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### Current Practices in Measuring Values and Ethics Performance

Expert Group on Conflict of Interest  
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*This room document provides further background on assessment methodologies to support discussion under Item 2 of the Agenda.*

For further information, please contact Mr. János Bertók. E-mail: [janos.bertok@oecd.org](mailto:janos.bertok@oecd.org), tel.+33 1 45 24 93 57.

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## CURRENT PRACTICES IN MEASURING VALUES AND ETHICS PERFORMANCE<sup>1</sup>

### I. PROJECT OVERVIEW

1. The project used qualitative research methods to secure the needed information. These included OPSVE key document review, literature review, Internet search and key informant interviews. The purpose of the project was to locate information on measurement approaches, methodologies, analytical techniques, tools and instruments employed to gain insight into each dimension of Public Service Values and Ethics performance, such as,

- Employee surveys and questionnaires
- Expert interviews and peer reviews
- Evaluations and audits
- Case studies and focus groups
- Administrative data, internal performance reports and assessments
- Types of analysis employed
- Quality and usefulness of resulting reports

2. An additional objective of the project was to define and identify measurement indicators for the Roadmap components.

3. The report consists of four main sections. The first section provides a project overview; the second defines the objects and approaches to measurement; the third section provides an overview of the current measurement practice for each of the roadmap elements; and the fourth section outlines recommendations for the way forward.

4. The completed study supplies OPSVE with a review of various concepts and indicators as well as measurement approaches for *each* element of the V&E Roadmap (trust, organisational culture, people, leadership, guidelines and recourse, as well as controls and risk assessment). The study offers further research and measurement recommendations to assist OPSVE to assess the state of the Values and Ethics in the Canadian public sector and advance understanding of various factors influencing ethical conduct.

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<sup>1</sup> This paper was prepared by Tatyana Teplova, Senior Analyst, for the Office of Public Service Values and Ethics, Public Service Human Resources Management Agency of Canada.

## II. MEASURING VALUES AND ETHICS: WHAT AND HOW

### What can be measured?

5. Values and ethics is a rather complex object of measurement. The nature of the phenomenon renders the task of assessment and measurement particularly challenging. Values and ethics form a part of every aspect of policy- and decision-making, but can also be very distinct. Understanding, and thus measuring, performance in values and ethics requires a multi-disciplinary approach, including organisational behaviour, psychology and management.

6. A number of previous studies pointed to the difficulties of measuring values and ethics and other associated phenomena, such as corruption, wrongdoing, and ethical misconduct. The difficulties include:

- The usually “hidden” character of wrongdoing and the difficulty to achieve the accuracy of its measurements;
- The meaning of such terms as wrongdoing and corruption is highly contested – different cultures may have different interpretations.<sup>2</sup>

7. The literature suggests that overall measures of V&E performance tend to fall into the following main categories:

- *Implementation* – to ensure that policies are in place, initiatives have been undertaken;
- *Activities and outputs* – to ensure that agreed systems are functioning on a day-to-day basis;
- *Institutional effectiveness* – to evaluate the overall performance of an integrity agency or an integrity system (e.g., Ombudsman, Office of the Ethics Commissioner);
- *Outcomes/results* – to ensure that integrity activities and other measures produce the intended results (e.g., positively enhance values and ethics performance in the public sector and public trust<sup>3</sup>).

8. Additional types of measures, which are typically used to assess effectiveness of controls or policies include<sup>4</sup>:

- *Feasibility* – The feasibility measures seek to answer a question of whether integrity policy instruments are capable of functioning;<sup>5</sup>

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<sup>2</sup> Valts Kalniņš “Assessing Trends in Corruption and Impact of Anti-Corruption Measures,” paper presented to the Anti-Corruption Network for Transition Economies, 6th General Meeting, 30 – 31 May 2005, Istanbul, Turkey.

<sup>3</sup> Based on the materials of the 30th Session of the OECD Public Governance Committee “Measures for Promoting Integrity and Preventing Corruption: How to Assess?”, 28-29 October 2004.

<sup>4</sup> OECD “Measures for Promoting Integrity and Preventing Corruption: How to Assess?”, report prepared for the 30th Session of the Public Governance Committee, 28-29 October 2004.

<sup>5</sup> Ditto.

- *Relevance* - The relevance of a policy measure seeks to verify whether the existing policy/control is still in line with the current priorities of the government and to what extent it has been contributing to meeting stakeholders' overall expectations;
- *Coherence* – The policy coherence measures aim to review if various elements of the policy/procedure coherently interact and enforce each other, and support the overall aims of V&E policies.

### Types of Data

9. The main types of data to assess the state of V&E include:

- *Perception data*, which focus on how a system is viewed by internal and external stakeholders – (citizens, business leaders or public service employees). This approach is based on an assumption that the perceptions are associated with the actual performance of values and ethics. Perception data can be obtained via surveys, interviews, focus groups and other instruments.<sup>6</sup> The analysis conducted by the Anticorruption network suggests that the main *strengths* of this approach are the ease of measurement without fearing to receive biased answers (perception of honesty could be measured easier rather than facts of dishonesty). The *limitation* is that the relationship between perception and actual breach in conduct always has to be qualified.<sup>7</sup>
- Data on *experiences and state of affairs* provide information about their actual experiences of corruption and are more straightforward than perceptions (e.g., experience of pressure for committing a wrongdoing). Similarly to perception, data can be obtained via surveys, interviews, focus groups and other instruments.<sup>8</sup> While this may appear to be a more valid way of measuring breaches in V&E, as the responses would relate to the experiences that one receives cover indeed corruption itself, there is a chance that the findings may be rather deflated.<sup>9</sup>
- *Beliefs and values* data focus on the measurement of certain beliefs or values, which are thought to be associated with values and ethics, corruption or lack thereof (e.g., trust, confidence). For example, trust in public institutions is assumed to have a relationship with integrity, but this may vary depending on a number of factors (cases of trust in corrupt governments due to leaders' charisma, limited media freedom).<sup>10</sup>
- Data from *comportment evaluations* provide information on implementation and output/activities measures; and
- *Statistics/caseload outcomes* measure well-established legal/administrative facts and may achieve unparalleled validity (if combined with other measures).

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<sup>6</sup> Ditto

<sup>7</sup> Valts Kalniņš "Assessing Trends in Corruption and Impact of Anti-Corruption Measures," paper presented to the Anti-Corruption Network for Transition Economies, 6th General Meeting, 30 – 31 May 2005, Istanbul, Turkey.

<sup>8</sup> OECD, 2004.

<sup>9</sup> Valts Kalniņš "Assessing Trends in Corruption and Impact of Anti-Corruption Measures," paper presented to the Anti-Corruption Network for Transition Economies, 6th General Meeting, 30 – 31 May 2005, Istanbul, Turkey.

<sup>10</sup> Ditto

10. Other approaches include: service and sector assessments, broad governance indicators, associated social phenomena, internal indicators of corruption, and audits.<sup>11</sup>

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<sup>11</sup> The typology is developed on the basis of OECD study “Assessment Strategies and Practices for Integrity and Anti-Corruption Measures: A Comparative Overview”, Anticorruption Network Study “Assessing Trends in Corruption and Impact of Anti-Corruption Measures”, Transparency International Studies “Mapping exercise of Corruption and Governance Measurement Tools In Asia and Caucasus countries”.

### III. CURRENT MEASUREMENT PRACTICE

#### Trust and Confidence

##### Concepts and Indicators<sup>12</sup>

11. Public trust is often seen as the hallmark of democratic societies. “The future of the public service will be determined in large measure by the level of trust it will be able to sustain in its mission as an important public institution. In our view, a high level of trust can only be sustained, both inside and outside the service, through a consistent attention to public service values” (Tait Report, 1996)

12. There is however, no universal definition of trust. The literature suggests that trust is a very multifaceted concept. First, there are several layers of trust in government:

- *Political trust* (UK National Centre for Social Research. Guiding Principles: Public Attitudes towards Conduct in Public Life),
- Trust in the public service (ICCS *Citizens First*),
- Trust in public institutions (UK Audit Commission *Trust in Public Institutions*). The study suggests that the trust level varies considerably by the type of organisation.

13. Second, in the context of ethics and values, the dimensions of trust may include:

- Trust in honesty and integrity of public agencies as opposed to trust in delivery of services. For example, the research done for the UK Audit Commission defines trust as being “about honesty and ‘telling the truth’, but suggests that in the context of public services it can also be about wider considerations around service delivery. Here, trust is synonymous with ‘confidence’ and ‘satisfaction’, and based on the outcome of the service and the way it is delivered.”
- Public trust in integrity agencies (Griffith University *National Integrity System of Australia Study*)

14. Finally, it is important to differentiate between trust in the people who work in the public service and trust in institutions, the public service or the government.

15. There are a number of studies, which attempted to measure trust and identify factors influencing it. For example, the MORI research *Trust in Public Institutions* done for the UK Audit Commission, assessed *trust in specific public institutions* and identified a number of potential drivers of trust (Figure 1). The drivers included, among others:

- Accountability - the need for someone to take overall responsibility for services, for example having a single phone number to call about, say, the refuse service, and either the Council or the subcontractor taking action, rather than passing the blame.

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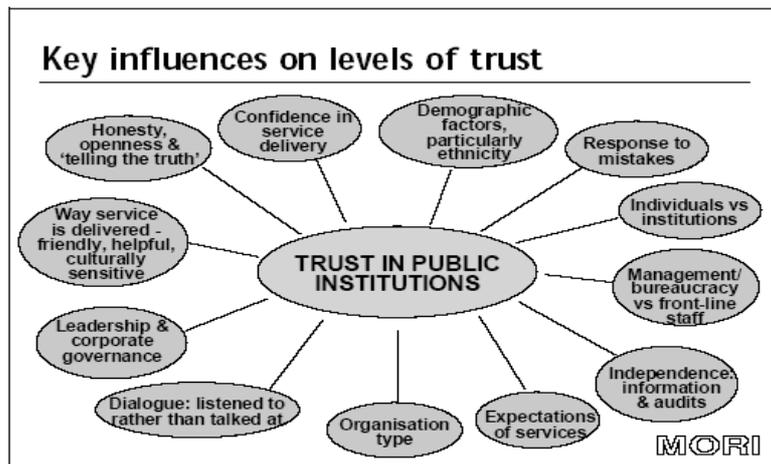
<sup>12</sup> Extensive literature review on trust and confidence is beyond the scope of this study. This study highlights some of the literature but a much more in-depth analysis of concepts of trust, confidence and perception of V&E performance as well as relationship between these concepts is needed.

- Information and openness - the impact of small aspects of the communication, such as tone and style, can be significant, and these nuances are very difficult to get right.
- Independence - ‘independent’ groups and scientists are trusted more across a range of issues (for example, pollution or BSE) than those working for business or government
- Service delivery - information, the visibility of services, and direct contact with service users (for example, the friendliness and helpfulness)<sup>13</sup>

16. The study further suggests that “While there are drivers of trust that are universal across the public, it is too simplistic to think of the public as a homogenous group; rather, sections within society will interpret trust differently and utilise alternative sources of information. The challenge for organisations is to understand these perspectives and engage them accordingly.”<sup>14</sup>

17. Another study, conducted by CPRN *Transparency, Trust and Citizen Engagement - What Canadians Are Saying About Accountability* points to the strong link between levels of trust and *accountability*, as well as other key concepts, such as **transparency**, and **citizen engagement**.<sup>15</sup> (Figure 2). The *Citizens First Study*, conducted in the context of service delivery, in turn, identifies that there is a strong link between service delivery and citizens’ confidence in their governments. One of the findings of *Citizens First 3* suggests that “service quality has a significant impact on citizens’ confidence in governments.” The *Citizens First 4* study further shows a significant relationship between trust and leadership and management, as well as ethical service delivery and other factors. These studies serve as an important benchmark for developing our understanding of the key drivers of trust and provide a solid foundation for further advancing conceptual thinking and modelling of the various dimensions and degrees of trust for focused management action.

Figure 1. UK Audit Commission Model of Trust in Public Institutions

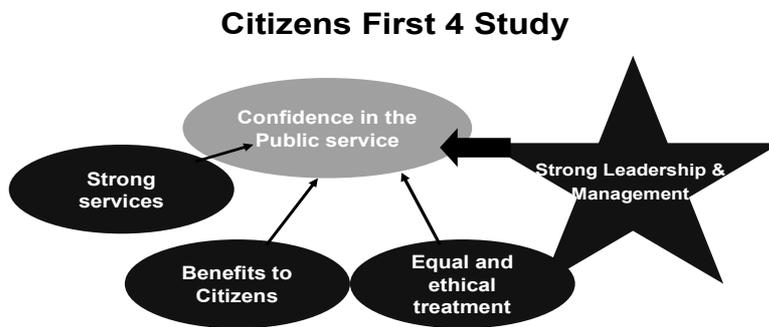


<sup>13</sup> UK Audit Commission Trust in Public Institutions 2003:6.

<sup>14</sup> Ditto.

<sup>15</sup> Julia Abelson, François-Pierre Gauvin “Transparency, Trust and Citizen Engagement - What Canadians Are Saying About Accountability,” Research report prepared for the Canadian Policy Research Networks. 2004. [www.cprn.org/en/doc.cfm?doc=1141](http://www.cprn.org/en/doc.cfm?doc=1141).

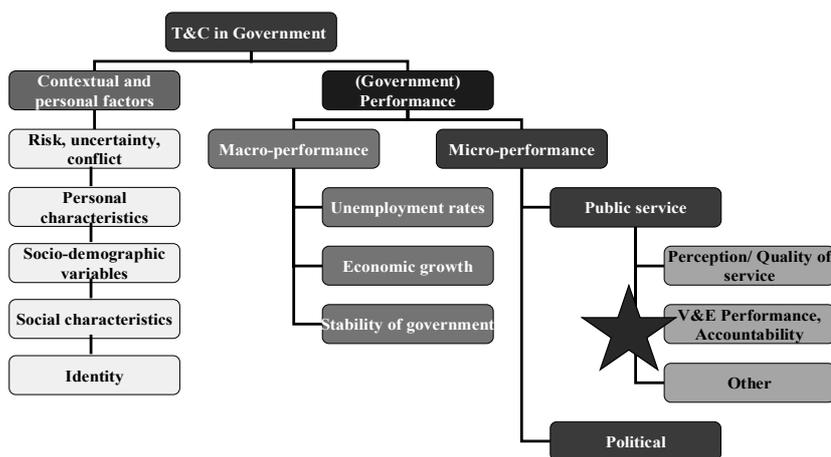
Figure 2. Citizens First 4 Model of Confidence in the Public Service



18. The link between public trust and government performance is not straightforward, however. For example, the Public Management Institute, University of Leuven’s *Public Service Performance and Trust in Government: the Problem of Causality*<sup>16</sup> study finds that it is rather mechanistic to assume such a direct link between trust and performance. This and other research suggest (e.g, University of Leuven *Identity vs. Performance: Overview of Theories Explaining Trust in Government*) that specific conditions need to be present, including socio-demographic factors and macro-performance of the government. This model of trust and confidence is presented on Figure 3.

Figure 3. University of Leuven Model of Trust and Confidence in Government.

### Model of Trust and Confidence in Government



<sup>16</sup> Van de Walle Steven & Bouckaert Geert (2003). Public service performance and trust in government: the problem of causality. *International journal of public administration*, 29 (8-9): 891-913.

19. The argument that the trust and confidence in government are being influenced by other factors has also been supported in the academic literature.<sup>17</sup> For example, Francis Fukuyama (1995), argues that level of social trust depends on a number of factors, not the least level of culture, and groups countries by the level of trust: 'high-trust' societies (the US, Germany, Japan) and 'low-trust' societies (Italy, France, Korea, Taiwan). Other works on trust, include Robert Putnam's seminal work "Bowling alone," which studies levels of social capital and degrees of trust in society and notes the importance of differentiating between thick (trusting someone you know, someone of your ethnicity etc) and thin (trusting people, government to do what is right etc) trust. This intentionally brief overview aimed to highlight the need for a detailed study on trust and confidence in government, public service and public institutions.

#### **Box 1. Areas for further research**

An in-depth research is required to understand the different dimensions and potential drivers of the public trust. This type of research would allow us to enhance our understanding of the role of government performance in values and ethics in fostering the public trust. There is a need to deconstruct the concept of trust in government to do the right thing (e.g., trust in delivering service versus trust in integrity or honesty) and explore the relationships between the public trust and perception of ethical conduct in the public service. This would help to inform management actions in the area of V&E performance and their relevance to enhancing the public trust.

For clarity purposes, it could be useful to distinguish among several sets of constructs along the V&E roadmap, which can generate separate sets of drivers, as follows:

- public trust in the public service - people who work in the public service etc (the external perspective with different dimensions, e.g., trust in integrity and trust in delivery);
- external perception of V&E performance of the public service (the drivers of external perception of V&E performance may include high-profile V&E cases, media, accountability, transparency, and recent contacts with public service);
- internal perception of V&E performance of the public service (the influences on internal perception, besides the V&E roadmap elements, may include observance of unethical behaviour, media, and ethical environment);
- organisational V&E performance (this type of construct is focused more on management practices, V&E training, and could generate similar drivers to the internal perception of V&E performance); and
- individual V&E performance (the internal perspective).

Understanding these different sets of drivers will provide useful guidance for developing a course of action to improve V&E performance and restore public trust.

#### **Trust and Confidence Measurement Practices<sup>18</sup>**

20. There are various ways to measure trust in government or public service. For the purposes of measurement, this report adopts a narrow definition of trust, which is trust in integrity and honesty. Thus trust and perception of integrity, honesty or V&E performance are used interchangeably. At the conceptual

<sup>17</sup> Frances Fukuyama Trust: The Social Virtues and the Creation of Prosperity New York: Free Press 1995; Robert Putnam "Bowling Alone: The Collapse and Revival of American Community" (New York: Simon & Schuster, 2000).

<sup>18</sup> For the purposes of this report, the section on measurement addresses several concepts, including, public trust, external and internal perception of V&E performance (corruption, integrity).

level, perception of honesty/integrity of the government or the public service can be assessed from three perspectives:

- International (efforts of international organisations such as Transparency International, the World Bank, Organisation of American States and the OECD);
- Domestic - external to the public service; and
- Domestic - internal to the public service.

### **International Assessment**

21. Assessments by International Organisations typically focus on perceptions of corruption. For example:

- *Corruption Perception Index* (Transparency International) measures the extent to which corruption is perceived to exist in the government, and is a composite index derived from seven separate surveys. This index measures perceived corruption rather than actual corruption.
- *The Bribe Payer's Index* (Transparency International) ranks countries based on the degree to which international companies pay bribes to foreign officials.
- *The Public Integrity Index* (Center for Public Integrity in Washington, DC) utilises both perception data and aggregate data. It assesses 21 different dimensions of integrity in 25 different countries. The index is based on the analysis of both in-country experts as well as panels of international experts to evaluate the meaning of the data and assure its objectivity.<sup>19</sup>
- *Anti-Corruption Toolkit* (United Nations) includes a series of questionnaires, which aim to assess policy-making institutions and the public service. It is designed to gauge the existence and adequacy of the legal framework and enforcement mechanisms related to corruption.<sup>20</sup>
- *The Monitoring of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* (OECD) process was developed by OECD to ensure the effective implementation of the Convention, and consists of two phases. Phase 1 analyzes whether the relevant legal texts are in accordance with the Convention. Phase 2 involves institutional assessment of structures in place to enforce the Convention.
- *Trust in Government* (OECD). This report is a result of assessment of application of the 1998 OECD Recommendation on Improving Ethics in the Public Service and provides standards against which ethics programs can be evaluated.
- *The United Nations Global Program Against Corruption*. The Program provides a framework for assessing corruption in public administration and business through surveys of business, public administration, and media; focus groups with including labour, parliament, media and

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<sup>19</sup> The Centre for Public Integrity. Public Integrity Index [www.publicintegrity.org/ga/ii.aspx](http://www.publicintegrity.org/ga/ii.aspx).

<sup>20</sup> United Nations. Anti-Corruption Toolkit. Vienna, Sept. 2004  
[www.unodc.org/unodc/corruption\\_toolkit.html](http://www.unodc.org/unodc/corruption_toolkit.html).

prosecutors; an analysis of the legal and institutional framework; and finally an analysis of the societal context.<sup>21</sup>

22. These assessments mostly are focused either on perception of corruption/integrity or assessments of institutional systems and processes and serve as a useful check for official government analysis on the health of their integrity systems. While these provide an important insight on ways of measuring trust and perception, the report will focus on domestic instruments and approaches.

