Research

A tool for building corruption resistance

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With the increasing attention that is being given to corruption internationally, calls to 'combat the cancer of corruption' or to 'stop the scourge of corruption' have become more frequent. In order to begin to control corruption two basic questions need to be addressed

• where does one start in order to attack corruption?
• how does one start to attack corruption?

There are many possible answers to these questions, depending on one's understanding of the causes and manifestations of corruption, resources available and the legislative framework within which one is operating.

The 'hidden' nature of corruption means that much corruption remains undetected. This, in turn, highlights the importance of seeking to intervene before the corrupt conduct has been reported. More proactive methods of preventing future corruption (that is, how to increase corruption resistance) are required to supplement the investigation of reports of corruption once they are received.

This chapter illustrates how the NSW Independent Commission Against Corruption (ICAC) has used empirical research methods to improve efforts to build a more corruption-resistant public sector by identifying where and how to intervene. The basic theme of this chapter is that the more information one has about corruption the better equipped one is to prevent it.

The NSW Independent Commission Against Corruption

The New South Wales (NSW) Independent Commission Against Corruption (ICAC) was established in March 1989 to expose and minimise corruption in the NSW public sector. It seeks to promote high standards of integrity in public administration. All public officials in NSW government
departments, statutory bodies and local councils, as well as judges, magistrates and elected officials fall within the ICAC's charter. Its jurisdiction also extends to those in the private sector and the general community when they deal with the public sector.

The ICAC has three main statutory functions,

* to investigate allegations of corruption—investigating and reporting on matters in order to expose and deter corrupt conduct and discover the deficiencies in systems and procedures which allowed the conduct to occur

* corruption prevention—reducing opportunities for corruption by advising and working with public sector agencies on improvements to procedures, policies, work systems and ethical culture

* education—educating the community and the public sector about the proper conduct of those in public office, the detrimental effects of corruption and the benefits which flow from action to reduce corruption.

In addition to these statutory functions, the ICAC uses empirical research as a tool to help it better understand corruption in the NSW public sector. ICAC research extends the information base on which the three statutory functions are carried out by conducting original empirical research on corruption and related issues, providing research support for major investigations, monitoring and/or evaluating anti-corruption initiatives, and providing the link to researchers working in related areas.

Such research might take the form of surveys or focus groups to discover public sector or community views. It might also involve an analysis of the existing academic literature. The research methodology is critical to its effectiveness. For example, survey samples are selected in such a way that results (from a relatively small portion of the public sector) can be generalised to the entire public sector. Care is taken in the design and administration of any surveys to minimise the possible impact on the results of the study being conducted by the ICAC. For example,

* some ICAC surveys have stressed their focus on exploring the range of personal views held about corruption (thus, there are no right or wrong answers)

* responses are returned directly to the researchers rather than through senior officers where respondents work

* respondents are assured that neither they nor their employers could be identified at any stage.

ICAC researchers are able to access operational information that would not be available to other corruption researchers such as those working in a
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ICAC research enables decisions about corruption-resistance strategies to be based on tested propositions rather than anecdotal evidence or untested assumptions about public sector behaviour.

Through this multi-strategy approach (of investigation, corruption prevention, education and research), the ICAC seeks to make the NSW public sector more resistant to corruption.

What is corruption?

While people agree that 'corruption' is bad and most can nominate examples of corruption, there is no one agreed definition of what constitutes corruption. There is a very large literature about different definitions of corruption (for a summary of this literature see, for example, Gorta and Forell 1994:4-24; Independent Commission Against Corruption 1997a:22-32).

The literature distinguishes different types of definitions of corruption. 'Formal definitions' (such as those provided in legislation, government guidelines and codes of conduct) frequently do not correspond to 'social definitions' (such as community and workplace views about what is corrupt). Even at the formal level, no one definition of corruption is universally accepted.

It has been argued that public opinion or social definitions are more salient in governing behaviour than are formal definitions. As has been repeatedly observed (Hollinger and Clark 1983; Werner 1983; Johnston 1986; Greenberger, Miceli and Cohen 1987), the influence of co-workers' attitudes on the behaviour of employees is significant. Hollinger and Clark, for example, have stated

...these empirical results confirm...that employee deviance is more constrained by informal social controls present in primary work-group relationships than by the more-formal reactions to deviance by those in positions of authority within the formal organisation (1983:126).

