the disciplinary process is clear and transparent to staff, though the details of specific cases may need to be confidential. • Make sure disciplinary procedures are applied consistently and adhere to the policy. • Make sure advice on disciplinary procedures is well-informed and consistent. • Make sure that policies designed to catch the guilty do not also catch the innocent. 	<ul style="list-style-type: none"> • Operate disciplinary procedures which are unfair, not transparent or inconsistently applied. • Invoke disciplinary procedures too readily, for example when an employee has made an honest mistake.

4.10 Monitoring

‘I think tone from the top and reinforcing that consistently [through monitoring] is the way that you have a culture of integrity.’

On the whole, interviewees tended not to be aware of steps taken by their organisation’s leadership to monitor the integrity of the organisation. Where monitoring did take place, it tended to be through staff surveys, which occasionally contained questions on the ethics of the organisation, or through individual appraisals, though it was not clear whether information from these appraisals was being used centrally to monitor integrity, or indeed how effective they would be as a measure of individual integrity. Some organisations also publish the results of disciplinary procedures as a method of monitoring integrity. Interviewees in smaller organisations reported that monitoring

tended to be done informally, through leaders simply 'keeping an eye on' staff. It is possible that leaders in large organisations, too, believe that problems with integrity are readily apparent, so that active monitoring would be unnecessary.

Nonetheless, within our framework for integrity there is clearly a key role for monitoring. Firstly, monitoring both exemplifies and promotes openness by seeking out issues where they exist so that they can be dealt with. As one interviewee noted, monitoring 'makes a difference certainly to openness and honesty and transparency which all feed into integrity'. Secondly, it allows organisations to check the effectiveness of the other elements of the framework. We therefore recommend that organisational leaders take a more active approach to monitoring the integrity of the organisation. This could be done either by implementing dedicated surveys of staff, or by inserting questions relating to ethics and integrity into existing surveys. Questions could be built around the elements of the framework described in this briefing, eg 'do you feel that you would be listened to if you raised an ethical worry or concern?' or 'do you feel that leaders in the organisation demonstrate integrity in their behaviour?' As noted above, promoting integrity is a long-term process, and monitoring integrity at regular intervals plays a role in demonstrating progress and fine-tuning the techniques that are in place.

Action points for organisations	
Do	Don't
<ul style="list-style-type: none"> • Monitor the effectiveness of the other aspects of the framework described above. Are these meeting their objectives? Are they having any unintended consequences? • Monitor both the effectiveness of techniques and the way they are perceived by employees. • Conduct surveys regularly using the same questions in order to pick out trends. • In larger organisations, consider employing external consultants to carry out confidential interviews and/or focus groups, since this will give both a more accurate and a more nuanced picture of employee attitudes. 	<ul style="list-style-type: none"> • Assume that good results in staff surveys mean that employees are not encountering specific issues and challenges, since these may not be picked up by quantitative techniques. • Use research in which comments can be traced back to individuals, since this discourages openness.

5. PROFESSIONAL BODIES

Finally, we also found that professional bodies have a role, or a potential role, to play in promoting integrity. Areas where they were seen as having particular strengths were generally derived from their position of independence from employers. Several interviewees praised their professional body for providing independent advice, and many saw a role for them in providing support for whistleblowing. Professional bodies are also better able to take a long-term view of training, reflected in the idea of continuing professional development: people may change employers quite frequently but tend to stay with a professional body much longer. On the other hand, we found that professional codes of conduct were generally only perceived to be effective in the traditional professions, such as accountancy and law, where they were taken very seriously. In less well-established professions, interviewees struggled to see a role for codes of conduct.

In general, those interviewees who were not lawyers or accountants were often surprised by the idea that their professional body might have a role to play in promoting integrity within the profession. Clearly, there will be differences between professional bodies in respect of how they see their roles. However, insofar as they do see themselves as having a role in this area, the results of our research suggest that there is a challenge for these professional bodies to make this clear to members, but that there are techniques at their disposal to help achieve this.

APPENDIX: RESEARCH APPROACH

The research was carried out in three stages: a piece of desk research, a quantitative survey and qualitative interviews.