### **Domestic Assessment – External to the Public Sector**

#### ***Citizens' Views***

23. Citizens' views related to integrity and honesty of the government can be obtained through their *perceptions, attitudes, and beliefs* (trust in general, specific questions around corruption, integrity, and honesty), as well as through learning about their *experiences* in dealing with the government. The examples of current measurement practice include:

- Citizen surveys (EKOS “Rethinking Government”, ICAC “Community Attitudes to Corruption and ICAC,” ICCS Citizens First);
- Citizens' dialogues (CPRN Study “Transparency, Trust and Citizen Engagement – What Canadians are Saying about Accountability”);
- Focus groups (e.g., Modernising Public Sector Management, UK Audit Commission “Trust in Public Institutions”); and
- Citizen report card (e.g., Korean Integrity Perception Index).

24. These studies offer a variety of instruments for exploring different dimensions of trust and perceptions of integrity of the public service and the government and are considered in detail below.

#### ***Citizen Surveys***

25. Citizen surveys serve as a useful benchmarking instrument as they allow to obtain the current trends in perceptions of integrity, identify specific drivers of trust and perceptions of integrity, identify other factors which may influence perceptions (such as demographics, ethnicity, age, occupation, region etc). For example, the EKOS *Rethinking Government Study* allows to compare trends in perceptions of integrity and corruption over time. Another example of the survey, which studies citizens perceptions is the survey of *Community Attitudes towards Corruption*, conducted by the NSW Independent Commission Against Corruption. The Survey investigates perception of corruption, attitudes on reporting corruption by citizens and awareness of an Anti-Corruption body – ICAC. Corruption, in this case, was examined at the societal level. The TBS *Internet Panel on Proactive Disclosure* serves as an additional example from Canada on examining public trust. It represents a panel of approximately 10,000 Canadian Internet users with whom the Government of Canada conducts on-line surveys and focus groups. The examples of the survey questions include:

- What are public priorities for proactive disclosure?
- What constitutes "useful" information?

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<sup>21</sup> OECD, 2004.

- What types of information / dissemination would restore trust?

26. The private sector also offers some useful instruments in measuring trust. For example, the *Institute for Public Relations for the PR Coalition of American Business* has developed a questionnaire to measure levels of trust in the organisation (Appendix 2). This questionnaire is notable, as it attempts to measure different dimensions of trust, such as openness, reliability, honesty etc. Following a suitable adaptation, this questionnaire could be used to measure levels of trust in specific agencies, or the public service as a whole.

27. While these surveys offer a useful example of citizen polls, there is a need for a survey which would be based on a solid theoretical foundation, allowing to identify and take into account various drivers of trust and perceptions of integrity, similar to what was done in the Institute for Citizen-Centered Service CCS *Citizens First* series of studies. *Citizens First* serves as an important benchmark for developing instruments, allowing to identify the core drivers of specific phenomena (e.g., public trust in service delivery). The multivariate analysis can provide important insight on what factors affect the perception of integrity of the government and develop appropriate policy responses.

### ***Citizen Dialogues***

28. Well-known CPRN citizens' dialogues provide an opportunity to find out what the people think about specific policies or other issues. For example, one of the dialogues, "Trust and Balance - Citizens' Dialogue on the Ontario Budget Strategy 2004-2008," which formed a basis for the study on trust, involved over 250 randomly selected respondents with different backgrounds, for a series of six day-long dialogue sessions. The study also undertook a pilot session. The participants were selected on the basis of sharing a common interest in learning more about Ontario's fiscal situation and having their say about the development of the province's budget strategy over the next four years. This methodology can provide an opportunity to find out citizens' opinions on complex policy issues, such as exploring possible options of what government should do in order to increase public trust.

### ***Focus groups***

29. Focus groups can also offer an opportunity for clarifying the concept of trust, as well as identifying the main factors influencing trust in integrity of government. For example, the TBS project on *Modernizing Public Sector Management* involved fifteen focus groups with the general public, nine focus groups with public servants and 20 one-on-one interviews with managers (at the EX level). The questions differed for each of the target groups. For the *general public* these included:

- What areas of the management agenda or initiatives are more or less of interest to Canadians and which components inspire public confidence and trust that the Government of Canada is moving in the right direction.
- Are Canadians aware of the information that is currently available on how the government spends their tax dollars and do they find this information useful (e.g. existing reports, communications materials, third party benchmarking, etc.).
- Would messaging about government's strengths and successes increase Canadian's confidence that the Government of Canada is making improvements, how should this be communicated (websites, youth education programs, community outreach, etc.) and by whom.

30. Another study on trust, which involved focus groups, is *Trust in Public Institutions*, which was done for the UK Audit Commission. The study examined the following research questions

- How does the public define trust?
- Is trust declining or increasing?
- What are the key drivers of trust and distrust – how is trust established and lost?
- What impact does trust have on public engagement with, and use of, services and organisations?
- How does trust vary between public and private institutions? How do the members of the society perceive and react to high profile scandals in the public (e.g. Alder Hey) and private sectors (e.g. Enron)?
- How can public institutions begin to foster greater levels of trust in themselves and the services they provide?

31. The research consisted of two phases:

- The first phase involved the internal effort to scope the project and gather the findings of research conducted to date, predominantly quantitative, concerning trust;
- The second phase involved conducting focus groups. The participants to the focus groups were chosen according to specific criteria, using a recruitment questionnaire. Recruitment was guided by:
  - *Geographic factors* – to reflect and compare different locations across England;
  - *Levels of trust* – a mix of participants who are naturally trusting or distrusting, which was determined according to a standard British Social Attitudes Survey question at the recruitment stage;
  - *Socio-demographic factors* – to investigate trust according to factors such as ethnicity, age, and social class.

32. This type of recruitment allowed identifying what other factors may influence levels of trust in integrity of government, such as *age, ethnicity, background, time spent in the country (e.g., first generation immigrants), occupation, educational levels, location (east provinces vs. west provinces, urban versus rural) and others*. Overall, the study offers a useful example of a research project, which allows to obtain a deeper understanding of diverse dimensions and drivers of trust.

### ***Citizen report cards and surveys***

33. Citizen report cards can serve as a measure of integrity of specific agencies (e.g. CRA, RCMP, CIC and others). Report cards can help identify the degree of public confidence commanded by specific public agencies, serve as a relevant indicator of their ethical standards and help to find out whether the quality of service was provided in accordance with PS values (fairness, respect, competence). It is however, important to distinguish between the public trust in the government, serving in the public interest and customer satisfaction. For example, the survey of external stakeholders on the perception of corruption allows to see the difference among the sectors (e.g. the Nigerian case). The Korean Independent Commission Against Corruption (KICAC) has developed the *Integrity Perception Index*, which serves as a

barometer based on the actual experiences of service users.<sup>22</sup> A strategic characteristic of the Integrity Perception Index is that it is based on the citizens' feedback, with direct experience of public service as opposed to perception. This type of index can be adapted to be oriented more to broader PS values.

34. Another example of obtaining client's feedback (non-anonymous) is *HRSDC Client Feedback Framework and Procedures*, when front-line staff receives client feedback as a normal part of business on a daily basis. Dialogue with clients may occur by way of telephone, fax, e-mail, letter or in-person exchanges. The Department invites and manages feedback received through the HRSDC's Web site. Feedback is measured against the Labour Program's objectives and principles related to:

- the role of the National Labour Operations Directorate officials;
- values and ethics; and
- balanced and informed decision-making.

35. In general, citizen surveys or report cards in assessing the effectiveness of V&E agency performance allow:

- Avoiding the conflation of output and outcome that often takes place in internal reviews;
- Capturing public perception regardless of actual practice; and
- Creating a benchmark against which change can be measured.

36. One of the *weaknesses* of this type of assessing V&E performance is that its relevance is limited to service agencies or those agencies serving others (agencies). These assessments also require a careful analysis and distinction between the perception of wrongdoings / violations of V&E policies and actual violations.<sup>23</sup>

37. Another type of obtaining citizen feedback on V&E performance of specific agencies are **citizen (client) surveys**. These are often utilised to study **public trust in integrity agencies**, as they can reveal societal attitudes concerning the integrity system, including institutions with the mandate of ensuring accountability and order. These may include RCMP surveys of citizens' views of Policing Services, inquiring on the importance and satisfaction with the RCMP's contribution to ensuring safe homes and safe communities for Canadians, whether its personnel treated citizens fairly and with professionalism etc. Other countries also utilise this type of assessment with respect to anti-corruption and other integrity agencies (e.g., NSW ICAC).

#### *Ethics and integrity experts' views*

38. Another group of stakeholders, which may provide valuable insight on the state of V&E, is represented by ethics and integrity experts (retired public servants, academics, other experts). Their perceptions and beliefs about the state of values and ethics in the government can be obtained through expert panels, interviews, and focus groups (e.g. South Africa expert panel survey). These experts may provide a deeper conceptual and practical understanding of trust or corruption, the extent, location and seriousness of corruption, assessment of causes of corruption, evaluation of policy responses, specific

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<sup>22</sup> OECD "Measures for Promoting Integrity and Preventing Corruption: How to Assess?", report prepared for the 30th Session of the Public Governance Committee, 28-29 October 2004.

<sup>23</sup> Valts Kalniņš, 2005.

measures and agencies. For example, the *South Africa Expert Panel* survey involved interviews with more than 150 ‘specialists’ on the causes and controls of corruption. The experts included individuals who attended one or more of the major anti-corruption conferences over the past few years and who had particular knowledge of corruption issues.

### ***Civil society, business leaders, foreign companies’ views***

39. The third group of stakeholders include civil society, business leaders, and foreign companies doing business with the Government. Their assessment of the government integrity may provide additional insight on areas needing improvement. Views of these groups can be obtained through surveys, dialogues, focus groups, feedback cards, or analysis of public statements.

### ***Media views***

40. The media may provide useful third-party verification of the effectiveness of ethics efforts. Negative attention can discourage transparency and co-operation with the media, while, on the other hand, the effort of ensuring that the media have the correct information - and thus perception - is important, as it influences public opinion. Media views could be obtained through:

- Surveys – which may be less effective, but allow to identify areas of misconceptions (e.g., NSW ICAC survey of journalists’ attitudes);
- Press-monitoring (e.g. the *2002 Country Assessment of South Africa*, Transparency International Bangladesh newspaper survey);
- Expert panels or focus groups, involving media representatives (e.g. South Africa expert panel survey)

### ***Surveys of journalists***

41. *Surveys of journalists’ attitudes*, concerning issues of corruption and state of values and ethics in the public sector, can provide benchmarking information of possible misconceptions on the part of journalists, and their views of what can be done to enhance public trust. This information could provide a useful insight for policymakers in the areas of communication around values and ethics and education work. A good example of this type of survey is a 1999 NSW ICAC *Survey of Community and Journalists Attitudes to Corruption and the ICAC*. The aim of the survey was to seek information about:

- attitudes to corruption
- perceptions of the effects of corruption
- attitudes to reporting corruption
- awareness of and support for the ICAC
- awareness and impact of media coverage of the ICAC.

42. The survey involved interviews with 100 journalists selected from a range of print media, radio and television stations. The results from the surveys are used for ICAC education and corruption prevention work, aimed at correcting *any misconceptions* held by journalists. The main goal is to “achieve more accurate news stories, which may flow onto more accurate opinions being formed by the

community.”<sup>24</sup> While in the Canadian context, the questions could be more value-oriented as opposed to corruption, this example is interesting in terms of the chosen approach to obtaining media views.

### ***Press monitoring***

43. *Press monitoring* can be a useful instrument in identifying the types of corruption reported by the media, as they have the most influence on public trust. Press monitoring may also serve as a good source of comparative data to see whether the level of corruption increased. The *weakness* of media surveys and press-monitoring as a measurement tool is that most of the wrongdoings do not find their way to the news. Media participation may be more useful on expert panels and focus groups. One such example of press monitoring is the *Bangladesh Newspaper survey*, which involved news analysis about corruption for a period of 6 months to 1 year, and was conducted by the Bangladesh Chapter of Transparency International.

### ***Expert panels or focus groups***

44. *Expert panels or focus groups* involving media representatives can shed light on views of journalists and other media gatekeepers on the government’s performance in values and ethics. These views are important, as they shape public opinion about government and ultimately influence public trust. Focus groups or expert panels could consist solely of media representatives or could involve a range of experts, including academics and practitioners in the field.

### **Internal Perspective**

45. Finally, the current practice suggests that perceptions of the V&E performance of the government from the internal perspective can be obtained by means of:

- Surveys of employees, managers, and policy functions, (e.g., UN Organisational Integrity Employee survey, Australian Public Service Commission Unravelling Corruption II - Exploring changes in the Public Sector Perspective 1993-1999);
- Focus groups and interviews with senior managers (TBS *Project on Modernising Public Sector Management*, NSW ICAC *Tips from the Top* Study).

### ***Employee surveys***

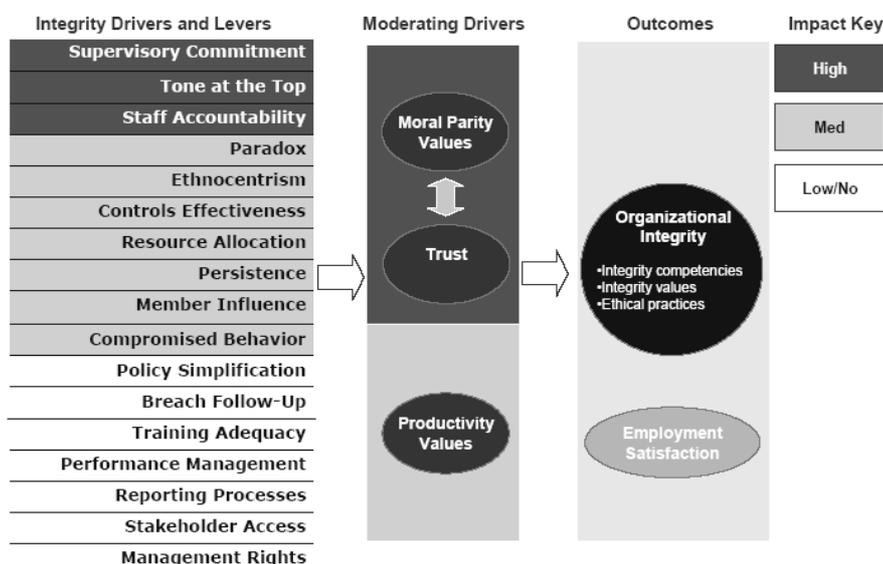
46. In conducting employee surveys to identify perception of integrity in organisation/public service, it could be helpful to think of organisational integrity/honesty at *several levels*: **immediate workplace, division, department, and government**. While there is a separate study being conducted, which is focused specifically on surveys, the UN study on perceptions of integrity, *UN Organisational Integrity Survey*, is notable for several reasons. First, it is based on the multivariate analysis of variables and offers a model of drivers influencing perception of organisational integrity (Figure 4). The model is interesting as it allows to prioritise the factors influencing integrity. The study reveals that “all factors having a relationship with integrity are dependent on some level on the Moral Parity and Trust.” Trust, in this model, is measured in the context of employee-supervisor relationship, as well as among employees, and constitutes a part of organisational culture. The study suggests that five factors, such as Tone at the Top, Staff Accountability,

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<sup>24</sup> NSW ICAC. Community and Journalists Attitudes to Corruption and the ICAC. 1999. [www.icac.nsw.gov.au/files/pdf/pub2\\_16r.pdf](http://www.icac.nsw.gov.au/files/pdf/pub2_16r.pdf).

Supervisor Commitment to values and ethics, Ethnocentrism, and Resource Allocation, are the most important priorities for the UN's effort to improve perceptions of integrity.<sup>25</sup>

**Figure 4. UN Organisational Integrity Model**



47. Another reason why this study is of particular interest is that it attempts to measure actual organisational practices and poses questions for employees to answer on the basis of their *experience*. Overall, surveys of management and employees are the most common instruments to measure perceptions of organisational integrity; as tools, they have the advantage of being replicable. Depending on the design, the surveys can provide useful empirical information for designing appropriate management actions.

### ***Focus groups***

48. A good example of the *focus groups with public servants* on trust is being done by the Project on Modernising Public Sector Management at the CIO Branch, TBS. While the main focus is on service delivery, these questions may serve as a useful starting point in thinking about trust from the perspective of values and ethics. Among others, the research aims to explore the following questions:

- “What areas of the management agenda or initiatives are more or less of interest to public servants and which components inspire confidence and trust that the Government of Canada is moving in the right direction.
- Whether they are aware of the achievements of the government as a whole and their own departments in improving programs and services.
- Would messaging about government's strengths and successes increase confidence among Canadians that the Government of Canada is making improvements, how should this be communicated and by whom. “

<sup>25</sup> United Nations Organisational Integrity Survey. Final Report. 2004. [www.un.org/News/oss/sg/integritysurvey.pdf#search='UN%20Organizational%20Integrity%20Study'](http://www.un.org/News/oss/sg/integritysurvey.pdf#search='UN%20Organizational%20Integrity%20Study')

49. In administering focus groups to assess the level of trust among public servants, it is important to focus the questions on the V&E dimension of trust (e.g., integrity, honesty, fairness).

50. Another example of focus groups comes from the study conducted by NSW ICAC "Tips from the Top: Senior NSW public sector managers discuss the challenges of preventing Corruption." In this study, the ICAC sought the experiences and opinions of public sector and local government managers to identify issues confronting public sector organisations in the fight against corruption and the promotion of ethical behaviour. The study involved two series of focus groups involving 94 senior public sector managers and identified challenges and opportunities in promoting V&E and fighting corruption. The key issues which managers indicated as critical in corruption prevention were:

- trust in management,
- being able to change the organisation's culture,
- taking effective and visible action against corrupt behaviour,
- commitment from the top, and
- effective training.

51. This approach is interesting, as it provides an opportunity to hear from the managers about what works, what does not work, and obtain their views on possible solutions.

### *Interviews*

52. Interviews, along with focus groups, provide an alternative to surveys and allow fomenting discussion and obtaining a deeper insight. At the same time, the conclusions from interviews (unless structured or semi-structured) are qualitative in most cases, which makes it difficult to make comparisons over time or across jurisdictions. An example of (semi-structured) interviews is offered in the 1995 Auditor General Report. The AG reviewed the ethics awareness of public servants, including senior managers, in four departments, via confidential interviews. The departments included: National Defence, the Canadian International Development Agency, Canadian Heritage and Environment Canada. The departments were chosen because they were responsible for a number of different policy, regulatory and operational activities. At the time of the study, the total number of employees in the four departments, including members of the Canadian Forces, was about 120,000. The AG interviewed 329 public servants randomly chosen from each of the four departments, stratified by senior managers and other public servants. The term "fraud" was used to include, along its primary meaning, other activities that could result in the laying of charges under various sections of the Criminal Code of Canada, the Competition Act or the Financial Administration Act. The AG sought to determine the participants' knowledge of government policies related to conflict of interest, fraud and other illegal acts. The AG also asked their views on the appropriateness of certain questionable actions, and what action they would take when faced with suspected fraudulent acts or conflicts of interest. The interviews allowed identifying that, while public servants in the four departments believed that the programs in which they work are administered ethically and that the risk of fraud is low, there are still some areas of vulnerability which could pose a threat to the existing strong base of ethical standards.<sup>26</sup>

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<sup>26</sup> 1995 Report of the Auditor General: Ethics and Fraud Awareness in Government [www.oag-bvg.gc.ca/domino/reports.nsf/html/9501ce.html#0.2.NJDBJ2.9FBMWI.T1RLQE.K2](http://www.oag-bvg.gc.ca/domino/reports.nsf/html/9501ce.html#0.2.NJDBJ2.9FBMWI.T1RLQE.K2)

**Box 2. Measurement recommendations**

While each of the reviewed measurement approaches offers an important insight on the complex issue of V&E measurement, the following highlights the approaches of particular relevance to the Canadian public service:

**External Stream (Canadian)**

- Undertake a study on trust to test potential drivers of trust and perception of V&E performance (literature review, citizen survey [e.g., EKOS or online panel] or focus groups or citizens dialogues);
- Organise focus groups or expert panels with experts in V&E and media to see what can be done to improve perceptions of government's integrity and honesty;
- Include journalists in the citizen survey sample – to identify their perception of government's V&E performance;
- Study the link between perception of organisational integrity and V&E performance and trust; and
- Introduce citizen report cards to measure perception of integrity and V&E performance of certain institutions (e.g., CRA and CIC).