The definition of corruption used by the NSW ICAC is provided in sections 7-9 of the ICAC Act (1988). It should be noted that the main role of these sections is to define the ICAC's jurisdiction—the range of conduct on which the ICAC can focus—rather than to clarify for the broader community what is meant by the term 'corruption'.

Broadly speaking, 'corruption', as specified within the ICAC Act, is the conduct of any person that adversely affects the honest and impartial exercise of the functions of NSW public officials. Corruption involves the misuse of public office. It also involves the misuse of information gained while performing public office. Commonly it involves the dishonest or biased use
of power or position resulting in one person being advantaged over another. The ICAC definition of corruption takes into consideration the seriousness of the conduct. Only matters that amount to a criminal offence, a disciplinary offence, or conduct which would warrant a dismissal would be considered to be corrupt conduct by the ICAC. The ICAC definition includes the behaviour of private sector employees or community members if that behaviour is aimed at subverting a public official’s performance of his/her public duty.

The Importance of dividing ‘corruption’ into its specific forms

It is common for commentators writing about the problem of corruption and causes of corruption to discuss it as if it were a single phenomenon. ‘Corruption’, however, is a term which encompasses many different forms of misuse of power or misuse of office. It is not a single issue, nor a single problem. For example, the term corruption can be used to describe behaviours as varied as bribing an inspector to license an unqualified person to operate machinery that might put lives in danger, theft of office resources for use at home, and police assisting criminals to commit crimes. In order to be able to begin to reduce corruption, it is important to have a clearer target (or targets) than the broad, nebulous concept of ‘corruption’. If ‘corruption’ is viewed as a single problem it seems too large and amorphous to tackle effectively.

In their attempts to minimise crime, criminologists advocate taking a crime-specific approach in order to tailor prevention strategies (Gorta 1998a). For example, one would not use the same strategies to minimise shoplifting as one would to reduce physical assaults. The same is the case for minimising corruption. If corruption is viewed as a single problem it obscures the fact that specific strategies are best employed to deal with different forms of corruption. In order to combat corruption it is important that specific forms of corrupt conduct which pose the most serious risks (to the area of interest—or example, state/organisation/process/country) are identified. Until one has some understanding of what forms corruption takes and how it comes about, one can do little to control it.

Since there is no well-defined or universally-accepted taxonomy of different types of corrupt conduct, the first step is to identify a useful classification system for different types of corrupt conduct. The ICAC has used research techniques to establish a categorisation system for coding allegations of corrupt conduct to enable it to analyse patterns in the information it receives. This classification system involves summarising each allegation by pairing an area of workplace activity (for example, ‘tendering’, ‘development applications’, ‘licensing’, ‘use of government information’).

with a type of corrupt conduct (for example, ‘bribery’, ‘misuse or theft of public resources’, ‘favouritism’). Hence allegations are summarised in pairs such as ‘favouritism in tendering’, or ‘bribery in licensing’. This is one method that the ICAC uses to clarify the specific forms of corruption that occur in the NSW public sector.

**Finding out about corruption**

In order to decide where best to intervene one needs to understand the nature of the corruption which is or may be occurring.

This is made difficult by the hidden nature of corruption. Corrupt activities tend to be carried out in secret with few witnesses. Unlike the victim in many forms of criminal conduct (for example, robbery or assault), the potential victim of corruption is unlikely to know that it has occurred.

Figure 2.1 provides an outline of how one might obtain information about potential corruption. This figure also illustrates how the corruption which does occur is filtered, with only some being reported. As is evident from this diagram, opportunities and motivation must exist for corruption to occur. Once corruption does occur it will only be reported if all of the following occur:

- the corrupt conduct is witnessed or detected in some other way
- the conduct is labelled as ‘corrupt’
- the witness decides that it is worth taking action about the conduct
- that action includes reporting the conduct.