In the desk research, we drew on the philosophical and management literature, to propose an analysis of integrity for individuals and organisations. This analysis then informed the two empirical stages of the research, aimed at establishing how organisational leaders could promote and encourage integrity in their organisations.

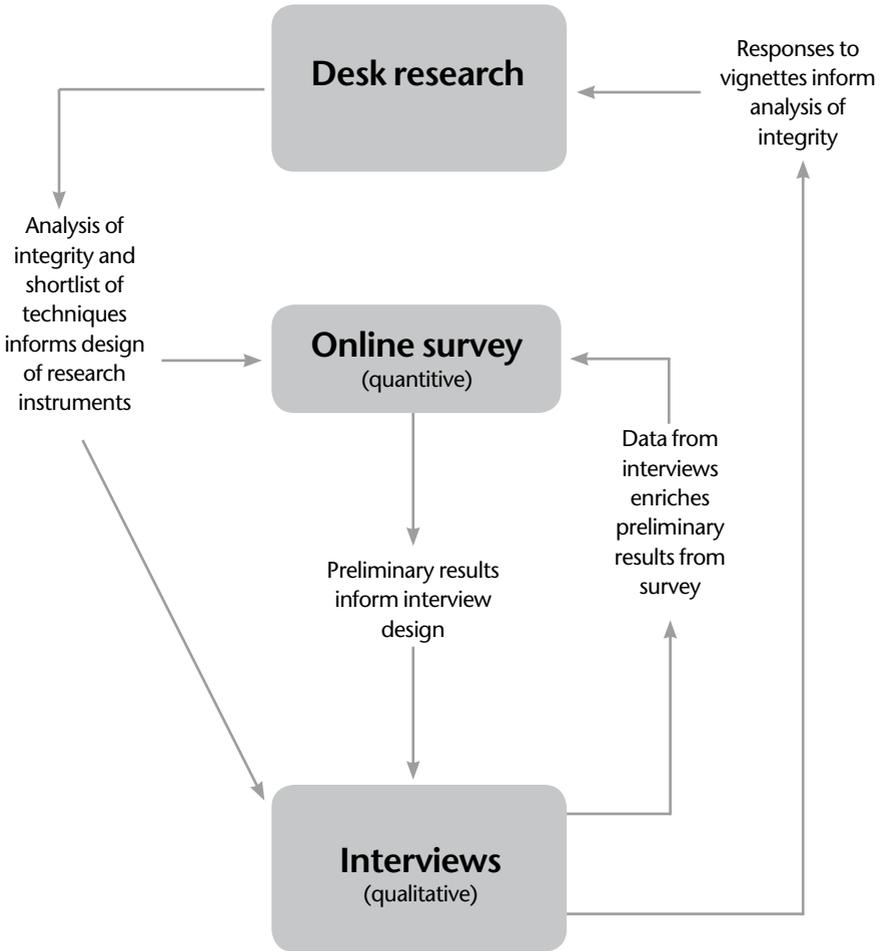
The purpose of the quantitative stage of the research was to produce some indicative results which could be verified and explored in greater depth in the qualitative stage. Having developed a shortlist of methods and techniques for promoting and encouraging integrity developed through desk research, we put together an online survey with three aims:

- to find out if this list was broadly representative of the techniques currently in use in organisations (and to pick up any further techniques which were not on our list);
- to find out which of the techniques were being used more or less frequently; and
- to identify some general trends in how effective each technique was perceived to be.

Also, in addition, we wanted to make comparisons between different sizes of organisation and different types of organisation. The survey went out to 10,000 ICAEW members and we received 1,444 complete responses. We then analysed these responses using both a simple analysis and an ordered Logit model to check for consistency.