**Internal Stream**

- Conduct a public service V&E survey to focus on *perception* of V&E performance of organisation/public service to identify the key drivers of organisational performance in values and ethics;
- Organise focus groups with senior managers, in order to identify challenges and opportunities in developing a high-performing organisation in V&E; and
- Organise focus groups with public servants to advance the OPSVE's understanding of factors influencing perception of V&E organisational performance (both positive and negative).

## ORGANISATIONAL CULTURE

### Organisational Culture: Concepts and Indicators

53. Canada is a multicultural society, in which diverse cultures and nationalities, with different beliefs, norms and practices are respected and coexist within the common framework of the Canadian legal system. This diversity often results in different tolerances for corruption, different understanding of what corruption is and what the appropriate measures are to prevent it, depending on social background, ethnicity, age, gender and other factors. These variations, however, in most case remain within the constitutional framework.

54. Similarly, the Canadian institutional context also enjoys a cultural diversity. Public, private and non-profit organisations have different sets of values while remaining within the law. Public institutions are reported to have a culture strongly oriented toward serving the public interest.<sup>27</sup> The set of principles, which form a basis for the public sector culture, is embodied and reflected in the fundamental values, identified in the Tait report and now fixed in the Code of Public Service Values and Ethics. People who work in the federal public sector are highly aware of and receptive to this set of expectations, norms and systems, which are embedded in the public service.

55. This is not to say however, that there is a model culture in the public service. The public service consists of various and diverse organisations with different mandates, climates, and cultures, e.g. legal in justice, service delivery, and taxation. For instance, the interviews with federal public servants conducted as part of the PPX project on organisational culture<sup>28</sup> revealed that a large variety of organisational cultures co-exist even within the same organisation:

56. Departments and agencies can be distinguished in terms of what they do – for example, providing services or conducting research. Organisations can also be distinguished in terms of their professional foundations – for example, a law-based department such as the Department of Justice versus a science-based organisation such as Environment Canada or the Canadian Food Inspection Agency. Yet another axis of difference is whether an organisation is a direct line department or a more independent one like Canadian Customs and Revenue Agency. Some of our respondents highlighted corporate characteristics such as flexibility versus rigidity. It is clear that there is no single axis or dimension of culture by which we can organise departments and agencies. The salient point that emerged from the interviews is that it is important to try to think about organisational culture along as many dimensions as possible as a means for understanding organisational practices and assumptions.<sup>29</sup>

57. However, the value set, as articulated in the Code, permeate and strongly influence behaviours and actions across the public service, becoming a part of organisational culture in one form or the other.

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<sup>27</sup> Ken Rasmussen, David Malloy and James Agarwal “The Ethical Climate of Government and Non-profit Organizations: Implications for public-private partnerships.” *Public Management Review* 5 (1) 2003 83–97.

<sup>28</sup> Leslie A. Pal and Tatyana Teplova. *Rubik's Cube? Aligning Organisational Culture, Performance Measurement, and Horizontal Management*, the Paper prepared for the Performance and Planning Exchange, 2003 [www.ppx.ca/Research/PPX-Research%20-%20Pal-Teplova%2005-15-03\[1\].pdf](http://www.ppx.ca/Research/PPX-Research%20-%20Pal-Teplova%2005-15-03[1].pdf).

<sup>29</sup> Ditto: 23.

Thus, organisational culture can be seen as an important driver of organisational and individual V&E performance.<sup>30</sup>

58. While the literature in this area is rather extensive, there appears to be no clear definition of culture. Often, culture is defined in terms of organisational standards, beliefs and practices. For example, Susan Kay suggests that “*The essence of culture is that it is a set of beliefs, norms and practices that is shared by the individuals in a group.*”<sup>31</sup> Heckathorn, by contrast, (1990) maintained that culture embodies the norms which provide individuals with behavioural clues. The United Nations define organisational culture as “*the collection of beliefs, expectations, and values shared by the organisation’s members and transmitted from one generation of employees to another.*”<sup>32</sup>

59. Another approach to defining organisational culture pays greater attention to climate and environment. For example, the US Executive Branch uses the term culture to describe “*the climate and environment of the executive branch that supports employee conduct responsive to executive branch ethical standards.*”<sup>33</sup> Indeed, there is an ongoing debate regarding the distinction between organisational climate and organisational culture. These constructs have both been used to describe aspects of ethical practices in organisations. “Organisational climate” scholars argue that the ethical climate provides individual organisational members with guidance on what to do in ethical situations, and thus the measure of the construct can predict outcomes of ethical dilemmas<sup>34</sup>. This group of scholars defines ethical climate as a concept that describes the shared *perception* of organisational norms, values and behaviour<sup>35</sup>. Victor and Cullen (1988), in their seminal work on this topic, defined *ethical climate as a pervasive characteristic of organisations that affects how organisational decisions are made*. In other words, the ethical climate of the organisation constitutes a shared *perception* among the members of the organisation concerning which behaviour is right<sup>36</sup>, based on perceptions of typical organisational practices and procedures. The link between ethical climate and decision-making, as explained by Jones & Ryan (1997), is that the moral approval of themselves and others influences behaviour of individuals. Thus, by establishing “norms” of ethical behaviour, it is possible for organisations to influence all the stages of ethical decision-making.

60. Other scholars (Denison 1996; Kay 1999) seem to suggest, on the other hand, that the main distinction between the climate and culture is methodology and theoretical foundation. As reviewed in Kay<sup>37</sup> (1999), for instance, Trevino, Butterfield and McCabe (1995:10) differentiated ethical climate from ethical culture. They suggest that *ethical climate* “measures organisational members’ perceptions of the extent to which the organisation’s normative systems are consistent with a number of normative ethical theories,” while ethical culture describes how individuals within the organisation are likely to respond to

<sup>30</sup> NSW ICAC “What is an ethical culture? Key issues to consider in building an ethical organisation: A survey of NSW public sector agencies and local councils” Summary report, September 2000 [www.icac.nsw.gov.au/files/html/2\\_19r.htm#P139\\_2840](http://www.icac.nsw.gov.au/files/html/2_19r.htm#P139_2840).

<sup>31</sup> Susan Kay Organisational Ethical Culture: Real or Imagined? *Journal of Business Ethics* 20: 217–225, 1999.:217.

<sup>32</sup> United Nations, 2004.

<sup>33</sup> U.S. Office of Government Ethics. “Executive Branch Employee Ethics Survey 2000” Final Report [www.usoge.gov/pages/forms\\_pubs\\_otherdocs/fpo\\_files/surveys\\_ques/srvyemp\\_rpt\\_00.pdf](http://www.usoge.gov/pages/forms_pubs_otherdocs/fpo_files/surveys_ques/srvyemp_rpt_00.pdf).

<sup>34</sup> Victor, B. and Cullen, J. B. ‘A Theory and Measure of Ethical Climate in Organisation’. *Research in Corporate Social Performance and Policy*, 9.: 1987:51–71.

<sup>35</sup> Schneider 1975; Cullen, Victor, & Stephens, 1989; Ken Rasmussen and colleagues.

<sup>36</sup> Victor, B. and Cullen, J. B. ‘The Organisational Bases of Ethical Work Climates’. *Administrative Science Quarterly*, 33:1. 1988:101–25.

<sup>37</sup> Kay, 1999.

ethical dilemmas. On the basis of empirical findings, the authors conclude that “ethical culture is a descriptively-based construct that represents the extent to which an organisation *actually* attempts to influence members’ behaviour through a variety of cultural systems” and hence, “the ethical culture construct can be more appropriately used to predict individual behaviour” (1995:20).

61. For the purposes of measurement and searching for the drivers of organisational performance in V&E, both approaches seem to offer useful insights. The definition of culture as “***a set of organisational standards, beliefs and practices shared among organisational members and transmitted from one generation of employees to another***” serves as a good foundation for developing further thinking around these complex issues. Organisational V&E culture can be seen as a specific dimension of organisational culture that describes organisational ethics and predicts organisational ethical behaviour.<sup>38</sup>

62. Ethical climate, in turn, can be seen as part of organisational culture and represent *perceptions of organisational norms, values and practices*. Both constructs could be useful in advancing our understanding of what influences individual ethical behaviour and decision-making and thus organisational performance.

63. There are also important empirical *indicators* of culture, which are identified in recent international research. For example, the US Executive Branch Survey report identifies ten *culture factors*:

- Supervisors pay attention to ethics
- Executive Leadership pays attention to ethics
- There is consistency between ethics policies and agency practices
- Open discussions about ethics issues are encouraged and occur
- Ethical behaviour is rewarded
- Unethical behaviour is punished
- There is follow-up on reports of ethics concerns
- Efforts are made to detect violators
- Unquestioning obedience to authority is expected
- Employees are treated fairly

64. The US research revealed that these factors have shown to be related, either positively or negatively, to six *culture outcomes*. These culture outcomes included employees’ perceptions regarding the extent to which:

- Unethical behaviour occurs in their agency
- Employees are aware of ethical issues when they arise
- Employees seek advice when needed

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<sup>38</sup>

Kay 1999:217

- It is OK for employees to deliver bad news
- Violations are reported by employees when they occur
- Discussions about ethics are integrated in decision-making processes

65. This suggests that culture outcomes, identified in this report, can serve as *possible indicators* of high performing organisation with respect to values and ethics.

66. The findings of the NSW ICAC's What is an Ethical Culture? Research, while not offering a clear definition of culture, indicate that features *most strongly* associated with "honest" workplace culture included:

- behaviour of leaders (reviewed in the next section)
- punishment of wrongdoing
  - appropriate action being taken and being seen to be taken when wrongdoing is reported
  - appropriate action being taken against those who act dishonestly.
- existence and enforcing of organisational values, rules and rewards.
  - the existence of rules and procedures which everyone is expected to follow
  - the organisation being true to its stated values
  - the organisation fostering the development of its staff.<sup>39</sup>

### Box 3. Areas for further research

Conduct further research to understand the implications of different types of ethical climates.

## Organisational Culture Measurement Practices

67. There are several approaches to assessing ethical culture. One approach is more commonly practiced by the governments and includes measurement of general beliefs and experiences of internal stakeholders in the organisation. Another approach, is more researched in the academic environment, and can include measurement of organisational climate and thus perceptions. In broad terms, the measurement practice includes:

- Employee and managers surveys (PSES, ICAC What is an Ethical Culture - Key Issues to Consider in Building an Ethical Organisation, US Office of Government Ethics Executive Branch Employee Ethics Survey 2000; UK Institute of Business Ethics Ethics at Work: a national survey; UN Organisational Integrity Survey),

<sup>39</sup> NSW ICAC "What is Ethical Culture?" 2000

<sup>39</sup> U.S. Office of Government Ethics, 2000.

- Interviews/focus groups (AG 1995 report),
- Case studies (APS Embedding the APS Values),
- Surveys of private sector consultants (NSW ICAC Private Contractors' Perceptions of Working for the NSW Public Sector: an ICAC Survey of Consultants and Contractors), and
- Ethical climate questionnaires.

68. A brief description of each approach is provided below.

### *Surveys*

69. For obtaining benchmarking data on the ethical culture, *surveys* appear to be most effective instruments, and if conducted properly, they allow obtaining feedback reflecting the real picture (e.g., if a survey situation is created in which respondents feel safe to indicate their true beliefs, rather than what they think the favourable response may be, i.e. make the surveys completely anonymous). Moreover, differentiating between employees with various levels of *security clearance*, *financial disclosure*, and *seniority levels* can provide important insights for understanding the relationship between organisational culture and accountability, trustworthiness etc. For example, the US Office of Government Ethics Executive Branch Employee Ethics Survey 2000 found that “there is a clear relationship between employee filing status and perception of an ethical culture.” The survey was conducted using the Ethical Climate measurement tool, which was developed by a consulting firm and a team of academic researchers in the field of business ethics and organisational behaviour and customised to the needs of the US OGE. Some of the questions which attempt to measure unethical behaviour in agency include:

- Agency employees improperly accepting gifts, given to them because of where they work or what they do in their Government jobs.
- Agency employees improperly giving gifts to their supervisors or accepting gifts from their subordinates.
- Agency employees improperly benefiting financially from work they do for the Government.
- Agency employees misusing Government property.
- Agency employees misusing their Government positions.
- Agency employees misusing official time.
- Agency employees improperly accepting payment for doing their Government jobs from people outside the Government.
- Agency employees in supervisory positions asking for donations from subordinate employees in connection with personal charitable activities.<sup>40</sup>

70. It may prove useful to develop a toolkit for assessing organisational V&E culture in order to assist departments to conduct regular assessments. For example, the NSW ICAC has developed an

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<sup>40</sup> U.S. Office of Government Ethics. 2000.

Organisational Culture Toolkit, which is intended to assist those who wish to conduct the Ethical Culture Survey in their organisation and contains:

- A brochure *Strategies for a Successful Survey*, about how to conduct a survey,
- A copy of the *Ethical Culture Survey*, entitled Perceptions of your Workplace,
- A *Report of Results of the Ethical Culture Survey*, which was conducted with a group of NSW public sector agencies and local councils. Interpretations of the results and benchmarking data are given, and
- Organisational Integrity: Key Areas to Consider in Building an Ethical Workplace to assist organisations to respond to the survey outcomes.

71. The NSW toolkit may serve as a good model for developing a similar measurement apparatus in Canada.

### ***Interviews/ Focus groups***

72. Similarly to organisational integrity, interviews and focus groups provide a nuanced insight in organisational practices, norms and beliefs. The 1995 Auditor General Report once again provides a good example of interviews conducted to identify the state of organisational practices around values and ethics. What is important to note, however, is that the study had to involve a significant sample of public servants, in order to make generalisable conclusions. A similar word of caution is due in regards to focus groups. Since it is very seldom that focus groups represent a scientific sample, and often have a subjective element within them, there is a permanent need to take into consideration the subjective nature of focus groups when reviewing summaries. Focus groups are best used as a ground work for scientific surveys.<sup>41</sup>

### ***Case studies***

73. Case studies can help identify how specific values are embedded in departmental practices and how they are reflected in the organisational culture. The Australian Public Service Commission offers a good example of types of case studies and how the specific values can be embedded in departmental practice, as seen in the report *Embedding the APS Values*. The case study method helps identifying some particular examples of good practice in promoting and upholding each groups or individual values. The report also helps identifying ways in which values can be embedded in management practices. For example, one of the APS values is merit in selection and recruitment. The integration of this value in one of the departments (DOTARS) took place through the development of the Selection and Recruitment Handbook “as part of a package that includes an information kit for applicants and a selection panel kit to help employees to fill jobs successfully and at the right time. The handbook is a user-friendly document directed at employees involved in selection exercises. It articulates the APS Values that relate to selection and recruitment and makes clear the importance of meeting legislative requirements, including the Public Service Commissioner's Directions on merit. A centralised recruitment unit supports the department's approach to educating and guiding employees through the process.”<sup>42</sup> In order to support agencies in embedding values, the APS had developed a checklist, which contains questions around commitment, management and assurance with respect to integrating values and can help agencies to assess themselves on how they do (Appendix 3).

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<sup>41</sup> OECD, 2004.

<sup>42</sup> Australian Public service Commission “Embedding the APS Values” [www.apsc.gov.au/values/values.htm](http://www.apsc.gov.au/values/values.htm).

74. The Finnish experience also provides some examples of embedding values, which may prove useful in the Canadian context:

**Box 4. Values to be part of the daily job: the Finnish experience**

With the objective to continue to maintain this high ethical standard in the future, in 2002 the Finnish Government created a Working Group “Values to be Part of the Daily Job.” The rationale was to strengthen the ethical basis, “all the while recognising that values are of no significance as mere words, but must be implemented in the form of practical activity, decisions and actions...”

The Working Group concluded that incorporating value-steered activity and management into everyday work calls for a conscious investment in promoting the matter in numerous sub-areas of personnel policy. Each unit must review its own process and thereby gain a common understanding of the practical significance of values in its work. The unit’s values steer its activity and take precedence over the individual’s values in conflicting situations. Once the values steer the activity and have been internalised, the activity can meet high ethical standards. Implementation of values also requires individuals to know what their role is in the work organisation and how they can implement the values in their own work.”<sup>43</sup>

***Surveys of consultants working with the Public Sector***

75. An important *semi-internal* lens on the organisational culture can be provided by *private consultants and contractors*, through their assessment of how things are done in the organisation. A good example of this type of research serves the NSW ICAC “Private contractors’ perceptions of working for the NSW public sector: an ICAC survey of consultants and contractors”. The ICAC decided to undertake this study in light of increasing reliance by the public sector on private contractors, which requires public sector organisations to actively ensure that private contractors have an understanding of the principles which govern public sector work. The reasoning is as follows:

- If private contractors do not know of, or support, public sector principles, the possible implications are serious, given that many of these principles are designed to ensure probity and accountability. For private contractors to be reasonably expected to embrace the ethos of public duty, they should be aware of public sector rules and the underlying guiding principles and be supportive of an open and accountable public sector. Accordingly, the ICAC considered important to understand the knowledge and attitudes that private contractors bring to the NSW public sector in order that: (a) any gaps in their knowledge can be addressed; and (b) any misconceptions or negative attitudes about the public sector can be addressed. Ensuring that private contractors are aware of and support public sector rules and the concept of public duty is, therefore, an important part of preventing corruption.
- An additional reason for conducting this research is that the perceptions of people who are external to the public sector, but occasionally work within it, can help the public sector recognise where it can improve its public image and the way it conducts its work. As many government agencies move to a more commercial framework and pursue policies of corporatisation and privatisation, these perceptions may also have serious implications for the competitive reputation of public sector organisations.<sup>44</sup>

<sup>43</sup> OECD, 2004.:224.

<sup>44</sup> Adapted with modification.

***Ethical Climate Questionnaire***

76. As mentioned, a useful insight on measuring organisational climate and culture also comes from the academic literature. Victor and Cullen (1987) originally developed the “Ethical Climate Questionnaire”, to capture the views of organisational members of the ethical climate of their organisation. The original model is comprised of a matrix of ethical criteria and locus of analysis (Table 1). According to the model, each ethical criterion corresponds to distinctions in moral philosophy, i.e. judgements based on self-interest (egoistic criterion), the good of others (a benevolent criterion) or abstract principles. If applied to different groups within or outside the organisation (e.g. individual, work-group, society), i.e. locus of analysis, these criteria may change, thus highlighting different cultures coexisting within one organisation.

**Table 1. Theoretical Ethical Climate Types<sup>45</sup>**

| ETHICAL CRITERION  | FOCUS OF ANALYSIS |                              |                             |
|--------------------|-------------------|------------------------------|-----------------------------|
|                    | Individual        | Work Group                   | Society (Global)            |
| <b>Egoism</b>      | Self-Interest     | Company Profit               | Efficiency                  |
| <b>Benevolence</b> | Friendship        | Team Interest                | Social Responsibility       |
| <b>Principle</b>   | Personal Morality | Company Rules and Procedures | Laws and Professional Codes |

77. The empirical results of administering this questionnaire further suggested that only five primary ethical climate types should be used: “caring” (benevolence for all three locus of analysis), “law and code” (applying principles at the societal level), “rules” (applying principles at individual and organisational level), “instrumental” (achieving self-interest at the organisational and societal levels) and “independence” (maximisation of individual self-interest).

78. Victor and Cullen’s typology has further been developed by Ken Rasmussen et al (2003), by applying the questionnaire to different types of organisations, namely governmental versus non-profit organisations (Appendix 4). The method for this study involved a qualitative survey based on one-on-one, face-to-face, in-depth unstructured confidential interviews conducted through a process of ethnographic interviewing by a single interviewer.<sup>46</sup> The research confirmed the finds “that there are differences in both the sources of ethical climate and the criteria used to judge ethical climate” between governments and non-profit organisations.<sup>47</sup>

79. A similar type of analysis was utilised by the Department of National Defence in the study “Baseline Assessment of Ethical Values in DND.” The study measured respondents’ views on several indices adapted from Victor and Kullen’s types of ethical climates: Rules, Care, Independence, Self-Interest, Job Completion, Supervisor Expectations, Supervisor Behaviours, Co-worker Behaviours, Organisational Rules, Organisational Fairness, and Personal Control. The study assessed respondents’ beliefs on “The way things are right now” and “The way things should be.” The first set of beliefs

<sup>45</sup> Victor & Cullen, 1988:104.