One possible strategy to improve our understanding of the nature of corruption is to analyse the allegations received about corrupt conduct (see item 9 on the flowchart). Reports of corruption that are received by anti-corruption bodies such as the ICAC are, however, only a subset of all of the corruption which occurs. The reported allegations of corrupt conduct are those that are more easily detected and labelled as corrupt. Hence that which is reported is not representative of all the corrupt conduct which occurs.

The ‘hidden’ nature of corruption means that the examination and investigation of individual allegations of corruption, while important, is not sufficient to prevent future corruption. Any strategy that relies solely on investigating and prosecuting individuals who have been reported as engaging in corrupt conduct is disadvantaged by the necessity for corruption first to have occurred, be detected, and then identified as ‘corrupt’ before it can be tackled. Such a strategy is also limited because it can never detect all those who are acting corruptly.
Figure 2.1 Finding out about corrupt conduct

1. Do opportunities and motivation for corrupt conduct exist?
   - Yes
   - No

2. Does corruption occur?
   - Yes
   - No
   - No corrupt conduct—ideal situation

3. Is corruption witnessed?
   - Yes
   - No

4. Is the conduct identified as corrupt?
   - Yes
   - No

5. Does the witness decide to take any action?
   - Yes
   - No

6. Is the conduct reported?
   - Yes—to ICAC as protected disclosure
   - Yes—within organisation
   - Yes—other
   - No

7. Is the conduct reported to ICAC under S.11?
   - Yes
   - No

8. Is the conduct reported to ICAC under S.10?
   - Yes
   - No

9. Referred to ICAC
   - Yes
   - No
   - Corrupt conduct not known to ICAC
One consequence of the hidden nature of corruption is the importance of intervening before the corrupt conduct has been reported. Other more proactive methods of determining strategies to prevent corrupt conduct, such as undertaking empirical research, are required to supplement the investigation of reports of corruption once they are received.

The outline depicted in Figure 2.1 provides suggestions for identifying where to intervene before the corruption occurs to make the public sector more resistant to corruption and for making more visible the corrupt conduct which does occur. The process depicted in Figure 1 suggests that areas to explore in order to improve our understanding of corruption and to promote corruption resistance in the NSW public sector include

- opportunities and motivations for corrupt conduct to occur (see item 1 in the flowchart in Figure 2.1)
- making corruption more observable (item 3)
- making it easier to identify corrupt conduct (item 4)
- promoting action against corrupt conduct (item 5).

The sources of information used by ICAC research to explore these areas are described in the following section.

**Types of research conducted by the ICAC**

ICAC research uses a variety of approaches to aid efforts at building corruption resistance.

**Considering the employees' perspective.** The ICAC has found that surveys of employees' views can contribute to the formulation of strategies which assist in minimising corruption.

Employees' views are important for several reasons. Personal beliefs about corruption (social definition) have been found to have a greater impact than legislation or organisational policy documents in determining which types of conduct people identify (item 4 in Figure 2.1) and respond to as corrupt (item 5 in Figure 2.1). If people do not recognise an activity that they witness, or participate in, as 'corrupt', or at least as 'undesirable', then they are unlikely to take action against it. If they do recognise the behaviour as 'corrupt', but believe that, for example, such behaviour is appropriate given the circumstances, they are also unlikely to attempt to change their behaviour.

Since employees are in the best position both to engage in corrupt conduct and to witness any corruption that takes place at work and take action about it, it is important to consider their attitudes and beliefs. Examples of the use of this approach can be found in Coulter (1999), Gorta and Forell (1994, 1995), Independent Commission Against Corruption (2000a), Zipparo (1997a, 1997b), and Zipparo and Cooke (1999).
Identifying and disseminating strategies that some managers have found useful. Another strategy is to learn from those who have experience in attempting to minimise corruption. Drawing on the experience of those who have successfully fought corruption within their agencies (items 3 to 6 in Figure 2.1), advice can be disseminated to others in the public sector. This can propagate useful new strategies for reducing corruption and promote discussion of how best to minimise corruption. An example of the use of this approach can be found in Zipparo, Cooke and Bolton (1999).