In the qualitative research, we used a semi-structured interview script comprising mostly open-ended questions, which was designed to take a maximum of one hour in total. Having refined the script in a pilot study, we carried out interviews with 96 individuals in 15 different organisations, an unusually high number of interviews for this type of research, and one which allowed us to develop a very rich dataset. The organisations were selected to represent as wide a range as possible, in terms of broad sector (our sample included public and private sector organisations, charities and professional firms), main product or activity (the sample included manufacturing, retail, banking, consultancy, IT, education, law, accountancy and the arts) and organisational size (the smallest organisation in the sample had less than ten employees, while the largest had more than a thousand). As well as asking detailed questions about techniques for promoting and encouraging integrity within the employing organisations, we presented interviewees with short character vignettes designed to test their understanding of integrity, and also presented them with preliminary findings from the quantitative work. In this way, results from the qualitative stage were able to further enrich and refine the results from the two preceding stages.

Figure 5: Relationships between the stages of the research.



The major output from this research is a framework for integrity – a set of tools which can be used to create an organisational culture which fosters integrity. In this shorter briefing, we have summarised that framework in brief. For a more thorough description of the framework, and of how it was arrived at, see the accompanying full report.

FURTHER READING

Below are a few key references from the academic literature which have influenced this briefing.

What is integrity?

The following four articles have been particularly influential in the philosophical debate around integrity. Each emphasises a particular aspect of the idea of integrity:

Calhoun, Cheshire (1995), 'Standing for Something', *Journal of Philosophy* XCII, No. 5, May 1995.

Frankfurt, Harry G. (1988), 'Identification and Wholeheartedness', *The Importance of What We Care About*, Cambridge: Cambridge University Press.

McFall, Lynne (1987), 'Integrity', *Ethics*, Vol. 98, No. 1, 5-20.

Williams, Bernard (1973), *Utilitarianism For and Against*, New York: Cambridge University Press.

Professional integrity

Freidson, Eliot (2001), *Professionalism: The third logic*, Cambridge: Polity Press. (An analysis of professionalism focusing in part on the values inherent in professions.)

Federation of European Accountants (FEE) (2009), 'Integrity in Professional Ethics: a Discussion Paper'.

Federation of European Accountants (FEE) (2011), 'Analysis of Responses to FEE Discussion Paper on Integrity in Professional Ethics'. (Discussion paper (and responses to it) which covers some similar issues to those addressed in this briefing.)

Organisational integrity

Toffler, Barbara Ley with Jennifer Reingold (2003), *Final Accounting: Ambition, Greed and the Fall of Arthur Andersen*, New York: Broadway Books. (Analysis of the Arthur Andersen case in the US which is instructive in terms of organisational integrity.)

Paine, L.S. (2003), *Value Shift*, Cambridge, MA: HBS Press. (Argues that companies cannot consider themselves amoral or apart from society — that the relationship between companies and society at large necessitates bringing a moral dimension to decision making.)

Techniques for promoting integrity

Ardichvili, A., J. A. Mitchell and D. Jondle (2009), 'Characteristics of Ethical Business Cultures', *Journal of Business Ethics*, 85, 445-451.

A useful empirical overview of the features that distinguish ethical from unethical business cultures.

Collins, James C. and Jerry I. Porras (2002), *Built to Last: Successful habits of visionary companies*, 2nd edition, New York: HarperCollins. (Accessible book which looks at successful, value-driven organisations.)

Online resources

The following online resources are likely to be of general interest with regard to organisational ethics and the promotion of integrity:

The Inter-Disciplinary Ethics Applied CETL at the University of Leeds (www.idea.leeds.ac.uk), the authors of this briefing, provide training and consultancy services for organisations. They also produce research in Applied Ethics and publish a professional ethics blog at www.idea.leeds.ac.uk/penblog/.

The Institute of Business Ethics (IBE – www.ibe.org.uk/) 'offer practical and confidential advice on ethical issues, policy, implementation, support systems and codes of ethics'. Their activities include training, research and practical reports on issues in business ethics.

The Crane and Matten Blog (<http://craneandmatten.blogspot.com/>) provides useful analysis of business ethics issues and news events.

Business Ethics (<http://business-ethics.com/>) is a US-based online magazine exploring issues relating to business ethics and corporate responsibility. Its mission is 'to promote ethical business practices, to serve that growing community of professionals and individuals striving to work and invest in responsible ways.'

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