<sup>46</sup> Rasmussen et al. 2003; Fontana, A. and Frey, J. H. ‘Interviewing: The Art of Science’ in N. K. Denzin and Y. S. Lincoln (eds) Handbook of Qualitative Research. 1994. Thousand Oaks, CA: Sage Publications.

<sup>47</sup> Rasmussen et al. 2003 :1.

represents perceptions of the ethical climate, while the second reflects their personal values with respect to the same indices.<sup>48</sup> The DND study is important for several reasons, including:

- It serves as an example of assessing organisational climates using Victor and Kullen’s typology as one of the possible predictors of organisational values and ethics performance.
- It brings individual decision-making into the scope of analysis and helps understand the process of ethical-decision making and factors influencing it, which may further provide insight for policy actions.

80. Finally, another type of the Ethical Culture Questionnaire (Appendix 5) was developed by Trevino et al. (1995), and further modified by Susan Kay (1999). The difference in this questionnaire, from the one developed by Victor and Kullen, is that it uses a continuous scale of measurement. Kay (1999: 219) suggests, “Previous research using this instrument had been done with managers collapsed across organisations and thus had not compared aggregate scores between organisations.<sup>49</sup> To assess the ethics of an organisation it is necessary to ask individual managers within the same organisation about the ethics of their organisation. It is the concurrence of the responses which provides the information necessary to locate different organisations on a continuum of ethical status.” These types of questionnaires can offer a useful set of questions to consider in developing a V&E climate survey.

**Box 5. Measurement Recommendations**

- Include the following culture-related questions in the V&E public service employee survey:
  - questions based on actual experiences of observed behaviour (ethical culture)
  - questions assessing perceptions (ethical climate)
  - questions about ethical decision-making
  - unethical practices or pressures
- Undertake a survey of consultants working with the public sector to identify
  - any gaps in their knowledge can be addressed; and
  - any misconceptions or negative attitudes about the public sector can be addressed.
- Develop departmental case-studies of how values are embedded in everyday practices;
- Do a pilot assessment of the state of ethical climate using Victor and Cullen’s typology; and
- Develop documents assisting departments to measure V&E dimension of organisational culture and climate (toolkit, checklist for agencies to assess themselves on the degree of value integration).

<sup>48</sup> Department of National Defence “Baseline Assessment of Ethical Values in DND. Measuring Ethical Values in the Department of National Defence: Results of the 1999 Research” July 2000 [www.dnd.ca/ethics/dep/documents/Sondage2\\_e.doc](http://www.dnd.ca/ethics/dep/documents/Sondage2_e.doc).

<sup>49</sup> Trevino, L. K., K. D. Butterfield and D. L. McCabe. ‘Contextual Influences on Ethics-Related Outcomes in Organizations: Rethinking Ethical Climate and Ethical Culture’, paper presented at the Annual Academy of Management Meeting, Vancouver, BC, August, 1995.

## LEADERSHIP

### Concepts and Indicators

81. Leadership is an important component of the V&E roadmap. Leaders provide direction and facilitate the processes that enable organisations to attain specific objectives and promote organisational culture in the public service based on values and ethics. The PSHRMAC *draft* People Policy framework uses the following definition:

82. “Leadership of the Public Service is defined as the capacity to engage staff by effectively communicating responsibilities and directing work in a manner that motivates, inspires, and mentors individuals. It is rooted in everyday behaviours exemplifying Management Excellence, Engagement, Strategic Thinking and Values and Ethics, and observable at all levels of the leadership continuum, from deputy head to supervisory levels. Leadership promotes diversity and respects linguistic duality in the workplace, supports a results-oriented environment based on modern management practices, and embraces changing and creative practices.”

83. This definition provides a solid foundation for conceptualising Leadership in Values and Ethics. This type of leadership has at least two dimensions. The *first* dimension deals with demonstrating values and ethics in everyday behaviour, e.g., being an ethical leader and acting in accordance with public service values (e.g., impartiality, objectivity). This dimension serves as a basis for accountability: leaders are to be selected, evaluated and promoted on the basis of their values and ethics conduct. The *second* dimension reflects influencing employees to behave in accordance with public service values and ethics, and includes communication about expected behaviour and creating an environment to encourage ethical behaviour.

84. These dimensions are reflected in the Management Accountability Framework V&E Leadership indicators:

*Leadership demonstrating strong ethics and values behaviour, as evidenced by:*

- Leadership communication with employees about expected ethical behaviour and public service values
- Selection, evaluation, promotion and discharge of leaders based on their conduct with respect to PS Values and ethics

85. Specifically, a demonstration of appropriate behaviour by leaders may be interpreted as the need for leaders to act as role models of appropriate behaviour. The research shows that leaders’ actions have a strong influence over the ethical conduct of followers, as well as its climate regarding ethics (Andrews, 1989; Waters and Bird, 1987). Marc Grajean (2004) et al in reviewing the literature in this area, noted that “surveys have reported that leader role models are the primary influence on individual ethical behaviour, particularly the behaviour of direct managers and supervisors (Falkenberg and Herremans, 1995; Posner and Schmidt, 1984).” They further argue that “role modeling likely influences a climate regarding ethics indirectly via two routes: increasing trust in leaders, and facilitating value congruence. Leaders who

demonstrate actions that are consistent with the organisation's values and mission are likely to be viewed as more trustworthy.”

86. The seminal Tait Report provides a solid foundation for thinking about behaviour of leaders in the public service: “as a balance between managing up and managing down. In both these roles — in serving the democratic process and in assuming responsibility for people and outcomes — public service leaders, at all levels, have both a duty and an opportunity to embody public service values.” Thus, the demonstration of strong V&E performance could be operationalised through the specific values, for instance:

- democratic values
  - perception of whether leaders provide impartial advice to ministers and make all information relevant to a decision available to Ministers;
  - perception of whether leaders loyally implement ministerial decisions and have a faithful commitment to something;
  - perception of whether leaders speak truth to power. “Speaking truth to power [indicator] — as long as it is accompanied by a duty of faithful execution once decisions have been taken — is not something important for deputies and ministers alone. It is just as relevant or precious between employees and supervisors, at the level of middle managers, directors, directors general, and ADMs. Public servants owe their supervisors not just their loyalty but their best professional judgement. Where this is discouraged or inhibited, the professionalism and the values of the public service suffer.” (Tait Report 1996).

87. Other questions may include whether leaders face challenges about balancing between different families of values (impartiality, political neutrality and loyalty). As mentioned, there are good lessons to be learned from the Australian and Finnish experiences on embedding values in everyday life and operationalising them. Indicators supporting each of these values would have to be developed.

88. From the external perspective, a useful set of indicators for measuring the integrity and performance side of strong leadership and management was developed for the ICCS Citizens First Study. The statements that were considered to be part of strong leadership and management in the public confidence model, among others, included:

- The public service can be counted on to admit mistakes when they happen,
- The public service conducts its business in an open and accountable manner,
- The public service does a good job of managing tax dollars, and
- The public service is led by competent managers.

89. This provides an important insight for developing an additional set of indicators around integrity of leaders, such as admitting mistakes, acting on promises and others.

90. Another way of operationalising behaviour includes *leadership competencies* (Table 2) with respect to values and ethics, although they *may require further deconstruction* to get to the specific behaviour:

**Table 2. Leadership competencies with respect to values and ethics**

| <b>DM</b>  | <b>ADM</b>  | <b>DG</b>   | <b>Director</b>   | <b>Manager</b>  | <b>Supervisor</b>   |
|--|---|---|---|---|---|
| Demonstrates Values and Ethics, including the Code, in personal behaviour  | Demonstrates Values and Ethics, including the Code, in personal behaviour               | Demonstrates Values and Ethics, including the Code, in personal behaviour   | Demonstrates Values and Ethics, including the Code, in personal behaviour   | Demonstrates Values and Ethics, including the Code, in personal behaviour   | Demonstrates Values and Ethics, including the Code, in personal behaviour             |
| Integrates Values and Ethics, including the Code, into departmental practices  | Integrates Values and Ethics, including the Code, into branch practices                 | Integrates Values and Ethics, including the Code, into directorate practices  | Integrates Values and Ethics, including the Code, into division practices   | Integrates Values and Ethics, including the Code, into unit practices   | Integrates Values and Ethics, including the Code, into staff work practices           |
| Makes transparent decisions without favouritism or bias  | Reflects a commitment to citizens and clients in own and branch activities              | Builds departmental values into directorate policies and programs   | Reflects a commitment to citizens and clients in own and division activities  | Reflects a commitment to citizens and clients in own and unit activities  | Reflects a commitment to citizens and clients in own and staff activities             |
| Models and instils commitment to citizen-focussed service and the public good  | Provides fearless advice and acts with the courage of his or her convictions            | Reflects a commitment to citizens and clients in own and directorate activities                                     | Fosters a climate of transparency, trust, and respect within the division and in partnerships                       | Fosters a climate of transparency, trust, and respect within the unit and in partnerships                           | Fosters a climate of transparency, trust, and respect among staff and in partnerships |
| Provides fearless advice and acts with the courage of his or her convictions   | Builds departmental values into branch policies and programs                            | Builds and promotes a safe and healthy, respectful directorate, free of harassment and discrimination               | Incorporates equitable practices into HR planning   | Incorporates equitable practices into HR planning   | Incorporates equitable practices into HR management                                   |
| Recognises and reconciles competing values   | Builds and promotes a bilingual, diverse, inclusive branch, based on OL and EE policies | Promotes transparency and fairness  | Creates opportunities for and encourages bilingualism and diversity in the division, based on OL and EE policies    | Supports opportunities for and encourages bilingualism and diversity in the unit, based on OL and EE policies       | Encourages bilingualism and diversity, based on OL and EE policies                    |
| Creates a bilingual, inclusive, and diverse culture built on Official Languages (OL) and Employment Equity (EE) policies | Builds and promotes a safe and healthy, respectful                                      | Creates opportunities for and encourages bilingualism and diversity in the directorate, based on OL and EE policies | Builds and promotes a safe and healthy, respectful division, free of harassment and discrimination                  | Builds and promotes a safe and healthy, respectful unit, free of harassment and discrimination                      | Builds and promotes a safe and healthy, respectful workplace                          |
| Models and builds a culture of respect for people and PS principles  |   |   | Practices transparency and fairness in all transactions, including staffing, contracting, and day-to-day activities | Acts with transparency and fairness in all transactions, including staffing, contracting, and day-to-day activities | Is alert to and deals quickly with harassment and discrimination                      |
|  |   |   |   |   | Manages work activities and transactions with transparency and fairness               |

91. In addition to the MAF indicators, *employees' trust* and *leaders' personal values* may serve as measures to assess leadership in values and ethics. The NSW ICAC research *Tips from the Top*, which involved interviews with senior managers, revealed that trust in management has an important influence on the state of values and ethics of employees. Greater trust was associated with the manager who had closer proximity to staff.<sup>50</sup>

92. Furthermore, there is a significant attention to the question of ethical leadership in the business ethics literature, which highlights the importance of *individual values and types of personalities of leaders*.<sup>51</sup> For example, in the review of the literature done by Khuntia and Suar (2004), they found that all theories of leadership emphasise three constructs separately or jointly:

- leaders' personality, behaviour and rationality,
- followers' personality, behaviour and rationality, and
- the contextual factors such as nature of task, organisational climate and cultural context.

93. This is consistent with another set of indicators proposed by a group of researchers headed by Marc Grajean (2003). These include:

- Values-based leadership (personal values, ethics and morals),
- Setting the example (acting as a role model),
- Establishing clear expectations of ethical conduct through clarifying often ambiguous ethical issues and boundaries of behaviours and identifying vulnerable areas in organisations which may be exposed to issues of sensitive nature through risk assessment etc,
- Providing feedback, coaching, and support regarding ethical behaviour,
- Recognising and rewarding behaviours that support organisational values through formal and informal mechanisms of recognition and rewarding,
- Awareness of individual differences among subordinates, and

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<sup>50</sup> NWS ICAC "Tips from the top: Senior NSW public sector managers discuss the challenges of preventing corruption" 1999.

<sup>51</sup> Khuntia and Suar "A Scale to Assess Ethical Leadership of Indian Private and Public Sector Managers" *Journal of Business Ethics* 49: 13–26, 2004; Bass, B. M.: 1985, *Leadership and Performance Beyond Expectations* (Free Press, NY); Bass, B. M.: 1996, 'Is there Universality in the Full Range Model of Leadership?', *International Journal of Public Administration* 19(6), 731–761; Conger, J. A. and R. N. Kanungo: 1987, 'Towards a Behavioral Theory of Charismatic Leadership in Organisational Settings', *Academy of Management Review* 12(4), 637–647; Greenleaf, R. K.: 1977, *Servant Leadership* (Paulist Press, New York); Guillen, M. and T. F. Gonzalez: 2001, 'The Ethical Dimension of Managerial Leadership: Two Illustrative Case Studies in TQM', *Journal of Business Ethics* 34(3–4), 175–189; Kanungo, R. N. and M. Mendonca: 1996, *Ethical Dimensions of Leadership* (Sage, Thousand Oaks); Kanungo, R. N. and M. Mendonca: 1998, 'Ethical Leadership in Three Dimensions', *Journal of Human Values* 4(2), 133–148; Sinha, J. B. P.: 1980, *The Nurturant Task Leader* (Concept, New Delhi); Sinha, J. B. P.: 1995, *The Cultural Context of Leadership and Power* (Sage, New Delhi); Spears, L. C.: 1995, *Reflections on Leadership: How Robert K. Greenleaf's Theory of Servant-Leadership Influenced Today's Top Management* (Wiley, NY).

- Establishing leader training and mentoring.

94. Alternatively, Andrew Kakabadze et al (2003) in their comparison of leadership in Governments of Canada, Australia and the UK, argue that there are mainly *four leadership criteria* for building an ethical public sector organisation: dialogue, vision, discipline and cabinet responsibility.

- *Dialogue* rests on two pillars – openness of discussion and trust. This factor is based on the CCMD discussion paper, which provided that quality of dialogue requires “openness, patience and ability to listen and to absorb and a capacity to resist the rush to judgment – in effect, a willing suspension of belief.” The second pillar, trust, means an ability to speak forthrightly about sensitive issues (Kakabadze 1991).
- *Vision* is conceptualised as “strength of purpose that goes beyond personal ambition and a conviction to craft future uncertainty. Kakabadze (2003) maintains that forming a vision requires involvement of all stakeholders and an ability to nurture a feedback environment.
- *Discipline* is defined as “an ability of the top team to constantly behave in accordance with their agreed vision and to communicate key messages, in a disciplined way, so that initiatives can be effectively cascaded down the organisation.”
- *Cabinet responsibility*, in turn, is conceptualised as “agreed behaviour amongst a team of senior managers that upholds debated and agreed initiatives in a cohesive and disciplined way.”

#### **Box 6. Areas for further research**

Explore experiences of other countries on integration of values in everyday practices (e.g. NSW, Finland) to inform management practices.

95. These studies confirm that while there is no consistency about different indicators, leadership is an important factor in achieving high organisational performance in V&E. The precise set of the core indicators needs to be verified through empirical testing.

#### **Leadership in V&E Measurement Practices**

96. The main types of data to support indicators for the leadership component of the V&E roadmap include *perceptions, beliefs, and experiences*. **Internally**, these data can be obtained through the following means:

- Employee and management surveys (e.g., Australian Public Service Commission State of the Service Employee Survey Results Report 2003-2004);
- Management interviews (e.g., the Ethics Resource Center 360-degree executive leadership review);
- Focus groups and case studies (e.g., the Australian Public Service Commission Report “Embedding APS Values); and
- Self-assessment (e.g., Department of National Defence Leaders Ethical Climate Assessment).

### *Surveys*

97. The surveys are a common tool for assessing leaders' performance. The surveys allow for data to be replicated and compared over time and across different organisations. At the same time, the main challenge in using the surveys for this type of research is self-reporting, which often prevents reporting of misconduct due to the fear of reprisal. The surveys can be designed to address all main indicators of leadership through assessment by their subordinates and peers. Questions may include the ones about behaviour (based on the specific values or leadership competencies), perceptions of whether promotion and selection are based on merit, effectiveness of communication as well as trust in leaders. For example, the questions in the Australian Public Service Commission's State of the Service Employee Survey Results Report 2003-2004 include "To what extent does your immediate supervisor exhibit the following leadership capabilities?:

- Achieves results
- Cultivates productive working relationships
- Exemplifies personal drive and integrity
- Shapes strategic thinking
- Communicates with influence"

98. Another example is provided by the NSW ICAC What is An Ethical Culture? study. The survey revealed that staff perceptions of their leaders being honest were associated with the following behaviours:

- acting honestly and practicing what they preach;
- encouraging and emphasising honest behaviour in the workplace;
- allowing their staff to make decisions about how to conduct their own work and being encouraging of new ideas from staff; and
- treating all staff fairly and equally.

99. A specific example of the questionnaire focused on assessing leadership behaviour is offered by the Australian Public Service Commission. Its 360° Feedback Questionnaire on Leadership capabilities Framework is a structured method of gathering information about performance in relation to the Senior Executive Leadership Capability Framework. It has been specifically designed to be used in the "360° feedback" and broader leadership and career development programs within the Australian Public Service (APS) context.

100. The surveys can also include questions about occurrence of ineffective/unethical behaviours of leaders'. The TBS Leadership Network suggests that the following are the examples of such behaviours in the V&E area:

- Attempts to cover up mistakes
- Avoids speaking truth to power

- Lays blame on individuals or previous regimes
- Shows little respect for diverse opinions or beliefs
- Mistreats others
- Abuses power
- Tolerates abusive behaviour by others
- Demotivates or offends others through cynicism or aggression
- Shows favouritism or bias
- Places personal or organisational goals ahead of Government of Canada objectives
- Allows emotions to sway ethical judgment

101. Overall, surveys are a valuable tool that can assist in identifying the state of leadership in V&E. It also allows comparing the data across the public sector.

### ***Interviews***

102. Interviews, as survey alternatives, may provide a useful insight for understanding ethical leadership. For example, the Ethics Resource Center conducted a series of interviews with over eighty executives at a multi-national corporation, as a part of a 360-degree Executive Leadership Review. Interview participants were asked to describe their perceptions of the ethical leadership and overall ethical climate of the organisation. The exercise provides the information necessary to assess the integrity program as viewed “at the top” and assisted in the development of reports for each member of the leadership team, as well as an overall organisational report. The information also provided foundation and direction for future surveys and assessments. This example from the private sector can serve as a model for government agencies, particularly at the executive level.

### ***Focus Groups***

103. Focus groups allow researchers to understand qualities and actions of leaders to embed values and ethics in everyday organisational practices. For example, the Australian Public Service Commission’ Report Embedding APS Values documents the strategies of six case study agencies’ efforts to embed the APS Values of conduct and then correlates them to views of employees that were collected in focus groups. Finding included:

- Leadership is crucial to ensuring that the Values and Code of Conduct are taken seriously.
- Unethical behaviour by leaders and managers would cause employees to consider the Values and Code of Conduct as purely rhetoric, and to lose confidence in them.
- Leaders perceived to be modeling the Values are strongly supported.
- The Values and Code of Conduct as presented in some corporate documents are not made meaningful by corporate practice.

- The relevance of the Values and Code of Conduct to everyday duties is not widely understood.

104. Focus groups, in general, may provide an insight of whether relevance of values and ethics to everyday duties is understood, and what can be done by the leaders as well as in general to promote such understanding.

### ***Self-Assessment***

105. Finally, self-assessments may be a useful instrument for developing and assessing ethical leadership. For example, the Department of National Defence's "Leaders Ethical Climate Assessment" includes questions, which ask how leaders currently perceive their unit and own leadership actions, NOT according to what one would prefer them to be or how one thinks they should be. This information is aimed to help leaders determine if they need to take action to improve individual, internal leadership, or external leadership factors affecting the ethical climate of the organisation. Another self-assessment tool, which can be utilised as by leaders as well as employees, includes the Individual Ethics Profile (IEP). This tool is designed to help individuals identify the ethical preferences that guide their actions. The results can be useful for individuals who want to understand better the determinants of their own actions and gain new and broader ethics perspectives.