Learning from others by reviewing the literature. Although corruption research is still in its infancy, there is already extensive material on factors contributing to corruption. Along with related areas of literature, such as those pertaining to ethical behaviour, crime prevention and organisational change, this material can provide a basis for identifying corruption risk factors (item 1 in Figure 2.1), and shaping corruption-resistance strategies (Gorta 1998a, 1998b; Zipparo 1998).

Analysing the types of allegations of corruption made to the ICAC. Soon after an allegation is received, the ICAC assesses the merits of investigating each matter individually. Analysis of aggregated allegations (item 9 in Figure 2.1) can usefully supplement the assessment of individual matters. The analysis of aggregated allegations to determine patterns and trends is important because it provides a mechanism for identifying public sector corruption risk areas and corruption-related issues that are relevant to a range of different agencies. It also enables the identification of agencies for whom the issues examined in specific investigations will be relevant. Examples of such analysis can be found recent ICAC annual reports (Independent Commission Against Corruption 1999b, 2000b).

Fostering community awareness and support for the minimisation of corruption. Based on the belief that a community which refuses to accept corruption is an important element in the fight against public sector corruption, community attitudes surveys can provide an informed basis for attempts to enhance public sector corruption resistance.

The ICAC collects information for these surveys through telephone interviews with a random sample of approximately 500 NSW adults. Each of the ICAC community attitude surveys conducted to date has contained two sets of questions—the first exploring general attitudes and perceptions about corruption, and the second seeking information about awareness of, and support for, the existence of the ICAC (Independent Commission Against Corruption 1994, 1995, 1996b, 1997b and 1999a).

Over the years these surveys have explored a range of issues, including

- perceptions of the effects of public sector corruption
- opinions of what is considered acceptable in the public sector compared with what is considered acceptable in the private sector
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- attitudes to corruption
- awareness of possible responses to corruption
- attitudes to reporting corruption, and
- factors which would affect people actually taking action against corruption.

Examples of findings from such surveys include the finding that the majority of community members believe that they, as ordinary members of the public, are able do something about corruption in the NSW public sector and that they were most likely to make the effort to take action about corruption when they perceive the corruption affects them or their family (Independent Commission Against Corruption 1996b).

For any individual project, the type of research conducted by the ICAC depends upon the nature of the questions to be answered. It may include quantitative or qualitative empirical research and/or research using information from primary or secondary sources. As noted earlier, the research methodology is crucial to its effectiveness. ICAC research might take the form of

- surveys or focus groups with public sector employees or members of the community
- literature reviews to determine what can be learnt from the work of others
- analysis of the types of allegations of corruption made to the ICAC.

Some lessons from the research about how and where to intervene

ICAC research assists in building a more corruption-resistant public sector by identifying strengths to build upon and areas where further attention is required. Examples of identified strengths and areas for intervention are discussed below in terms of the following questions.

- What assists in the conduct being identified as ‘corrupt’?
- How can taking action against corrupt conduct be promoted?
- What promotes an ethical culture?
- How does one to start to build corruption resistance more generally?

What assists in the conduct being identified as ‘corrupt’?

As stated earlier, individual public sector employees’ perceptions of what is considered to be corrupt impact upon the perpetuation of corrupt practices. If people do not recognise an activity as ‘corrupt’, or at least as ‘undesirable’
or ‘harmful’, then they are not likely to attempt to change the behaviour.

Examples of some of the identified strengths available for the NSW public sector to build upon when communicating about corruption include the fact that the majority of public sector employees

- do not restrict their definition of what may be corrupt to that which is prohibited by law (73 per cent in 1999) (Gorta and Forell 1994; Independent Commission Against Corruption (forthcoming))
- do not accept rationalisations that something cannot be called corrupt if everyone does it (94 per cent in 1999) or that the ends justify the means (79 per cent in 1999) (Gorta and Forell 1994; Independent Commission Against Corruption (forthcoming))
- do not condone petty theft from the government (92 per cent in 1999) (Gorta and Forell 1994; Independent Commission Against Corruption (forthcoming)).

Some examples of the areas identified through the research as possible places for intervention, together with the specific research findings follow.