106. ***Externally***, demonstration of strong ethics and values behaviour by leaders can be measured through citizens' views, expert panels and press monitoring (similarly to public trust). The types of measurement instruments are similar to the ones of trust.

#### **Box 7. Measurement Recommendations**

##### **External assessment**

- Include questions on perception of V&E behaviour of leaders in the EKOS or similar citizen surveys;
- Test the relationship between the perception of strong ethical conduct of leaders and perception of integrity and ethical conduct of the government;
- Include questions on leadership in the focus groups around trust in the government; and
- Include questions on leadership in other instruments used to measure trust and confidence in government as well as perception of integrity/ethical conduct of government.

##### **Internal assessment**

- Conduct focus groups to identify how can leaders walk the talk and promote embeddedness of V&E in organisational practices;
- Develop self-assessment tools and make them available to the departments (e.g., Leaders Ethical Climate Assessment); and
- Pilot a study on assessing leaders' ethical decision-making and state of values and ethics (similar to the DND study on Baseline Assessment of Ethical Values in DND 1999).

## PEOPLE MANAGEMENT AND BEHAVIOUR

### Concepts and Indicators

107. The Code of Public Service Values and Ethics states that the *people* family of public service values means “*demonstrating respect, fairness and courtesy in their dealings with both citizens and fellow public servants.*” In order to operationalise this concept, it may prove useful to deconstruct the *people* component into two categories: *people management* and *people behaviour and state of values*.

### *People Management*

108. This section is intentionally brief, as the research done by Faye Schmidt for the TBS on the drivers of staff satisfaction and commitment highlighted the most important works in this area. There are only a couple of points to mention here. First is that the pilot research study conducted for the Work-Place Wellbeing Project offers detailed insights for this component of the Roadmap and serves as a good foundation for developing indicators in this area. Second, CCAF Study “Going Public: Leadership for Transparent Government,” can be of interest as it identified four broad categories of human issues in broad performance management process and in the area of reporting results in particular. The following two areas are directly relevant to the values and ethics performance and might reasonably be considered integral and important part of managers’ agenda:

1. Creating relationships built on respect and values
  - Understanding responsibilities
  - Fairness
2. Creating rewards and recognition
  - Building on public service professionalism and values
  - Providing rewards and recognition<sup>52</sup>

109. Finally, the People Component of the Management Accountability Framework offers an additional set of indicators for this component of the Roadmap. For instance, “*The workplace exhibits fair employment and workplace practices and effective labour relations. (1) Fair employment and workplace practices: Workplace fairness can be assessed through employee perceptions/attitudes on staffing and classification processes and workload.*”<sup>53</sup> It is recommended to collaborate with the HR units in further developing indicators in this area.

### *Individual V&E Behaviour*

110. People (employee) behaviour and the state of values and ethics represents another component of the “people” element of the Roadmap.<sup>54</sup> Most attention to the individual ethical behaviour can be seen in

<sup>52</sup> CCAF. “Going Public: Leadership for Transparent Government” 2001 [www.ccaf-fcvi.com/english/site\\_additions/archives2001/documents/executive\\_summary/going\\_public.pdf](http://www.ccaf-fcvi.com/english/site_additions/archives2001/documents/executive_summary/going_public.pdf)

<sup>53</sup> PSHRMAC “PCMAF Indicators” 2005 [www.hrma-agrh.gc.ca/hr-rh/hrp-prh/indicators-indicateurs\\_e.asp](http://www.hrma-agrh.gc.ca/hr-rh/hrp-prh/indicators-indicateurs_e.asp)

<sup>54</sup> Alternatively the individual behaviour can be seen as part of the organisational performance or culture

the business ethics literature as an aftermath of the Enron scandal. The literature highlights individual ethical behaviour as key to organisational performance.<sup>55</sup> In broad terms, individual V&E performance can be seen as an outcome of the combination of the organisational processes (codes, rules, leadership etc); individual characteristics; and organisational climate. In the public sector, some of the interesting work in the area was done by Jeroen Maesschalck (2004), who operationalised individual V&E performance through the following concepts: “ethical decision making” and “unethical behaviour.”

**Table 3. Nine Types of Unethical Behaviour**

| Focus of analysis/ethical criterion | Individual                                     | Local                  | Cosmopolitan                           |
|-------------------------------------|--|------------------------|--|
| Egoism                              | Selfishness (corruption <i>sensu stricto</i> ) | Organisation fetishism | Efficiency – fetishism                 |
| Benevolence                         | Nepotism                                       | Team-fetishism         | Preferential treatment of stakeholders |
| Principle                           | Anarchy  | Rule-fetishism         | Law and principle fetishism            |
|                                     | (1)  | (2)                    | (3)                                    |
|                                     | (4)  | (5)                    | (6)                                    |
|                                     | (7)  | (8)                    | (9)                                    |

Source : Maesschalck 2004: 474

111. Maesschalck defines ‘*Ethical decision making*’ as “complex and difficult ethical dilemma situations where people usually perceive it to be very difficult to judge what ethical behaviour is.” “*Unethical behaviour*,” in turn, refers to “behaviour that most people would reasonably judge to be unethical.” While there is a potential for bias due to the ambiguity of the term, the application of Victor and Cullen’s typology of ethical climates (discussed above), as guiding behaviour, helped to develop some of terms of reference. Thus Maesschalck coined unethical behaviour as “the excessive use of one of the nine (Victor and Cullen’s) ethical standards.” In other words, it means that each of the standards was used radically. The examples of unethical behaviour are provided in the Table 3.

112. The importance of ethical decision-making was also acknowledged by the DND in Baseline Assessment of Ethical Values in DND 1999 Study, which in developing the measurement tool identified the following factors as influencing individual ethical decision-making / unethical behaviour<sup>56</sup>:

- **Moral Reasoning.** The literature pays the most attention to the notion of individual moral reasoning or individual moral development as one of the predictors of ethical behaviour and decision-making. While a vast literature exists around types of moral reasoning (e.g., Kohlberg 1973, 1984<sup>57</sup>), for the purposes of this report it will suffice to say that the basic moral reasoning can be assessed through giving “individuals an ethically ambiguous situation and ask them to resolve the situation. To determine the level of moral reasoning, the focus is on the rationale for the derived solution rather than on the solution, per se. That is, it is generally not important how

<sup>55</sup> Michael W. Grojean, Christian J. Resick, Marcus W. Dickson, and D. Brent Smith “Leaders, Values, and Organisational Climate: Examining Leadership Strategies for Establishing an Organisational Climate Regarding Ethics” in *Journal of Business Ethics* 55: 223–241, 2004; Chen, A. Y., R. B. Sawyers and P. F. Williams 1997, ‘Reinforcing Ethical Decision Making Through Corporate Culture’, *Journal of Business Ethics*, 16, 855–865.

<sup>56</sup> Most of these factors were identified in the Study of the Department of National Defence 1999 and summarized here. Additional sources are marked with \*.

<sup>57</sup> Kohlberg, L. & Turiel, E. (1973). *Moralization, the cognitive development approach*. New York: Holt, Rinehart & Winston; Kohlberg, L. (1984). *The philosophy of moral development*. New York: Harper & Row.

individuals choose to resolve the situation. Rather the level of moral reasoning is determined by the reasons individuals give for their choices.” (DND 1999: 14).

- **Individual Values and Beliefs.** Another individual characteristic contributing to the ethical decision-making is individual values, i.e., beliefs about what behaviours are appropriate. While the Code is very important to encapsulate the values expected to be shared among organisational members, Jansen and Von Glinow (1985) suggest that the operative variable here is the conflict between individual and organisational values. Such ethical conflict may result from incongruence of organisational reward system, which shapes the behaviours and the values of individual members of the organisation. Further, similarity between individual values and organisational values would depend on “how favourably the code was seen by employees and how seriously code transgressions were viewed by organisational members” (DND Report 1999: 6; Finegan and Theriault 1997).
- Grojean et al (2004) suggest that “individuals have been shown to experience some rearrangement of individual value systems by understanding and accepting the values of a particular organisation (Cable and Parson, 2001; Chatman, 1991). The values that people emphasise influence the actions they engage.” (Michael W. Grojean et al. 2004)\*
- **Individual Ethical Ideologies.** There is an extensive body of literature that suggests that an individual’s moral philosophy is one of the key determinants of ethical decisions (e.g., Ferrell & Gresham, 1985; Hunt & Vitell, 1986). Such philosophies embody set of rules guiding individual decision-making and can be classified as ideologies dealing with the moral worthiness of a behaviour (the consequences of the behaviour, the impact of the act on other people or on the agent) or philosophies focusing on “moral obligations or commitments that should be binding or necessary for proper conduct” (which focus on the “goodness” of actions, irrespective of the short-term consequences of such actions).
- **The characteristics of the situation** can also serve as a predictor of ethical decision-making (Jones 1991). Jones (1991) argued that ethical decision making at all levels is influenced by the “moral intensity” of the issue in question. According to the study, it was this characteristic of the situation, not the characteristics of moral agents, which determined ethical decision making. According to Jones (1991), the moral intensity of an issue is determined by six characteristics:
  - magnitude of consequences, defined as a sum of the harms and benefits done to individuals,
  - social consensus, which is a reflection of the extent to which individuals agree that an act is “good” or “bad”,
  - probability of effect, defined as the joint probability that (a) the act will actually take place and (b) given that the act has taken place the certainty of harm or benefit,
  - temporal immediacy, referring to the length of time between the present and the onset of consequences of the act in question;
  - proximity, which relates to the nearness of the agent and the victims; and
  - concentration of effect, defined as “an inverse function of the number of people affected by an act of a given magnitude” Jones (1991, p. 377)

- **Ethical Climate.** There are empirical studies showing that ethical climate/context influences ethical decision-making (Vidaver-Cohen, 1998). Ethical climate is likely to be inversely related to the severity of ethical problems within organisation and likely to be successful in dealing with ethical problems. (DND: 1999). \*

**Box 8. Areas for further research**

- Explore the drivers of individual ethical performance in greater detail, in order to understand what factors affect individual decision-making with respect to values and ethics;
- Undertake further research in the area of ethical-decision making, particularly in the highly debated areas, such as GM food, cloning, drug approval and others.
- Empirically test the drivers of the individual ethical performance through a stand-alone study or undertake a test of some of the drivers through the public service Values and Ethics survey;
- Learn from the DND experience on the use of the data on the state of values and ethics for decision-making process

113. In addition to the drivers, identified above, there are other factors, which influence ethical decision-making, including:

- Presence of controls,
- Understanding and awareness of sanctions,
- Severity of sanctions,
- Enforcement (probability of punishment),
- Leadership and management,
- The state leaders' personal values,
- Leaders' personalities,
- Availability and effectiveness of training,
- Personal circumstances,
- Individual characteristics (age, religion, education, employment, gender, and others)<sup>58</sup>

114. Understanding of how these and other factors can help to develop appropriate policy responses in order to achieve ethical conduct in the public service.

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<sup>58</sup> These factors were identified through the OPSVE research.

115. People behaviour can be assessed both internally and externally. From the internal perspective, an employee's ethical behaviour can be operationalised through "demonstrating respect, fairness and courtesy towards fellow public servants." From the external perspective, this concept is respectively operationalised through "demonstrating respect, fairness and courtesy towards citizens." The external side of behaviour of public servants – treating citizens with respect, fairness and courtesy – brings in the scope of analysis the ethical dimension of service provision, as citizens mostly deal with public servants through services.

### **People Management and Behaviour Measurement Practices**

116. Internally, the common measurement practice with regard to people management and people behaviour includes:

- Public service employee surveys (PSHRMAC Workplace Wellbeing Pilot Employee Survey, APSC State of the Service Employee Survey Results Report 2003-2004, APSC The HR Survey Tool, and the US OGE Executive Branch Employee Ethics Survey 2000).
- Interviews, surveys, tests to solve V&E dilemmas in order to assess V&E decision making (e.g., Department of National Defence Study\_Baseline Assessment of Ethical Values in DND - Phase I Report 1999).

117. From the external perspective, the assessment practice includes:

- External assessment through citizen surveys and feedback reports/cards (e.g., ICCS Citizens First Study, HRSDC citizen feedback process)

### ***Surveys***

118. The surveys are the most common tool for obtaining data on the employees' perceptions, beliefs and experiences. The Australian Public Service Commission Survey State of the Service Employee Survey Results Report 2003-2004 is notable, as it attempts to measure employees satisfaction against the APS values. For example, the APS Values specify that the APS is a public service in which employment decisions are based on merit. The questions specifically asked employees if they agreed that selection, recruitment and promotion are based on merit. Another example is that one element of the APS Code of Conduct is the requirement that APS employees, when acting in the course of APS employment, treat everyone with respect and courtesy and without harassment. The questions specifically asked about 'discrimination' and 'bullying and harassment.'

### ***V&E Ethical dilemmas, Psychological tests and other instruments***

119. Individual decision-making can be tested through various types of ethical dilemmas and tests. For instance, the DND Study "Baseline Assessment of Ethical Values in DND - Phase I Report 1999" has developed a questionnaire which attempts to measure ethical decision-making, as well as the state of individual values (and thus their congruence with the organisational ones). The questionnaire is interesting as it allows to assess not only the state of the values but also the moral reasoning used to arrive to a certain decision, as well as ethical climate in the organisation.

120. The 1995 Auditor General's study also attempted to assess ethical decision-making through ethical dilemmas, e.g. scenarios for impartiality and objectivity. The scenarios included:

- Is it appropriate for a government employee, at the direction of a senior manager, not to impose fines or penalties against a particular company, although other companies with identical violations were being fined or penalised?
- Is it appropriate for a government employee, at the request of a supervisor, to write contract specifications for a competitive contract, in such a way that a particular bidder would win the contract?
- Is it appropriate for a government employee, knowing that more than one supplier could provide the needed goods or services, to issue a \$50,000 sole-source contract at the direction of their supervisor, who indicated that this is at the request of a senior manager or the minister?

121. Another example of decision-making dilemmas comes from the business ethics literature. These dilemmas use ethical philosophical theories to re-examine the ethical link between management behaviour and ethical theory (Shane R. Premeaux 2004; Fritzsche and Becker, 1984; Premeaux and Mondy, 1993). For example, a study by Shane R. Premeaux (2004) developed ethical dilemmas, which included four categories of problems, such as coercion and control, conflict of interest, physical environment, and personal integrity. “A coercion and control issue exists when some external force attempts to compel a manager to make a specific decision by using threats, extortion, or other sources of power. A conflict of interest situation arises when a manager has more than one interest that, if mutually pursued, may result in injury to individuals or to the firm (Beauchamp and Bowie, 1979). The physical environment is a special case of conflict of interest where one of the affected parties is the environment. Finally, personal integrity problems occur when decisions raise issues of conscience<sup>59</sup> (Appendix 4).

122. While additional research is needed to determine usefulness of wider application of these studies for policy-making, these types of assessments can provide insight in the actual values and decision-making process used to make values and ethics decisions.

123. Finally, the incidence of *unethical behaviour* is best identified through the surveys, as they allow for confidential and anonymous response. The questions can include:

- Perception if unethical behaviour is happening in the agency (ethical practices in the agency);
- Experiences of pressures to commit a wrongdoing, ignoring a misconduct and others. These questions are best asked either in V&E employee survey, focus groups or interviews.

### ***External Assessment***

124. Instruments of external assessment of the V&E performance of people who work in the public sector (mostly in relation to service provision, e.g., fairness and respect) are similar to the assessment of trust and perception of ethical conduct of government: citizen surveys, client feedback cards, and focus groups.

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<sup>59</sup> Shane R. Premeaux « The Current Link Between Management Behavior and Ethical Philosophy » Journal of Business Ethics 51: 269–278, 2004.

**Box 9. Measurement recommendations**

- Include questions on perception of treatment, as well as behaviour of co-workers in the public service V&E survey in order to understand what the drivers are in consultation with DND,
- Learn more about ways of assessment of individual behaviour and decision-making and test possible drivers empirically,
- Include questions on unethical behaviour in V&E employee survey, focus groups or interviews.

## RISKS AND CONTROLS

### Concepts and Indicators

125. There are several types of controls in the Canadian system, including legislative and policy controls, directives and guidelines. These form a basis for internal controls system, which is an essential component to any prevention system. *Controls can be defined as embracing all elements of the government's capacity to deliver on its policies and programs - its resources (financial, human, physical and intellectual), systems, processes and service delivery models, culture, structure and tasks that are taken together to support the public.*<sup>60</sup> “The direct purpose of the internal control is to ensure confidence in that an agency’s objectives are being attained. The internal control is not only about avoiding corruption, but the accountability of employees/officials, the effectiveness of their activities and the trustworthiness of financial accounts. These elements are “both essential for internal control and usually undermined when corruption occurs.”<sup>61</sup> With regard to values and ethics, the main control questions that need to be addressed include:

- Are connections made between ethical practices and key dimensions of management and control?<sup>62</sup>
- What are the main risks, risk functions and risk areas?

126. Controls in broad terms can be divided in five main categories: *financial, HR, program and policies, administrative and procurement controls*. For example, procurement controls can help prevent and identify potential breaches in procurement policies, the examples of which are provided in the Table 4.

**Table 4: Indicators of potential corruption in procurement**

| Step 1: Government establishes and publicises need for a good or service   | Step 2: Vendors submit proposal to meet the need   | Step 3: Government evaluates vendors' proposals and selects winner  | Step 4: Vendor performs contract  |
|--|--|---|---|
| <ul style="list-style-type: none"> <li>- Vague or nonexistent specifications</li> <li>- Particular brand or function for equipment mandated</li> <li>- “Emergency” need/contract vendor</li> </ul> | <ul style="list-style-type: none"> <li>- Number of firms small or market share constant over time</li> <li>- Patterns develop over time</li> </ul> | <ul style="list-style-type: none"> <li>- Contract awarded to other than low bidder</li> <li>- Contract awarded to vendor with no track</li> </ul> | <ul style="list-style-type: none"> <li>- Cost overruns</li> <li>- Sole-source extensions</li> <li>- Award cancellation</li> </ul> |

Source: Anti-corruption network

127. NSW Audit Commission in Self-Audit Guide Fraud Control: Providing a Value – added Service for Management suggests some of the best practices in Controls:

<sup>60</sup> The Office of Comptroller General of Canada [www.tbs-sct.gc.ca/organisation/ocg-bcg\\_e.asp](http://www.tbs-sct.gc.ca/organisation/ocg-bcg_e.asp).

<sup>61</sup> Valts Kalniņš, 2005.

<sup>62</sup> The Office of Comptroller General of Canada [www.tbs-sct.gc.ca/organisation/ocg-bcg\\_e.asp](http://www.tbs-sct.gc.ca/organisation/ocg-bcg_e.asp).