Lessons from ICAC research

ICAC research has found that it is important to foster a common definition of what is corrupt in order to address the current lack of shared understanding by

- identifying and addressing ‘grey’ areas where employees are unsure of the appropriate behaviour
- focusing on the consequences or harmfulness of the behaviour as a useful educational strategy for communicating messages about corruption
- identifying, then challenging, explanations used to excuse or ignore corrupt behaviour
- providing specific training to address the needs of those participating in selection panels
- addressing educational messages across all subgroups of public sector employees.

Furthermore, public sector agencies should raise the awareness among contractors of the public sector’s ethical expectations when these contractors are engaged to undertake public sector work.

Research findings on which lesson is based

ICAC surveys have

- found that NSW public sector employees differ in the types of behaviours that they consider to be corrupt. Thus, what any
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one public sector employee understands as ‘corrupt’ may not be shared by his or her colleagues. This research finding suggests that, when communicating to employees, it is not enough to have messages such as ‘this organisation does not tolerate corruption’ or ‘report corruption’. Such messages leave open the response ‘Yes, I know corruption should not be tolerated—but what I am doing isn’t corrupt, it is just…’. A prior step to using these messages is to foster a common understanding throughout the organisation of what ‘corruption’ is.

• identified some behaviours where respondents were not clear whether or not the behaviour should be labelled as ‘corrupt’ (for example, in the case of theft with mitigating circumstances and for scenarios where rules were not followed yet a ‘reasonable’ outcome was reached).

• found that the perceived harmfulness of the behaviour was the variable which most frequently and best distinguished between those who consider a behaviour to be corrupt and those who do not. These results suggest that corruption, as an abstract term, is understood when translated into the more tangible context of the consequences of the behaviour.

• provided insight into the criteria and justifications some public sector employees use when considering which behaviours are corrupt. For example, some respondents equate corruption with breaking the rules—as long as procedures are followed the behaviour cannot be corrupt; some suggest that if there is no personal gain the behaviour cannot be corrupt. ICAC surveys have also found a clear link between considering the behaviour as justified and the choice to do nothing about that behaviour (Gorta and Forell 1994, 1995; Independent Commission Against Corruption (forthcoming)). The literature on corruption and workplace crime indicates that, where an organisation does not clearly specify what is acceptable, there is more scope for employee deviance, including corruption (Horning 1970; Cressey 1986; Mirtlees-Black and Ross 1995; Hollinger and Clark 1983).

From the scenarios used in one survey, recruitment stood out as an area of decisionmaking in need of further attention in order to minimise corruption risks. Approximately one-third of the respondents considered that it was not corrupt to use one’s public sector position to get a friend a job, irrespective of the respondent’s experience in recruitment. This perception is inconsistent with the NSW public sector recruitment system.
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which seeks to go fairly to the market, get the best person available, and leave no room for corruption or unfair advantage. Hence this perception needs to be addressed in both agency policy and training for those who participate in recruitment panels (Independent Commission Against Corruption (forthcoming)).

The relative unimportance of background characteristics of respondents in influencing perceptions of the scenarios and attitudes to what is corrupt suggests that educational messages and corruption resistance strategies should be directed across all subgroups of public sector employees (Gorta and Forell 1994, 1995; Independent Commission Against Corruption (forthcoming)).

Public sector rules are more likely to be perceived as negative or pointless by contractors engaged to undertake public sector work when there is a lack of understanding about the relationship of those rules to public duty and ethical work practices (Zipparo and Cooke 1999).

How can taking action against corrupt conduct be promoted?

In order to build a corruption-resistant public sector, public sector employees must be aware of the options for taking action and be prepared to take such action if they witness workplace misconduct.