- “Each agency should possess a Fraud Control Strategy as a clearly identifiable instrument at the policy level. The strategy should detail the agency’s stance on fraud. Many separate policy and action elements may be required for the strategy to be sufficiently comprehensive. The strategy must be properly conceived and constructed to effectively draw all elements together to form a holistic and complementary raft of fraud countermeasures.
- Organisational responsibility for the coordination, monitoring, ongoing review and promotion of the agency’s overall fraud control strategy, and for each of its sub-elements, must be clearly defined and communicated throughout the agency to management and staff alike.
- A structured fraud risk assessment review should be conducted periodically covering all functions and operations of the agency. The review must address both the internal and external environments for the agency, and the fraud risk associated with both. The review will establish the level, nature and form of the agency’s fraud risk exposure. A forward plan generated from the review will subsequently define areas where specific action may be required.
- A well constructed program of ongoing initiatives is required to bring the issues of fraud prevention, detection and reporting to the attention of all employees. A series of different programs and approaches may be required to suit differing types of employees and corporate cultures within the agency.
- A clear message needs to be received by all employees that fraud will not be tolerated and that perpetrators will face disciplinary action. Codes of conduct provide only a starting point in this regard, and a range of further actions may be considered necessary to achieve an effective result (note that a “model” code has been issued by Premier’s Department for the public service generally, and a further code issued for SES officers. These codes are guides, but agency codes should not adopt lesser standards).<sup>63</sup>

128. Mere presence of controls is not enough, however, to prevent breaches in conduct. Other important components of controls include:

- Awareness and understanding of controls and punishments (whether information on punishments is communicated clearly)
- Enforcement (probability of punishment)
- Effectiveness of controls to identify potential risk areas, high-risk functions and potential areas of conduct

129. *Awareness and understanding of controls* are important determinants of control effectiveness, and thus predictors of individual behaviour. *Effective enforcement* of controls in turn deters those employees who would be inclined to commit wrongdoing. It also helps to assure honest employees that they will not have to work in a corrupt environment. “Effective” should not be confused with “severe” enforcement. One can threaten someone with lengthy prison terms, but if no one ever goes to jail, the penalty soon becomes ridiculed. Sureness of punishment for violators is a far greater deterrent than severity.” (OECD 2004:48)

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<sup>63</sup> NSW Audit Commission in Self-Audit Guide Fraud Control: Providing a Value – added Service for Management

130. Finally, *effective assessment of risk areas and risk functions* allows to ensure overall effectiveness of controls. Risks, in turn, enjoy a variety of definitions. For example, the TBS Risk-Based Audit Framework Guide defines risk as combination of the likelihood of an event and its impact<sup>64</sup> or “*Risk refers to the uncertainty that surrounds future events and outcomes. It is the expression of the likelihood and impact of an event with the potential to influence the achievement of an organisation's objectives.*”<sup>65</sup> The NSW ICAC defines risk as the chance of something happening that will have an adverse impact on an organisation’s capacity to achieve its goals (ICAC NSW Profiling the NSW Public Sector. Functions, Risks and Corruption Resistance Strategies). For the consistency purposes, the report would use the TBS definition of risk.

131. In addition to the definition of risk, it is helpful to keep in mind the TBS definitions of:

- Key risk areas as “The key internal and external inherent risk areas that evolve from the legislation, mandate, program design and/or operating environment, where there is a potential significant impact on performance;” and
- Risk assessment as “overall process of identification, measuring impact, likelihood and risk evaluation.”<sup>66</sup>

132. Specifically with respect to the V&E, it is important to identify *risk areas* in organisations as well as *high-risk functions*. For example, in the survey conducted by the Independent Commission Against Corruption, Profiling the NSW Public Sector: Functions, Risks and Corruption Resistance Strategies, organisations most commonly nominated corruption risks in the areas of:

- use of confidential information
- purchasing/tendering for goods and services
- use of agency resources, materials and equipment
- fraud
- use of organisation’s funds
- how staff are promoted (identified by staff)
- how staff are accountable for their time (identified by staff)

133. New technology, information security and increased commercial activity have been identified as posing possible emerging corruption risks over the next three to five years.

134. In addition to the risks, the survey identified specific high-risk functions, which create greater opportunities for public sector employees to be exposed to corruption risks. Examples of such functions include:

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<sup>64</sup> Source: International Standard ISO.

<sup>65</sup> Source: Integrated Risk Management Framework, Treasury Board of Canada Secretariat (TBS).

<sup>66</sup> TBS. Glossary of Risk Management Terms. [www.tbs-sct.gc.ca/ia-vi/policies-politiques/rbaf-cvar/guide03\\_e.asp](http://www.tbs-sct.gc.ca/ia-vi/policies-politiques/rbaf-cvar/guide03_e.asp).

- inspect, regulate or monitor standards of premises, businesses, equipment or products
- issue qualifications or licences to individuals to indicate their proficiency or enable them to undertake certain types of activities
- receive cash payments
- allocate grants of public funds

135. The report maintains, “this is not to suggest that the performance of a function such as inspection is more likely to be corrupt than the performance of other functions – well-developed control mechanisms may mitigate opportunities for such corruption to occur. However, organisations that require employees to engage in these types of high-risk functions need to be aware of the increased potential for corruption, and ensure that the appropriate steps to minimise this potential have been taken.”<sup>67</sup>

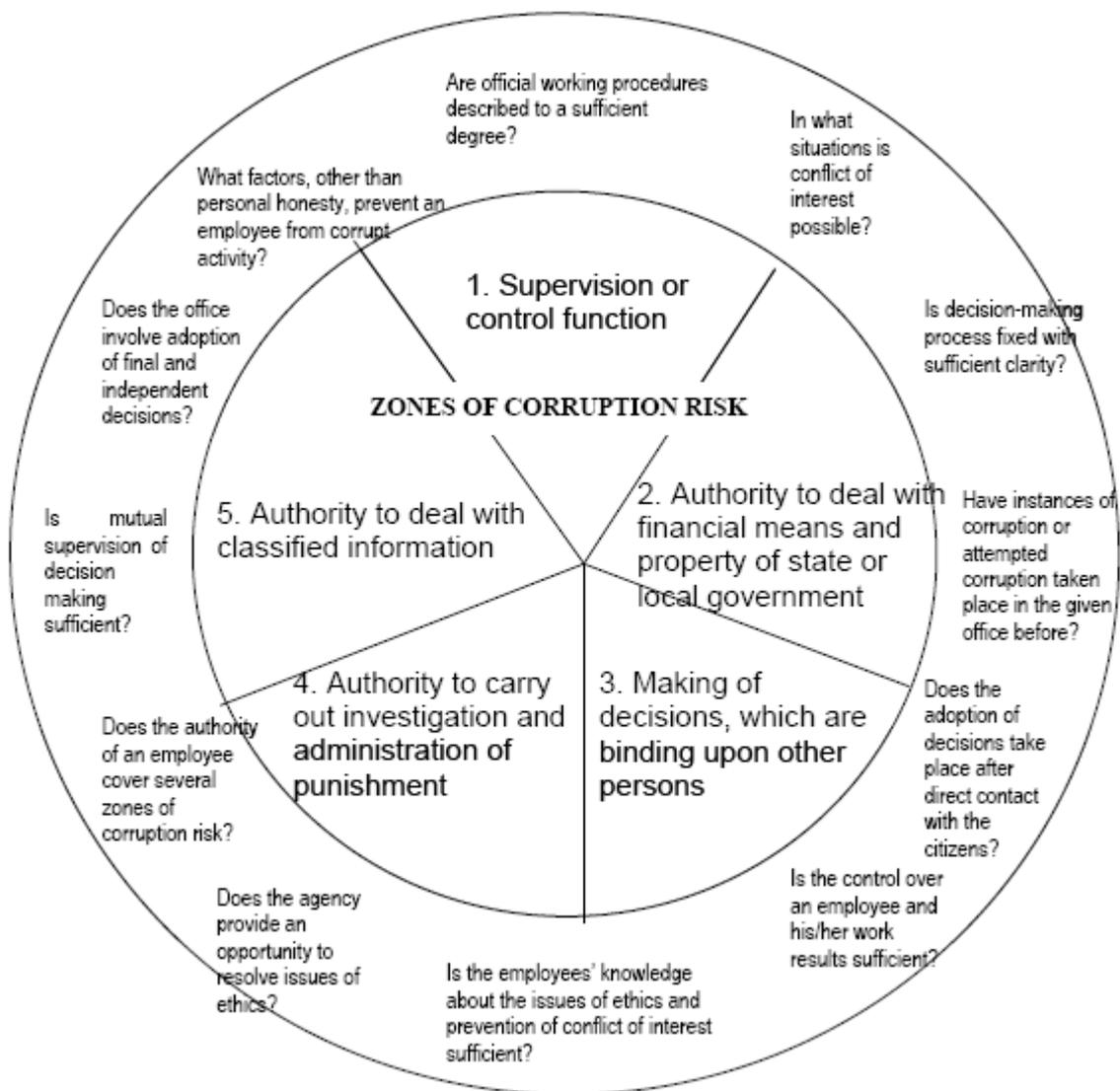
136. International practice focuses on identifying corruption risks and suggests that these can be identified by outlining zones of heightened general corruption risk (as specific types of official authority and functions, e.g., as identified by ICAC) and asking a pre-determined set of questions regarding each of these zones.<sup>68</sup> (see Figure 1)

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<sup>67</sup> Independent Commission Against Corruption, *Profiling the NSW Public Sector: Functions, Risks and Corruption Resistance Strategies*, 2003:24.

<sup>68</sup> Valts Kalniņš, 2005.

Figure 5. Identification of Corruption Risks



Source: Corruption Prevention and Combating Bureau, Latvia. Unpublished document.

137. The model presented in Figure 1 suggests if there is a general corruption risk zone and, at the same time, the answers to a number of questions are negative from the point of view of anticorruption, the particular agency or its sector is judged as being at particularly high risk.<sup>69</sup> This model allows one to obtain answers regarding:

- the likelihood of specific types of corruption;

<sup>69</sup> Valts Kalniņš, 2005.

- the probable consequences of corruption.<sup>70</sup>

138. This type of assessment if *combined with other data (from surveys, caseload outcomes, statistics)*, can provide a fairly accurate picture of the actual extent and pattern of corruption.<sup>71</sup>

#### **Box 10. Corruption risk assessment: Latvia**

In August 2004 the government of Latvia approved the State Program for the Prevention and Combating of Corruption for Years 2004-2008. According to the program each government and local government agency had to prepare a plan of its anticorruption activities. The plans were to be completed by September 2004 and submitted to the Corruption Prevention and Combating Bureau (CPCB).

To assist government agencies, the CPCB prepared simple guidelines for how to draft the plans. The identification of corruption risks and assessment thereof were indicated as first steps in the developing of plans of anticorruption activities. The risk identification and assessment were to be done by agencies themselves as they possess the best knowledge about their own operation.

Governments usually compile some statistical data on the incidence of corruption. Sometimes these data are portrayed as indications of the level and patterns of corruption. Since statistics is often based exclusively on well-established legal facts, this measure may achieve unparalleled validity if one is interested in officially detected corruption.

What is sometimes neglected is the invalidity of official statistics of corruption incidence, if the full corruption picture is the object of interest. The revealed cases of corruption are usually just the tip of an iceberg. Moreover, it is usually difficult to establish a correlation between the number of revealed corruption cases and the actual corruption situation. Thus, we never know whether an increased number of revealed corruption cases means an increase in the actual level of corruption or it means that a higher share of all corruption cases is revealed (unless supplemented by additional evidence). Similarly, if the official number of detected corruption cases is very small, it is impossible to establish from the statistics alone whether this figure reflects the overall low level of corruption or the low rate of detection.

Agencies should be required to demonstrate such indicators of their activity, which are commonly most vulnerable to corruption – e.g. cost effectiveness should be particularly monitored. Public procurement outcomes should be reported in manner, which shows clearly the cost of purchases, which in turn can be compared to a kind of standard of prices, e.g. a special catalogue.

*Source:* Adapted from the Anticorruption Network, 2005.

#### **Controls and Risk Assessment Measurement Practices**

139. There are several approaches for assessing risks and effectiveness of controls:

- Risk assessment surveys, identifying both perception and experience of employees, managers, policy functions (e.g., ICAC “Profiling the NSW Public Sector. Functions, Risks and Corruption Resistance Strategies,” ICAC “Corruption resistance strategies: Researching Risks in Local Government”);

<sup>70</sup> Vadlīnijas iestādes pretkorupcijas pasākumu plāna izstrādei. (Guidelines for the preparation of an agency’s plan of anticorruption activities). The Corruption Prevention and Combating Bureau. Unpublished document.

<sup>71</sup> Valts Kalniņš, 2005.

- Focus groups/interviews with policy communities;
- Client feedback (e.g., HRSDC);
- Caseload outcomes (e.g., financial, HR and others).

### **Surveys**

140. Public service-wide surveys of employees and managers may provide useful information on where the potential risks are across the public service. The surveys allow “to develop a comprehensive profile of the functions, corruption risks and prevention strategies in place across the public sector.” Such risk profiles can help developing tailored approaches to building and sustaining corruption resistance across the sector. This type of research provides us with the means of developing more effective tools and strategies to manage corruption risks, based on the actual experiences and issues faced by individual organisations.”<sup>72</sup> For example, the NSW ICAC “Profiling the NSW Public Sector. Functions, Risks and Corruption Resistance Strategies” Study developed a snapshot of corruption-related issues facing the diverse NSW public sector. “The ICAC developed *two* surveys for this research, one for *Chief Executive Officers (CEOs) and Chairpersons (the organisational survey)* and the other for *public sector staff (the staff survey)*. The surveys asked a variety of questions about corruption prevention strategies already in place, perceptions of corruption risk within the organisation, and the types of activities undertaken by the organisation.”<sup>73</sup>

141. For example, the types of questions asked in NSW public service wide *survey of staff* included:

- *Perceptions of corruption risk* – all respondents were asked to provide their perceptions of corruption risk areas within their own organisation. The surveys set out a number of business processes and activities (e.g. use of agency resources, use of the internet, etc.) and asked a number of questions about perceived risk in these areas.
- *The organisation and its functions* – a range of questions were asked about the organisation, for example, the main area of business, the number of locations the organisation had, etc. The organisational survey had considerably more questions than the staff survey. Additional questions asked of CEOs and Chairpersons included how the organisation was funded and the size of the recurrent budget. The organisational survey also asked whether organisations performed 15 business functions of interest to the ICAC (e.g. allocating grants of public funds, performing an inspectorial and/or regulatory role, receiving cash payments, etc.).
- *Organisational corruption prevention strategies* – both surveys asked a range of questions on corruption prevention strategies in place (e.g. code of conduct, gift and benefits policies, etc.). The organisational survey included additional questions directed at CEOs and Chairpersons, such as whether an internal audit strategy was in place, and whether the organisation complied with a particular legislation. The staff survey asked specific questions of staff, such as how useful they found their code of conduct.

142. This method allowed to identify the risks faced by the organisations as well as functions of public sector that might put employees at a greater risk of exposure to corruption than other functions. It was

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<sup>72</sup> NSW ICAC “Profiling the NSW Public Sector. Functions, Risks and Corruption Resistance Strategies”2003 [www.icac.nsw.gov.au/index.cfm?objectid=39669410-DE6A-D885-00AD280C2DC0647D](http://www.icac.nsw.gov.au/index.cfm?objectid=39669410-DE6A-D885-00AD280C2DC0647D).

<sup>73</sup> Ditto.

found that, on average, each organisation said they perform four (of the possible 15) types of high-risk functions (discussed above). The results showed that at least some of these functions are commonly performed across the public sector. Most of these functions are performed by at least one-quarter of agencies. Two of the functions ('receive cash payments' and 'have regular dealings with the private sector other than the routine purchasing of goods and services') are performed by about two-thirds of the agencies that responded to this survey. The ICAC has developed and included in the report a checklist to assist organisations in identifying their high-risk functions, the risks associated with these functions and the strategies for managing these risks.

### ***Focus groups/interviews***

143. Focus groups with specific policy functions may provide an alternative to surveys in identifying key risk areas and functions. In order to be most effective, focus groups participants can include representatives of key policy functions (finance, HR, procurement, program audit and evaluation). This will help to ensure that the participants have appropriate knowledge so as to provide the most accurate responses to questions about effectiveness of controls.

144. Focus groups or interviews may also serve as a useful instrument in assessing *understanding and awareness of controls*. For example, in the 1995 Auditor General study, public servants were interviewed about their knowledge of key controls, including the policy on *Losses of Money and Offences and Other Illegal Acts Against the Crown*. Similar assessments need to be done with respect to other financial and management controls to help prevent fraud or other illegal activities. "Such controls include separation of responsibilities, contract tender review boards, or confirmation that the goods and services received meet the contract's specifications. One third of senior managers could not identify more than one key financial or management control that prevents fraud or illegal activities" (AG: 1995).

### ***Client Feedback***

145. Client feedback may serve as an indicator of the integrity of "services" provided (e.g., immigration). While it is likely that the feedback may be skewed in some areas (for example, if the bidder did not win the contract), client feedback may help identify some potential issues (if the services were provided in the fair, transparent or equitable manner and thus point to the potential V&E risk areas).

### ***Caseload Outcomes***

146. Additionally, *caseload outcomes* of various control policies ('cases', 'matters', 'files' or 'projects') can serve as another measure of effectiveness of controls (as well as policies and guidelines). Monitoring the number and timeliness of cases handled can serve as an output measure on one hand and as an outcome measure on the other (e.g. number of disclosures made shows effectiveness of recourse internal disclosure policies particularly in the context of high rates of reported fear of reprisal). Caseloads may include criminal, administrative, financial, HR, procurement ones. To be effective, these measures need to be looked at in combination with others. For example, a *low number of reported misconducts combined with reported low fear of recourse might be a positive measure; while a low number of reported misconducts combined with high rates of fear of recourse may be a negative one*. One of the examples of using statistics is provided in the picture below, demonstrating the use of statistics in France.<sup>74</sup>

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<sup>74</sup>

OECD, 2004.:132

### **Box 11. Ethics Commissions - statistics**

The Ethics Commissions, established in 1993, have had to make good a complete lack of statistical data on practices prior to that date.

Once the Civil Service Ethics Commission had been set up, however, it developed a highly comprehensive and extremely detailed statistical tool that gives a good snapshot of the areas and social groups at risk from undue advantage and “pantouflage”.

Data are available on:

#### *Referrals to the courts*

- Status (leave of absence, resignation, retirement, unpaid leave, termination of contract, dismissal);
- Origins of referrals: by administration, sector, category, corps, gender.

#### *Opinions*

- Type of opinion (lack of jurisdiction, inadmissible, justifiable, justifiable subject to conditions, unjustifiable, unjustifiable in the present state of the file);
- Breakdown of opinions by administration, category and corps.

#### *Follow-up*

- List of administrations that have failed to provide information on follow-up;
- List of administration that have contravened opinions, and analysis of cases in which there has been divergence.

This detailed reporting provides some extremely refined data. For instance, it reveals the lack of follow-up and controls where retired civil servants are concerned, and appropriate steps have now been taken to make administrations more aware of the problem.

The Ethics Commission also practices an indirect form of benchmarking by comparing the resourcefulness and efforts deployed by administrations in preparing their case-files (this can be traced by the number of opinions declared to be justified) or following up recommendations.

### ***Self-Audits***

147. Self audits or self-assessments are a good instrument to find out whether controls are effective in identifying key risk areas and potential breaches in conduct. For example, NSW Audit Commissions’ Self-Audit Guide Fraud Control: Providing a Value – added Service for Management offers a guide which leads one through a structured review process which will provide a rating of the overall effectiveness of the agency’s fraud control strategy. This Guide complements other documents in the “Fraud Control” section at the NSW Audit Commission’s “Guide to the Best Practices”. The guide provides a set of self-assessing questions against best practices in the areas of interest. The Audit Office Guide advocates a 10-point strategic management model for fraud control. These ten elements (or attributes) set out by the model deal with:

- Integrated Macro Policy for Fraud Control
- Responsibility Structures
- Fraud Risk Assessment
- Employee Awareness
- Consumer & Community Awareness
- Fraud Reporting Systems
- Protected Disclosures
- External Notification
- Investigation Standards
- Conduct and Disciplinary Standards

148. This *Self-Audit Guide* provides a simple but effective tool, which can be used to analyse and advise upon the effectiveness of internal control strategy and system.<sup>75</sup>

### ***Institutional Assessment***

149. One of the best examples of the institutional assessment of so-called “integrity systems” comes from Australia. The project “National Integrity Systems Assessments (NISA) (1999-2004) conducted by Griffith University and Transparency International Australia “represents a first attempt to ‘map’ a single country’s integrity systems in search of an improved understanding of how such systems interact, where strengths and gaps are most readily found, and what practical reforms or further research might help ensure the best integrity systems into the future.” The project recommends assessing integrity system/ethics infrastructure within the following methodological framework and four-stage process:

- Defining integrity in context.
- Describing and mapping integrity systems.
- Assessment of institutional system through three themes, identified as of qualitative importance in reaching judgments on the integrity systems’ state of health. These themes are interrelated, working as three ‘lenses’ on common issues which can together help identify priority areas for reform: capacity, coherence, consequences.
- Evaluation / adjustment of the methodology.

150. The study suggests that such institutional assessments are an opportunity to develop new approaches to evaluation of integrity systems in developed country contexts, as well as to learn the lessons of comprehensive integrity reforms. For more information on this type of assessment, please refer to the next section.