Among the strengths available for the public sector to build upon when responding to potential workplace misconduct are that

- the majority of NSW public sector employees (86 per cent) indicated that they considered it their responsibility to report corruption (Zipparo 1997a)
- ICAC survey results strongly refute the notion that any reluctance to report corruption is due to peer pressure or that the Australian culture is opposed to reporting corruption (Gorta and Forell 1994; Zipparo 1997a, 1997b; Independent Commission Against Corruption (forthcoming))
- the majority of public sector employees believe that it is worth reporting corruption both because something can and something will be done about it (Gorta and Forell 1994; Zipparo 1997a, 1997b; Independent Commission Against Corruption (forthcoming))
- those in a position to take action (that is, supervisors, those in the higher salary categories, those who participate in recruitment and tender selection) are the ones who are most likely to believe that something can and will be done about corruption (Independent Commission Against Corruption (forthcoming))
• those with some experience in particular areas of work (such as recruitment and tendering), and therefore more likely to be in a position to observe corruption in such work, are more likely to say that they would report the behaviour within their organisation than those without such experience (Independent Commission Against Corruption (forthcoming)).

• public sector employees are less likely to believe that people who report corruption are likely to suffer for it than they were in the past (Independent Commission Against Corruption (forthcoming)).

**Lesson from ICAC research**

The basic steps to equipping employees with a capacity to act if they witness workplace misconduct is for individual agencies to ensure that

• they have reporting mechanisms in place
• these reporting mechanisms include protection for those who use them
• they inform all employees of the existence of these internal reporting mechanisms and how they work, about external reporting channels available to the employees, and about the Protected Disclosures Act 1994, paying particular attention to induction training.

Management needs to take, and be seen taking, effective action against corrupt behaviour (including systemic change) in order to convince employees of the value of reporting corruption.

An organisational culture must be created in which employees feel safe to report corruption.

**Research findings on which lesson is based**

Each of the following was seen as a definite or likely deterrent from reporting corruption.

• Absence of formal reporting channels (by 55 per cent of the public sector employees surveyed).
• Not knowing anyone they could trust to whom to make a report of corruption (71 per cent).
• Lack of legal protection from negative consequences (76 per cent).
• Not being sure if their identity would be kept confidential (65 per cent).
• Not having enough proof (82 per cent) (see Zipparo 1997a).

A lack of knowledge of how to report corruption was found to be related to negative attitudes toward reporting corruption (see Zipparo 1997a, 1997b).
Recent survey results identified that it is those who are not supervisors, on lower salaries, and who have been employed for shorter periods, who consider that they are most in need of information about how and where to report corruption (Independent Commission Against Corruption (forthcoming)).

The belief that there is no point in reporting corruption as nothing useful will be done about it is a major deterrent to reporting corruption. Thus, if people are to be encouraged to take action about corruption, they must feel that their contribution will make a difference to the situation. While safe reporting channels are necessary, they are not sufficient (Gorta and Forell 1994, 1995; Independent Commission Against Corruption (forthcoming)).

Not being sure if their report of corruption would be taken seriously was seen as a definite or likely deterrent from reporting corruption by most of the public sector employees surveyed (61 per cent) (Zipparo 1997a).

Not being convinced that making a report will help to stop corruption was cited by 53 per cent of the public sector employees surveyed as a major deterrent to reporting (see Zipparo 1997a).

Managers acknowledged that being seen to punish perpetrators is extremely important for setting the tone of what is acceptable behaviour in organisations. On the other hand, those who perceive that their organisation does nothing about corruption say this sends a clear message to staff that corruption is acceptable to the organisation (Zipparo, Cooke and Bolton 1999).

Behaviours associated with the workplace being perceived as being honest include appropriate action being seen to be taken when wrongdoing is reported and appropriate action being taken against those who act dishonestly (Independent Commission Against Corruption 2000a).

One-third of public sector employees did not believe that their organisation would respond appropriately to a report of corruption and 54 per cent did not know whether their organisation was serious about protecting them from negative consequences if they were to make a disclosure (Zipparo 1997a).

Significantly fewer employees in 1999 than in 1993 agreed that people who report corruption are likely to suffer for it. The substantial number still agreeing with this statement suggests, however, that significant work remains for public sector managers to create organisational cultures in which employees feel and are safe to report corruption (Gorta and Forell 1994, 1995; Independent Commission Against Corruption (forthcoming)).

Lack of faith in how their organisation might handle reports was associated with employee perceptions that dishonest behaviour occurred in their organisation and that it was likely to go unpunished (Independent Commission Against Corruption 2000a).
What promotes an ethical culture?

Corruption occurs within a context. Some aspects of organisational culture facilitate corruption, others impede it. The lessons summarised above outline some of the steps to promote an organisational culture which impedes rather than facilitates corruption. The material which follows describes some more general lessons about promoting an ethical culture.

A literature review was undertaken to examine empirical evidence (as opposed to merely stated opinion) of how ethical culture impacts on the efficient functioning of an organisation as well as to identify which organisational factors impact upon ethical culture (Zipparo 1998). This analysis revealed that emphasizing ethical work practices has a positive impact on the efficient functioning of an organisation. For example, it was found that the ethical tone of an organisation impacts upon efficiency and effectiveness, decisionmaking processes, employee commitment and job satisfaction, employee stress, and employee turnover. From this analysis of the literature, it was also apparent that, when it comes to making workplace decisions, aspects of the organisation appear to have more influence on the individual's ethical behaviour than do the individual's personal values. This provides a very positive message in terms of the capacity of organisations to influence the behaviour that occurs within them.

Lesson from ICAC research

A number of strategies for promoting ethical culture within an organisation can be derived from ICAC research. These include

- examining the organisational culture since the ethical culture of an organisation is critical to its performance.
- focusing on the example set by management.
- identifying corruption risk factors within the organisation, educating people within the organisation about these factors, and taking actions to minimise the risk.
- using tools such as codes of conduct and clearly stated values to communicate the organisation's ethical stance

Research findings on which lesson is based

Organisational culture and ethics research has shown that the ethical tone of an organisation impacts upon efficiency and effectiveness, decisionmaking processes, staff commitment and job satisfaction, and reduces staff stress and staff turnover (Zipparo 1998). The organisation has the potential to make an ethical person act unethically or an unethical person behave ethically (Zipparo 1998).
ICAC survey results confirm the importance of creating a workplace which emphasises and demonstrates ethical behaviour. Perceptions of an ethical workplace were found to be related to positive outcomes, such as staff saying they had better work relationships, greater job satisfaction, were less fearful to speak out, and were less likely to leave the organisation (Independent Commission Against Corruption 2000a).

In building an ethical culture, public sector managers advocate that 'tone at the top' is important. Appropriate behaviour must start at the top of the organisation and be transmitted down the hierarchy. The consistent and overwhelming message from public sector managers was that corruption prevention strategies require thought, effort and commitment from the top of the organisation (Zipparo, Cooke and Bolton 1999).

In this respect, public sector managers considered targeting education strategies towards CEOs and General Managers to be important, in addition to having education strategies for all other levels in the organisation (Zipparo, Cooke and Bolton 1999).

Behaviours associated with the workplace being perceived as being honest include supervisors and senior executives being seen to act honestly and practise what they preach, encouraging and emphasising honest behaviour in the workplace, treating all staff fairly and equally, and supervisors allowing staff to make decisions about how to conduct their own work and encouraging new ideas from staff (Independent Commission Against Corruption 2000a).

The most critical aspect of creating an ethical workplace is the behaviour of leaders (both senior executives and managers). The perception that leaders were honest was associated with staff having positive perceptions about colleagues, their job, and the workplace as a whole (Independent Commission Against Corruption 2000a).

Corruption risk factors are of interest because they present possible points of focus for corruption-resistance strategies. A review of the literature revealed the following corruption risk factors.

- The nature of the work performed, such as discretion exercised by position, position in the organisation and whether the work or service performed is associated with delays.
- Working conditions, such as the disputed role of salary and its relationship to need, lack of benefits for remaining with the employer, employee dissatisfaction, work pressures.
- Individual histories and dependencies, such as ethical decisionmaking history, dependence on employer, dependence on alcohol, drugs and gambling.
- Organisational culture, such as unclear messages about what is acceptable, attitudes of colleagues, example set by management, lack of reinforcement of ethical behaviour, other work practices.
• Other organisational factors, such as failure to identify the behaviour as wrong; existence, knowledge and perceptions of organisational reporting mechanisms; employee responsibility; organisational history in dealing with reports of corruption.