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<sup>75</sup> NSW Audit Commissions’ Self-Audit Guide Fraud Control: Providing a Value – added Service for Management. 1998 [www.audit.nsw.gov.au/publications/better\\_practice/1998/fraud\\_vol4/selfaudit.doc](http://www.audit.nsw.gov.au/publications/better_practice/1998/fraud_vol4/selfaudit.doc).

**Box 12. Measurement Recommendations**

- Include questions in the public service employee V&E survey (all staff and representatives of policy functions) on:
  - *Perceptions of corruption risk* – questions related to business processes and activities (e.g. use of agency resources, use of the internet, etc.) and perceived risk in these areas;
  - *The organisation and its functions* – a range of questions about the organisation (e.g., the main area of business, the number of locations) can help identify the presence of high-risk functions (e.g. allocating grants of public funds, performing an inspectorial and/or regulatory role, receiving cash payments, etc.);
  - *Organisational corruption prevention strategies* – questions on corruption prevention strategies in place (e.g. code of conduct, gift and benefits policies, etc.), internal audit strategy etc.; and
  - *Awareness and understanding of controls and sanctions*
- Conduct focus groups with representatives of specific policy units to identify the needed and available controls, incidence of pressure to commit or ignore wrongdoing;
- Conduct focus groups with managers to assess awareness and understanding of controls and sanctions;
- Consolidate information on caseload outcomes (administrative, HR, procurement, financial, evaluation, audit, criminal) in order to establish a meaningful (in the sense that it reflects relevant information) and reliable (in the sense that it is trustful) system of reporting and statistical accountability. This system allows to view a full picture of controls in place, as well vulnerable areas to breaches in conduct;
- Develop a Self-Audit Guide and make available to departments for self-assessment; and
- Conduct an audit of internal controls system with respect to V&E in the high risk departments, using the items from the Guide above.

## GUIDELINES, STANDARDS, FRAMEWORKS, RECOURSE/DISCLOSURE

### Concepts and Indicators

151. This roadmap element represents “soft” elements of the ethics regime, which includes initiatives and measures at the public service-wide level or specific to an organisation (e.g. customised codes of conduct). The ethics regime “would also provide for comparable steps to be taken at the level of each public service organisation, either to adapt service-wide approaches to local needs or to supplement them with additional measures needed to suit individual circumstances” (Tait report 1996). The elements of the ethics infrastructure include:

- Code of Public Service Values and Ethics
- Guide for Ministers and Ministers of State (PCO)
- Conflict of Interest and Post-Employment Code for Public Office Holders
- Guidance for Deputy Ministers
- Management Accountability Framework
- Policies related to the Values and Ethics Framework, such as prevention of harassment, policies on internal disclosure
- *Informal Conflict Management System* under the Public Service Modernization Act
- Bill C-11: Public Servants Disclosure Protection Act
  - New Charter of Values and New Code of Conduct

152. The section will address the Code and internal disclosure mechanisms. The assessment methods for the effectiveness of other ethics measures would be similar to the ones discussed in the case of these two elements.

153. The effectiveness of the *Code* could be assessed through the following indicators:

- Code awareness, understanding (the procedures, knowing where the ethics officers are etc.) and usefulness,
- Degree of integration of values in management and operational practices,
- Effectiveness of the Conflict of Interest Policy, and
- Effectiveness of Post-Employment measures.
- Assessment of the effectiveness of *internal disclosure programs* can include:
- Analysis of whether employees have no fear to report wrongdoing,

- Analysis and assessment of how the disclosure was handled,
- Analysis of communication process around disclosure policies and recourse mechanisms,<sup>76</sup>
- Reasons for not seeking help in completing a financial disclosure report, if help was needed,
- Reasons for not seeking advice and, if advice was sought, for not seeking advice from ethics officials,
- The helpfulness of resources consulted when financial disclosure reporting questions arise.<sup>77</sup>

154. In order to fully understand the effects of these policies, it is also important to look at the process of implementation<sup>78</sup>, for example, senior management support, training, enforcement/reinforcement, mechanisms for reporting violations, process of handling disclosures, and connecting the code to performance reviews.

155. The analysis of other factors, which affect the reasoning on whether to disclose wrongdoing or not, will also be necessary. It can be done via focus groups, individual interviews etc. For example, the research conducted by Mark S. Schwartz had suggested that there are several factors affecting the reasoning on whether to disclose or not, which are illustrated in Figure 6.

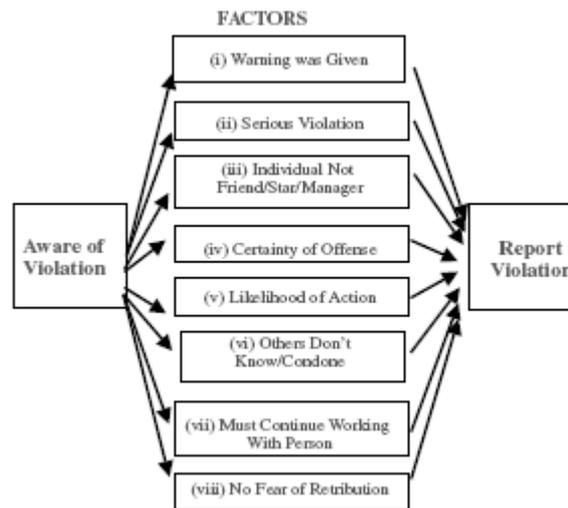
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<sup>76</sup> Valts Kalniņš, 2005.

<sup>77</sup> US OGE Report, 2000.

<sup>78</sup> Benson, G. C. S.: 1989, 'Codes of Ethics', *The Journal of Business Ethics* 8, 305–319; Brandl, P. and M. Maguire: 2002, 'Codes of Ethics: A Primer on their Purpose, Development, and Use', *The Journal for Quality and Participation* 25(4), 8–12; Gellerman, S. W.: 1989, 'Managing Ethics From the Top Down', *Sloan Management Review* (Winter), 73–79; Ethics Resource Center: 1990, *Creating a Workable Company Code of Ethics* (Washington, D.C); Montoya, I. D. and A. J. Richard: 1994, 'A Comparative Study of Codes of Ethics in Health Care Facilities and Energy Companies', *Journal of Business Ethics* 13, 713–717; Jordan, K. S.: 1995, 'Designing and Implementing a Corporate Code of Conduct in the Context of an 'Effective' Compliance Program', In *Corporate Counsel's Guide to Business Ethics Policies* (Business Laws, Chesterland, Ohio), 301–314; Lane, M. R.: 1991, 'Improving American Business Ethics in Three Steps,' *CPA Journal* (February), 30–34.; Pitt, H. L. and K. A. Groskaufmanis: 1990, 'Minimizing Corporate Civil and Criminal Liability: A Second Look at Corporate Codes of Conduct', *The Georgetown Law Journal* 78, 1559–1654; Trevino, L. and K. A. Nelson: 1995, *Managing Business Ethics* (Wiley, New York).

Figure 6. Factors influencing decision to report code violations



Source: Mark S. Schwartz "Effective Corporate Codes of Ethics: Perceptions of Code Users" in Journal of Business Ethics 55, 2004:336

156. The OECD also recommends distinguishing a separate element such as "*transparency system*" in order to assess the effectiveness of V&E policies. Transparency systems may be considered not only in terms of financial disclosure but also the openness of procurement and contracting procedures.

157. In addition to the assessment of specific policies, assessment of effectiveness of such mechanisms as *training*, *communication strategy*, and *counselling* may shed some light of what could be done better. For example, training on application of different ethical principles can be diverse. Assessment of whether employees undergo training at all, or only once when being hired, or undergo regular training, may have different impacts on the state of values and ethics. Other elements of training assessment could include:

- The helpfulness of resources consulted when ethics issues arise,
- The usefulness of education and training in making employees aware of ethics issues and in guiding decisions and conduct in connection with their work, and
- The effectiveness of ethics education and training methods and materials.<sup>79</sup>

158. With respect to communication strategy, it is important to assess its level of awareness and the way understanding is achieved can have an important impact on whether policies are effective. Finally, since counselling mechanisms allow employees to receive advice in response to ethics questions, their assessment can shed light on the usefulness and quality of advice, as well as suggest areas needing improvement.<sup>80</sup>

<sup>79</sup> OECD, 2004.; US OGE report, 2000.

<sup>80</sup> OECD, 2004.

## **Guidelines and Recourse Measurement Practices**

### ***Implementation and Awareness Assessment***

159. Generally, the presence and awareness of guidelines, standards, frameworks, recourse/guidelines (implementation and immediate outcomes [awareness, knowledge] measures) can be assessed *internally* through:

- Checklists (e.g. Twenty Guiding Principles for the Fight against Corruption of the Council of Europe);
- Employee survey (e.g. ICAC Profiling the NSW Public Sector. Functions, Risks and Corruption Resistance Strategies through questions on organisational corruption prevention strategies);
- Interviews with employees and managers with good knowledge of relevant policies (1995 Auditor General report);
- Agency evaluations/data collection on implementation of policies (ICAC Monitoring the impact of the NSW Protected Disclosure Act);
- Interviews with relevant staff on barriers to implementation and types of assistance needed (ICAC Monitoring the impact of the NSW Protected Disclosure Act); and
- Evaluations (e.g., PWGSC Evaluation of the Ethics Program, City of Edmonton evaluation of the Code of Conduct).

### ***Employee Surveys***

160. The general level of awareness and understanding of the Code and other policies can be obtained through *employee surveys*. Employee surveys allow to determine whether “a code of conduct is just a document in the employee handbook or whether it has become part of the agency culture.”<sup>81</sup> Surveys can also shed light on the perception of usefulness for these policies in resolving ethical dilemmas. For example, the Survey conducted by the US OGE provided information with regard to the following questions:

- What level of awareness do employees have regarding the agency ethics programs and program resources?
- What are employee perceptions of agency ethics programs and program resources?
- Are employees aware of and willing to use available support and reporting mechanisms?
- What is the perceived availability and usefulness of ethics training?

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<sup>81</sup> OECD, 2004.

- Is the frequency and type of training received appropriate in relation to financial disclosure report filing status?<sup>82</sup>

### ***Interviews***

161. *Interviews with public servants and managers* (similar to those aimed at awareness of controls), can also provide information on the existing levels of awareness and understanding of key policies. The good example is the 1995 Auditor General study, which “asked public servants about their knowledge of government policies on conflict of interest and fraud and other illegal activities, because these policies provide direction on how to deal with sensitive matters.”

### ***Institutional assessments/agency evaluations***

162. Agency evaluations, combined with assessment of key barriers through interviews to implementing policies, may help understanding why policies are effective or not. This type of assessment may include evaluations of *policy relevance, coherence and feasibility*. For example, the study conducted by ICAC on “Monitoring the impact of the NSW Protected Disclosure Act” involved four phases and had an ultimate objective to measure the effectiveness of the Act. It started with the assessment of organisational arrangements in designing or implementing internal reporting systems, and training or information programs intended for the purposes of the Protected Disclosures Act. The second phase involved interviews with the relevant staff to find out “any problems that organisations may have experienced, or foresaw experiencing, in their attempts to implement internal reporting systems and/or training or information programs intended for the purposes of the Protected Disclosures Act. In addition, this gave organisations the opportunity discuss the type of assistance which they may require in implementing the requirements of the Act.”<sup>83</sup> The next phases of the project focused on the effectiveness of the policies and are reviewed below.

### ***Ethics program evaluations***

163. Finally, program *evaluations* can serve as a useful tool to assess implementation, outputs and outcomes of ethics programs. The RMAF developed by the PWGSC serves as one of the examples of such tools. The RMAF provides the framework to measure and report the results of the program.

### ***Effectiveness Assessment***

164. The effectiveness of the policies (and their usefulness in resolving ethical dilemmas), in turn, can be assessed through:

- Employee surveys (e.g. NSW ICAC Monitoring the impact of the NSW Protected Disclosure Act, APS State of the Values Report);
- Interviews with individuals who had made internal disclosures (e.g. NSW ICAC Monitoring the impact of the NSW Protected Disclosure Act);
- Survey of private consultants/contractors who have worked in/with the government in the past 12 months;

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<sup>82</sup> US OGE report, 2000.

<sup>83</sup> Australian Public Service Commission “Monitoring the impact of the NSW Protected Disclosure Act” 1997

- Caseload outcomes – (e.g., Australian Public Service Commission. The APSC State of the Service Report);
- Evaluations (e.g., PWGSC Evaluation of the Ethics Program, City of Edmonton evaluation of the Code of Conduct).

### ***Surveys***

165. In measuring the effectiveness of ethics policies and guidelines, surveys can again serve as useful instruments. One of the ways to measure the effectiveness of the Code is to assess to which extent are values relevant to the employees' daily work. One particularly good example of measuring behaviours against PS values is the APS Report State of the Service Report. This survey attempts to frame questions in light of APS values. For example, there are questions specifically addressing APS Values and APS Code of Conduct:

- Relevance of the Values to employees' daily work
- Behaviour of colleagues, immediate managers, and most senior managers in accordance with the Values in everyday work

166. For example, the APS Values specify that employment decisions are based on merit. The questions asked employees for their opinions on whether they agree that merit is routinely applied in engagement and promotion decisions involving a competitive selection process. The survey assisted in gaining an understanding of the things that are going well in the APS, and those areas which need an improvement. This type of questions may help understand the degree of embeddedness of values in everyday practices and thus effectiveness.

167. *Surveys of private consultants/contractors*, as discussed in the previous sections, can shed light on their awareness of the ethics policies. The main example of these types of survey is provided by NSW ICAC Private Contractors' perceptions of working for the NSW public sector: an ICAC survey of consultants and contractors. These agents are important for several reasons: a) they may influence public servants and b) they often represent the public sector. In addition, their perception of the importance/usefulness of government policies around values and ethics may affect their interest in working with the public sector (in comparison with the private sector).

### ***Ethical Dilemmas***

168. An additional measure of effectiveness of ethics programs and embeddedness of values and ethics is found in the decision-making process. Employees and managers may be provided with ethical dilemmas or scenarios and asked to describe their decision and rationale for it.

### ***Surveys and interviews on disclosure effectiveness***

169. Surveys can also help reveal attitudes toward reporting wrongdoing among employees and what might stop them or encourage them to report it. An example is the ICAC Study on "Monitoring the impact of the NSW Protected Disclosure Act." As mentioned, this study consisted of four stages. While the first two stages were mainly aimed at assessing implementation of the policy, the third stage involved administering a survey focused on the awareness of employees concerning the Protected Disclosures Act and attitudes to reporting wrongdoing. The fourth, and final, phase involved interviews with individuals who had made Protected Disclosures. The focus was upon the individuals' perceptions of how their

organisation handled their report and how the existence of the Protected Disclosures Act may have affected their experiences. Some of the questions concerning attitudes towards reporting wrongdoing may include:

- Would you take action if asked, noticed wrongdoing?
- Would you take some kind of action to stop or report the undermining of a competition for a contract?
- Would you act when fines or penalties were not imposed equitably?
- Would you act when the matter involved a questionable sole-source contract apparently requested by a senior manager or the minister?

### ***Caseload outcomes***

170. Caseload outcomes are useful sources of data for assessing the effectiveness of the ethics policies and standard (similarly to controls). A good example is provided by the Australian Public Service Commission in The APSC State of the Service Report. The report has analysed for the first time the actions taken by agencies in response to breaches of the APS Code of Conduct, including termination for 70 officers, 28 demotions, 359 reductions in salary and other sanctions. Examples of other caseload outcomes may include a number of disclosures and number of harassment cases. These data, in combination with survey perception data with regard to fear of reporting, may provide a clear understanding of the risk areas in V&E.

### ***Focus groups***

171. Focus groups provide an alternative to surveys in identifying the level of embeddedness of values, and have the advantages of fomenting discussion and a more nuanced insight.<sup>84</sup> The focus group discussion may combine discussion on culture, leadership, people and integration of values.

### ***Evaluations***

172. Similarly to the implementation, evaluations can be used to assess the *effectiveness* of ethics policies. The examples include City of Edmonton “Ethics Framework Evaluation.” The evaluation was approached from four perspectives: an assessment of the steps that City has taken to date, the evaluation undertaken by thirty-three departmental management team participants, the maturity ratings they provided and the comparison of the City’s ethics framework with those of other Canadian municipalities. The evaluation addressed: policy statement, Code of Conduct, Detailed instructions (*Employee Code of Conduct Handbook and Guide* to help employees interpret the Code consistently), training, communications, support strategies (policies, procedures and administrative directives, bylaws, Acts and training courses), as well as such aspects as seeking guidance, reporting violations and evaluation/investigation of alleged violations. This type of an evaluation can create a greater awareness of the rationale and need for an ethical environment in organisations.

173. Evaluation of training and communication around ethics and values can take part either through a large assessment of effectiveness of ethics programs or as stand-alone evaluations. Additionally, the effectiveness of these elements can be assessed either through the survey (e.g., participation in training, usefulness in resolving ethical dilemmas, availability and usefulness of ethics information materials,

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<sup>84</sup>

OECD, 2004.

toolkits etc) or interviews. While surveys are the best in obtaining the benchmarking data, interviews may allow a deeper understanding of what works and what not.

### ***Assessment of transparency system***

174. The US offers an example of assessment of *transparency* systems: US Office of Government Ethics. Report to Congress Evaluating the Financial Disclosure Process for Employees of the Executive Branch, and Recommending Improvements to it - March 2005. The assessment involved document review as well as written input from a number of interested parties, including:

- non-Governmental organisations (NGOs) interested in transition and Presidential appointment issues;
- individuals who have been involved in the White House clearance process for Presidential appointments; and
- agencies and the public through a notice in the Federal Register.

### ***Institutional Assessment***

175. In addition, controls, guidelines, standards, frameworks and recourse/disclosure are a part of the Ethics Infrastructure, *effectiveness and coherence* of which could be assessed by several means. One example of Institutional Framework Studies includes “National Integrity System of Australia” (NISA), which assessed the integrity system and comprised three bodies of information:

- Interviews with senior executives of agencies;
- Focus groups to discuss best practices; and
- A survey aimed at establishing the effectiveness of interaction between agencies within the integrity system.

176. The study provides an assessment of the health and progress of the national integrity system on a comprehensive basis. The NISA methodology as a whole is provisionally structured around a range of models for describing and ‘mapping’ the integrity system, followed by a threefold assessment framework, evaluating the capacity of the identified systems (variously defined), the coherence and their impacts or consequences. The Project consisted of five phases, structured primarily by sector and jurisdiction: 1. The Queensland pilot public sector integrity system assessment (1999-2001) 2. Business integrity system assessment, RMIT School of Management (2001-02) 3. Commonwealth public sector assessment, Charles Stuart University (2001-04) 4. New South Wales public sector assessment, University of Sydney (2002-04) 5. National comparative and inter-sectoral research, Griffith and Australian National Universities (2003-04). This type of study may provide a comprehensive information of the effectiveness of the system, and help identify its strengths and weaknesses.

177. As part of the institutional assessment, self-assessment guides for ethics practitioners may serve as a useful reference point. For example, Ethics Practitioners Association of Canada developed a Self-Assessment Guide for ethics practitioners. The Guide aimed at improving:

- functions or activities, such as working with organisations to identify organisational values and develop ethics programs;

- knowledge, such as understanding the application of major theories of ethics and decision-making models; and
- skills such as facilitating constructive dialogue on ethics-related issues.

**Box 13. Measurement Recommendations**

- Include questions assessing awareness of the ethics measures (policies, guidelines, communication, training) in the public service V&E survey;
- Conduct employee focus groups to:
  - *Understand the efforts to embed V&E Code in organisational practices,*
  - *Assess the effectiveness and usefulness of ethics training, materials and communication,*
  - *Understand the key factors preventing effective use of the Code,*
- Conduct focus groups with ethics practitioners in the departments to assess:
  - *Level of awareness and understanding of values and ethics,*
  - *Challenges and opportunities in embedding PS V&E,*
  - *Training, communication needs,*
- Conduct interviews with individuals who made an internal disclosure, to assess how it was handled,
- Undertake institutional assessment of ethics related institutions (e.g., Ethics commissioner),
- Assess institutional coherence of V&E measures through a large scope study, which would look at all the integrity institutions, policies and measures,
- Assess post-employment measures – possibly through the evaluation of the process to ensure that the measures are enforced, as well as the effectiveness of policies to achieve its goals,
- Undertake the following evaluations:
  - *Evaluation of departmental ethics programs,*
  - *Evaluation of Code communication, training, integration in management practices, and*
  - *Evaluation of transparency system: financial disclosure and procurement process.*

#### IV. LOOKING FORWARD

178. While specific recommendations were provided in each section of the report, this section will offer a summary of forward-looking recommendations. The literature review and analysis of current measurement practice suggest that while, there has been significant work done on V&E measurement, much remains to be done. The following describes the next steps, which would help to advance the OPSVE understanding of the key drivers of trust and perception of V&E performance, provide benchmarking information for measuring the state of values and ethics in the public sector as well as identify key V&E risks for further management action.

##### External Assessment

- Conduct a research study on trust and external perception of ethical conduct in the government and public service (literature review with possible focus groups or citizen survey), use these focus groups or the survey to assess external perception of conduct of public service leaders and identify opportunities for improvement;
- Organise focus groups or expert panels with specialists in V&E and media, in order to see what can be done to improve perceptions of the government's integrity and honesty, assess external perception of conduct of public service leaders;
- Conduct a stand-alone survey of journalists, or include them in the citizen-based survey sample, in order to identify their perception of government's V&E performance and develop management action to address misperceptions;
- Promote the use of citizen feedback report cards, as a way to measure perception of integrity and V&E performance of certain institutions (e.g., CRA, CIC and others);

## Internal Assessment

- Conduct a public service values and ethics survey, to identify the key drivers of organisational performance, as well as to obtain benchmarking information with regard to the state of values and ethics in the public service;
- Organise focus groups with senior managers, to identify the challenges and opportunities in establishing high V&E performing organisation;
- Conduct focus groups with policy communities, to assess values and ethics risks and identify areas vulnerable to potential breaches in V&E conduct;
- Encourage use of 360 feedback in the departments, using some of the identified tools, as a way to assess leadership in V&E;
- Undertake a survey of consultants working with the public sector, to identify gaps in their knowledge and potential misconceptions or negative attitudes about the public sector that have to be addressed;
- Conduct management focus groups, to assess awareness and understanding of controls and sanctions;
- Consolidate information on caseload outcomes (administrative, HR, procurement, financial, evaluation, audit, criminal) in order to establish a meaningful (in the sense that it reflects relevant information) and reliable (in the sense that it is trustful) system of reporting and statistical accountability. This system allow to view a full picture of controls in place, as well vulnerable areas to breaches in conduct;
- Conduct employee focus groups to:
  - Understand the efforts to embed V&E Code in organisational practices;
  - Assess the effectiveness and usefulness of ethics training, materials and communication;
  - Understand the key factors preventing effective use of the Code;
- Conduct focus groups with ethics practitioners in the departments to assess:
  - Level of awareness and understanding of values and ethics;
  - Challenges and opportunities in embedding PS V&E;
  - Training, communication needs;
- Undertake institutional assessment of ethics related institutions (e.g., Ethics commissioner);

- Assess institutional coherence of V&E measures through a large scope study, which would look at all the integrity institutions, policies and measures;
- Evaluate implementation and effectiveness of ethics related policies and programs (e.g., assess how internal disclosure was handled);

**Other Recommendations**

- Develop departmental case-studies of how values are embedded in everyday practices;
- Conduct further research on ethical climates (e.g., DND practice) and do a pilot assessment of the state of ethical climate using Victor and Cullen's typology;
- Develop documents assisting departments to measure V&E dimension of organisational culture and climate (toolkit, checklist for agencies to assess themselves on the degree of value integration); and
- Develop (in partnership with other functional communities) a Self-Audit Guide and make it available to departments for self-assessment.
- Update the V&E Roadmap indicators in order to reflect the research to date.

**APPENDIXES**

*Appendix 1. Measurement approaches: A Summary Table*

|                                     | <b>Trust/integrity</b>             | <b>Culture</b>                             | <b>Leadership</b>                          | <b>People</b>    | <b>Risks, controls</b>                                  | <b>Guidelines</b>   |
|-------------------------------------|------------------------------------|--|--|------------------|---|---------------------|
| <b>MEASURES</b>                     |                                    |  |  |                  |   |                     |
| Implementation                      |                                    |  |  |                  | X   | X                   |
| Activity                            |                                    |  |  |                  | X   | X                   |
| Institutional Effectiveness         |                                    |  |  |                  |   |                     |
| Results                             | X                                  | X  | X  | X                | X   | X                   |
| Feasibility                         |                                    |  |  |                  | X   | X                   |
| Relevance                           |                                    |  |  |                  | X   | X                   |
| Coherence                           |                                    |  |  |                  | X   | X                   |
| <b>LENS</b>                         |                                    |  |  |                  |   |                     |
| International                       | X                                  |  | X  |                  |   |                     |
| Domestic External                   | X                                  |  | X  |                  | X   |                     |
| Domestic Internal                   | X                                  | X  | X  | X                | X   | X                   |
| <b>DATA</b>                         |                                    |  |  |                  |   |                     |
| Perception                          | Surveys, panels, focus groups, etc | Employee Surveys<br>Interviews             | Surveys, self assessments,<br>Focus groups | Employee Surveys | Surveys   | Surveys             |
| Experience (e.g., direct pressures) |                                    | Employee surveys, policy units, consultant | Employee surveys                           | Employee surveys | Client feedback, employee surveys, policy unit employee | Interviews, surveys |

|             |                                    |   |  |                  |                              |                              |
|-------------|------------------------------------|---|--|------------------|------------------------------|------------------------------|
|             |                                    | s |  |                  | survey                       |                              |
| Beliefs     | Surveys, panels, focus groups, etc |   |  | Employee Surveys |                              |                              |
| Comportment |                                    |   |  |                  | Evaluation of implementation | Evaluation of implementation |
| Stats/Cases |                                    |   |  |                  | Stats/Cases                  | Stats/Cases                  |

**Appendix 2. Ethical Climate Interview questions<sup>85</sup>**

***Egoism***

1. In this organisation, people are mostly out for themselves? (ego individual)
2. People are expected to do anything to further the organisation's interests – to the exclusion of all else? (ego local)
3. Is the most cost-effective way always the right way in your organisation? (ego cosmopolitan)

***Benevolent***

4. In this organisation, our major concern is what is right for the other person. (benevolent individual)
5. What is best for everyone in your organisation is the major concern here? (benevolent local)
6. In this organisation, it is always expected that people in the organisation will do what is right for the public. (benevolent cosmopolitan)

***Principle***

7. In this organisation people are expected to follow their own personal and moral beliefs? (principle individual)
8. Successful people in this organisation go by the book? (principle local)
9. In this organisation people are expected to follow legal or professional standards strictly? (principle cosmopolitan)

**Appendix 3. Ethical Culture Questionnaire<sup>86</sup>**

179. We would like to ask you some questions about the general culture in your company. Please answer the following in terms of how it really is in your company, not how you would prefer it to be. Please be as candid as possible; remember, all your responses will remain strictly anonymous. Please indicate whether you agree or disagree with each of the following statements about your company. Please use the scale and write the number which best represents your answer in the space next to each item.

\_\_\_ 01. In this organisation, people are encouraged to take full responsibility for their actions.

\_\_\_ 02. The top managers of this organisation represent high ethical standards.

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<sup>85</sup> Ken Rasmussen, David Malloy and James Agarwal “The Ethical Climate of Government and Non-profit Organizations: Implications for Public-Private Partnerships.” *Public Management Review* Vol. 5 Issue 1 2003 83–97

<sup>86</sup> Susan Kay “Organisational Ethical Culture: Real or Imagined?” *Journal of Business Ethics* 20: 217–225, 1999.

- \_\_\_ 03. My coworkers commonly engage in unethical behavior.
- \_\_\_ 04. The average employee in this organisation reports unethical behavior he or she observes.
- \_\_\_ 05. Ethical behavior is the norm in this organisation.
- \_\_\_ 06. Penalties for unethical behavior are strictly enforced in this organisation.
- \_\_\_ 07. Top managers of this organisation regularly show that they really care about ethics.
- \_\_\_ 08. In this organisation, unethical behavior is commonplace.
- \_\_\_ 09. Unethical behavior is punished in this organisation.
- \_\_\_ 10. People of integrity are rewarded in this organisation.
- \_\_\_ 11. Top managers of this organisation guide decision making in an ethical direction.
- \_\_\_ 12. My coworkers in this organisation are highly ethical.
- \_\_\_ 13. Management in this organisation disciplines unethical behavior when it occurs.
- \_\_\_ 14. Ethical behavior is rewarded in this organisation.
- \_\_\_ 15. Top managers of this organisation are models of ethical behavior.
- \_\_\_ 16. The average employee in this organisation accepts organisational rules and procedures regarding ethical behavior.
- \_\_\_ 17. Organisational rules and procedures regarding ethical behavior serve only to maintain the organisation's public image.
- \_\_\_ 18. Employees perceive that people who violate organisational rules and procedures regarding ethical behavior still get formal organisational rewards.

#### ***Appendix 4. Ethical Dilemmas***<sup>87</sup>

##### *Coercion and control*

180. Collusive efforts of local manufacturers has barred the Rollfast Bicycle Company from entering a large Asian market. Rollfast management expects to net 5 million dollars annually from bicycle sales if it could penetrate the market. Last week a businessman from the country contacted Rollfast management and assured them that he could smooth the way for the company to sell in his country for a "grease" fee of \$500,000.

181. *If you were responsible, would you pay the bribe or so-called "grease" fee?*

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<sup>87</sup> Shane R. Premeaux « The Current Link Between Management Behavior and Ethical Philosophy » Journal of Business Ethics 51: 269–278, 2004.

*Conflict of interest*

182. Bill Smith has recently accepted a job with an aggressive microcomputer manufacturer. Microcomputer manufacturers are engaged in intense competition to become the first to develop a software package that utilises English language commands to do complex tasks, and thus is easily used by the average customer. Smith's former employer is rumoured to be the leader in this software development. When Smith was hired he more ethical despite economic pressures. was led to believe his selection was based on his management potential. However, the morning beginning the third week of his new job, Smith received the following memo from the company president: "Please meet with me tomorrow morning at 8:15 for the purpose of discussing the progress your former employer has made in the development of language driven software."

183. *If you were Smith, would you provide your new employer with the software information?*

*Physical environment*

184. Master Millers has developed a special milling process which yields a wheat flour which when used for bread provides a lighter more uniform texture than conventionally milled wheat flour.

185. Unfortunately, the process gives off more dust than the emission control equipment presently installed can handle and still maintain emissions within legal limits. Due to lack of availability, the company is unable to install new emissions control equipment for at least two years; however, if it waited that long to introduce the new process, competitors would very likely beat it to the market. The general manager wants to use the new process during the third shift which runs from 10 p.m. to 6 a.m. By using the process at that time, the new flour could be introduced and the excess pollution would not be detected due to its release in the dark. By the time demand becomes great enough to utilise a second shift, new emission control equipment should be available.

186. *If you were responsible, would you approve the general manager's request?*

*Personal integrity*

187. Jack Ward is working in product development for an automobile parts contractor. Ward's firm received a large contract last summer to manufacture transaxles to be used in a new line of front wheel drive cars which a major automobile manufacturer plans to introduce in the near future. The contract is very important to Ward's firm, which has recently fallen on hard times. Just prior to obtaining the contract, half of the firm's employees, including Ward, had been scheduled for an indefinite layoff. Final testing of the assemblies ended last Friday and the first shipments are scheduled for three weeks from today. As Ward began examining the test reports, he discovered that the transaxle tended to fail when loaded at more than 20% over rated capacity and subjected to strong torsion forces. Such a condition could occur with a heavily loaded car braking hard for a curve down a mountain road.

188. The results would be disastrous. The manufacturer's specifications call for the transaxle to carry 130% of its rated capacity without failing. Ward showed the results to his supervisor and the company president who indicated that they were both aware of the report. Given the low likelihood of occurrence and the fact that there was no time to redesign the assembly, they decided to ignore the report. If they did not deliver the assemblies on time, they would lose the contract. Ward must now decide whether to show the test results to the automobile manufacturer. *If you were Ward, would you notify the automobile manufacturer?*

***Appendix 5. Guidelines for Measuring Trust in Organisations***<sup>88</sup>

*A Typical Trust Measurement Questionnaire*

189. Questions to measure trust, including the dimensions of integrity, competence, dependability

- This organisation treats people like me fairly and justly. (Integrity)
- Whenever this organisation makes an important decision, I know it will be concerned about people like me. (Integrity; original dimension: faith).
- This organisation can be relied on to keep its promises. (Dependability)
- I believe that this organisation takes the opinions of people like me into account when making decisions. (Dependability)
- I feel very confident about this organisation's skills. (Competence)
- This organisation has the ability to accomplish what it says it will do. (Competence)
- Sound principles seem to guide this organisation's behavior. (Integrity)
- This organisation does not mislead people like me. (Integrity)
- I am very willing to let this organisation make decisions for people like me. (Dependability)
- I think it is important to watch this organisation closely so that it does not take advantage of people like me. (Dependability) (Reversed)
- This organisation is known to be successful at the things it tries to do. (Competence)

*Questions to measure Control Mutuality*

- This organisation and people like me are attentive to what each other say.
- This organisation believes the opinions of people like me are legitimate.
- In dealing with people like me, this organisation has a tendency to throw its weight around. (Reversed)
- This organisation really listens to what people like me have to say.
- The management of this organisation gives people like me enough say in the decision-making process.
- When I have an opportunity to interact with this organisation, I feel that I have some sense of control over the situation.
- This organisation won't cooperate with people like me. (Reversed)

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- I believe people like me have influence on the decision-makers of this organisation. Commitment
- I feel that this organisation is trying to maintain a long-term commitment to people like me.
- I can see that this organisation wants to maintain a relationship with people like me.
- There is a long-lasting bond between this organisation and people like me.
- Compared to other organisations, I value my relationship with this organisation more.
- I would rather work together with this organisation than not.
- I have no desire to have a relationship with this organisation. (Reversed)
- I feel a sense of loyalty to this organisation.
- I could not care less about this organisation. (Reversed)

*Satisfaction:*

- I am happy with this organisation.
- Both the organisation and people like me benefit from the relationship.
- Most people like me are happy in their interactions with this organisation.
- Generally speaking, I am pleased with the relationship this organisation has established with people like me.
- Most people enjoy dealing with this organisation.
- The organisation fails to satisfy the needs of people like me. (Reversed)
- I feel people like me are important to this organisation.
- In general, I believe that nothing of value has been accomplished between this organisation and people like me. (Reversed) Communal Relationships
- This organisation does not especially enjoy giving others aid. (Reversed)
- This organisation is very concerned about the welfare of people like me.
- I feel that this organisation takes advantage of people who are vulnerable. (Reversed)
- I think that this organisation succeeds by stepping on other people. (Reversed)
- This organisation helps people like me without expecting anything in return.
- I don't consider this to be a particularly helpful organisation. (Reversed)
- I feel that this organisation tries to get the upper hand. (Reversed)

*Exchange Relationships*

- Whenever this organisation gives or offers something to people like me, it generally expects something in return.
- Even though people like me have had a relationship with this organisation for a long time, it still expects something in return whenever it offers us a favor.
- This organisation will compromise with people like me when it knows that it will gain something.
- This organisation takes care of people who are likely to reward the organisation.

***Appendix 6. Leadership Questionnaire***<sup>89</sup>

- Protects subordinates from external criticisms.
- Involves subordinates in goal setting and decision making.
- Gladly guides and directs those subordinates who work hard.
- Coaches and counsels the subordinate whenever required.
- Works with subordinates in a satisfactory way.
- Appreciates those subordinates who want to perform better.
- Is affectionate to hard working subordinates.
- Encourages subordinates to take greater responsibility.
- Identifies the deficiency of each subordinate and provides opportunity to remove the deficiency.
- Gives subordinates the opportunity to try out innovative methods.
- Communicates and specifies in simple ways what the organisation aims to achieve in future.
- Suggests new ways of looking at how we do our jobs.
- Goes out of his way to help subordinates.
- Moves ahead with determination amidst difficulties.
- Coordinates the activities of different departments to achieve organisational goals.
- Provides rewards and sanctions for worthwhile contribution of subordinates.
- Goes beyond self interest for the good of the organisation

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<sup>89</sup> Rooplekha Khuntia and Damodar Suar “A Scale to Assess Ethical Leadership of Indian Private and Public Sector Managers” *Journal of Business Ethics* 49: 13–26, 2004.

- Encourages to take risk to achieve goals.
- Does what he/she says.
- Is open to criticisms and disagreements.
- Heightens subordinates desire to succeed.
- Pursues the organisational goals with single-minded devotion.

***Appendix 7. Promoting the APS Values: A checklist for Agency Heads<sup>90</sup>***

190. The aim of this checklist is to help Agency Heads assess how well the APS Values and Code of Conduct are being integrated into the management and culture of an agency and to identify areas for improvement.

*Commitment*

- In what ways do senior leaders demonstrate visible and strong commitment to the APS Values?
- How do senior leaders encourage employees to raise questions about ethical dilemmas?
- How is it ensured that employees know they will not be victimised for raising ethical issues?
- How do senior leaders communicate to employees that conduct consistent with the APS Values and Code of Conduct is expected and that misconduct will not be tolerated?
- Are the Values integrated with strategic direction-setting to allow values-based decision making to cascade through planning and performance frameworks at all levels?
- Do learning and development programs aimed at leaders and managers include guidance on modelling the APS Values and their responsibilities to staff, and training in coaching and mentoring for values-based decision making?
- Is information about the APS Values and the Code of Conduct included in induction programs?
- How are APS employees informed about the standards of conduct expected of them?
- Are there learning and development programs available to all employees that address their responsibilities under the APS Values and Code of Conduct and handling tensions inherent in the APS Values, develop skills for ethical analysis and reasoning and provide sources of guidance and direction?

*Management*

- How do management policies and practices reflect the APS Values and Code of Conduct?

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<sup>90</sup> Embedding the APS Values: Case Studies and other Supporting Material: Promoting the APS Values: A Checklist for Agency Heads [www.apsc.gov.au/values/casestudies1.htm](http://www.apsc.gov.au/values/casestudies1.htm).

- Are all instructions and guidance to employees, including chief executive instructions, people management rules and guidance, and advice on communications with ministers' offices and the media, consistent with and supportive of the APS Values and Code of Conduct?
- Is a commitment to the APS Values and Code of Conduct set out in key corporate documents such as the corporate plan, service/client charters and workplace agreements?
- How is it ensured that the APS Values and Code of Conduct are integrated into the performance management framework?
- Are relevant legislation and rules clearly set out in instructions and guidance to employees?
- Where written instructions and guidance create latitude for decision making is reference made to the APS Values and Code of Conduct?
- Do instructions, advice and guidance actively encourage day-to-day observance of the APS Values and Code of Conduct?
- Are instructions, advice and guidance aimed at all employees easily accessible? Is there good cross-referencing and, if this is made available electronically, good key word search facilities?

*Assurance*

- What measures are in place to ensure that internal control systems, such as internal audit, fraud control strategies and risk assessment, are functioning and effective?
- How is it ensured that the agency's procedures for determining whether an employee has breached the Code of Conduct are effective? How is it ensured that sanctions for breaches of the Code of Conduct are reasonable and have regard to relevant legal principles? How is it ensured that there is broad consistency of decision making with respect to sanctions across the agency?
- How is it ensured that employees are encouraged to expose wrongdoing without fear of victimisation and are aware of agency whistleblowing procedures?
- How are decision making review systems (both internal and external) used to provide systematic feedback on agency systems and procedures and their consistent support of the Values?
- How is it ensured that employees are aware of the agency's review of action scheme? How is it ensured that employees are informed of their review rights, including how to seek a review?
- How are customer (or client) and staff surveys used to assess how the agency is upholding the APS Values?
- How is it ensured that tenderers, contractors and suppliers understand what is expected of them and the APS employees they have contact with, in terms of the APS Values and Code of Conduct, and the standards of behaviour they should exhibit when tendering for a contract and in delivering their contractual obligations?
- How are these expectations enforced?

- How is it ensured that records are created and maintained that meet accountability requirements (including compliance with legislation), business needs and community expectations?
- Subject to any limitation required by legislation, how is it ensured that decision making processes are transparent and open to public scrutiny?
- How is adherence to the APS Values and Code of Conduct monitored within standard corporate reporting and management information systems?