Other factors which affect whether action is taken against corruption, include individual beliefs about responsibility for taking action, beliefs about reporting being the appropriate thing to do, beliefs about whether benefits outweigh any costs, whether the employee has direct and convincing evidence of the wrongdoing, whether the wrongdoing is considered to be serious, whether the wrongdoing directly affects the employee (Gorta 1998b).

Survey results revealed that knowledge about codes of conduct, values, rules and procedures was related to employee perceptions that their organisation placed a strong emphasis on the importance of working honestly, had high levels of honesty among the executive, supervisors and staff, handled reports of wrongdoing appropriately, treated staff in a fair manner, and had values that matched their own (Independent Commission Against Corruption 2000a).

Public sector managers considered that it was important to have a written set of expectations (such as codes of conduct) that all staff are aware of in order to communicate the policies and standards set in the organisation (Zipparo, Cooke and Bolton 1999).

More general lessons on building corruption resistance

By exploring the crime prevention literature (Gorta 1998a), both general and specific lessons for minimising corruption were identified. In general terms, the crime prevention literature advocates taking an informed approach to corruption minimisation by understanding the process of engaging in corrupt conduct. Understanding the offender's perspective and considering different types of corrupt conduct separately are two strategies suggested to facilitate understanding the factors which underlie corrupt conduct. By examining individual types of corrupt conduct separately, those seeking to minimise corruption are better placed to tailor prevention techniques to match the various types of corruption.

Examples of some of the specific lessons for building corruption resistance which can be learnt from the crime prevention literature include

• not making assumptions that just because someone holds a particular position or has a particular background that they will be corruption-free
• asking offenders why they undertook the corrupt activity in order to identify circumstances which encourage corrupt conduct
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- asking offenders about how they undertook the corrupt activity in order to understand in detail the process leading to the corrupt conduct and the necessary and sufficient conditions, in order to identify how and where to intervene in order to optimise the likelihood of prevention
- asking offenders whether they considered what they did acceptable and, if they did, why they did, in order that justifications can be identified and subsequently challenged
- after obtaining a better understanding of the dynamics and mechanics of corrupt conduct, consideration should be given to what recognised crime prevention technique, or set of techniques, might be most applicable to preventing a given type of corruption.

Conclusions

The basic theme of this chapter is that the more information and the better understanding one has about corruption, the better-equipped one is to prevent its occurrence. In order to combat corruption one needs to try to understand what forms it takes and how it comes about. Empirical research techniques provide methodologies for informing corruption-resistance strategies.

This chapter has illustrated the types of research the ICAC undertakes to inform efforts to minimise corruption in the NSW public sector and the reasons for such research. In particular, the following approaches are suggested as ways of informing corruption minimisation strategies
- consider the employees' perspective
- identify and disseminate strategies which other managers have found useful
- learn from others by consulting the literature
- analyse trends and patterns in allegations of corruption
- determine community awareness and support for the minimisation of corruption.

There are common themes which arise from the different ICAC research studies, undertaken using different methodologies. These common themes include the need
- to foster a common understanding of what behaviour is corrupt
- to identify and then challenge the rationalisations used to excuse or ignore corrupt behaviour
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- for management to take, and be seen to take, effective action against corrupt behaviour
- for management to be committed and set an example
- to put effective and safe reporting mechanisms in place within organisations and inform employees about these reporting channels
- to examine organisational cultures and promote ethical culture.

When considering these research results in a broader context, it is important to recognise that the survey findings are based on samples (of public sector employees, private contractors or members of the community) from one Australian state. The public sector employees’ views, no doubt, reflect their experiences in working in the NSW public sector and their knowledge of how allegations of corruption have been dealt with, within that arena, in the past. Despite this quite specific focus, many of the lessons from the ICAC’s research work have broader implications. Over and above the specific research findings, you might also find helpful the broader concept of using research techniques to better understand different forms of corruption and how they come about in order to assist you build corruption resistance.

Notes

1 The ICAC is based in Sydney, New South Wales (NSW). NSW has a population of approximately six million people, and an area of 801,428 square kilometres, and is the most populous state in Australia.

2 Excluding police officers, whose conduct falls within the jurisdiction of the Police Integrity Commission.