

# **Exploring the public-private divide: An initial comparison of some integrity assessment tools (IATs)**

Dr Arthur H. Shacklock: Key Centre for Ethics, Law, Justice and Governance, Griffith University

Ms Carmel Connors: Key Centre for Ethics, Law, Justice and Governance, Griffith University

Dr Angela Gorta: NSW Police Integrity Commission

Mr Frank O'Toole: Deloitte Touche Thomatsu, Australia

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## 1. INTRODUCTION

The world of business and public sector management has changed dramatically in Australia over the past 20 years, as regards attitudes towards poor governance and corrupt behaviour in both the public and private sectors. The major excesses of the 1980s and 90s gave birth to a movement in public sector ethics, leading to the establishment of anti-corruption agencies, major enquiries into ethical misconduct and a myriad of integrity building strategies. Internationally, major corporate excesses and collapses, such as Enron, Worldcom and others, have jolted citizens out of their lethargy. In Australia, the collapse of companies such as HIH and OneTel and other dubious practices have heightened public awareness of the need to address ethics and corporate governance at the highest levels in both the private and public sectors (Bower & Gilson, 2003, 20; Clarke, Dean, & Houghton, 2002, 58-72; Dabscheck, 1998, 155-187; Glasbeek, 1998, 188-221; Houghton & Jubb, 2003, 67; Leibler, 2003, 61-; Leung & Cooper, 2003, 505; Mellema, 2003, 125; Prasser, 2004, 94; Riley, 2003, 31; Veasey, 2003, 839).

Royal Commissions, Senate Enquiries and other forms of public sector investigations and reviews have yielded alarming results with high-ranking officials charged and gaoled. In this environment, considerable pressure has been placed on both the public and private sectors to upgrade their attention to ethics, integrity and good governance. This has involved passing legislation, developing codes of ethics/conduct, delivering training in ethics and governance issues as well as instituting rewards and sanctions and establishing compliance systems and watchdog agencies.

Following on from these activities, there has been an interest in assessing the degree to which they have been successful in enhancing ethical behaviour and integrity. There is now a range of IATs in use in both the public and private sectors. However, the literature is undeveloped on the issue of usefulness, comparability or compatibility of these various tools, except, perhaps, for authors who have highlighted the difficulties and complexities of measuring specific areas of integrity and good governance such as the quality of corporate directors or corporate reputation (Cravens, Oliver, & Ramamoorti, 2003, 200; Epstein & Roy, 2004, 1; Scissons, 2002, 20-26).

These tools differ in many respects, and it is not possible in this paper to identify all that may be in use and their characteristics. Our primary purpose is to begin a more focused examination of such tools, by selecting a limited number in both sectors, which appear to have substance and to be yielding useful information. While our initial intention was to create a tentative categorisation, the wide differences in the tools does not, at this stage, lend itself to that level of analysis. We hope that our limited examination and comparisons will generate interest in this issue and encourage further research. In the longer term, a more definitive categorisation would help build a better understanding of the various IATs across all sectors, as well as how they might interact and overlap usefully in presenting an accurate and more complete picture of the impact of the various integrity-building strategies.

Before commencing our discussion, it is useful to establish some definitional parameters. The literature abounds with numerous definitional approaches to what

is meant by the terms “integrity” and “corruption”. This confounding factor in the interpretation of data means that this terminology can differ significantly between authors, organisations, sectors, cultures and countries. Precision about what is being described is difficult to establish across the various assessments or studies. Major international measurement tools, such as those used by Transparency International (TI) and the World Bank have attracted ongoing debate over what their respective indexes measure. Actual composition of data emanating from different locations can vary widely. It is not the place of this paper to re-enter this debate, but merely to identify definitional problems. See for example:(Jain, 2001, 71-121)

## 2. ASSESSING INTEGRITY IN AUSTRALIA

Significant governance reforms have been implemented in Australia for more than 20 years. Yet, new cases of unethical conduct are constantly being reported. This raises an important question: to what extent has the myriad of anti-corruption and ethics building activities and strategies been effective in curbing corruption and unethical practices and in building integrity? Despite a high level of activity, little research is apparent on the impact and effectiveness of the strategies adopted because of the methodological difficulties involved.<sup>1</sup>

It has been stressed that measurement techniques need to clearly guide an organisation's ability to identify and consider high-risk functions, to examine corruption prevention strategies in place, and to gauge the awareness of employees of the relevant organisational issues, policies and strategies. Such data can form the basis upon which to obtain a clear profile of the organisation, similar organisations or the entire sector. It has also been argued that qualitative rather than quantitative measures are the most effective in yielding usable information (Gorta, 2003).

The purpose of this paper is to examine some of the IATs now in use for assessing the impacts of integrity building strategies. We are not concerned with the detail of strategies themselves, nor with the global assessments made by such organisations as Transparency International (TI) or World Bank (WB), except as might be needed for contextualising examples. Rather, we are interested in the specific features of Australian tools. For this task, we have selected several key strategies employed within the public and private sectors. We do not argue that these are the only assessment activities, or necessarily that they are the best. However, they do yield features which are worth examining and comparing to the extent that this is possible. Our examination is a snapshot. The development of a comprehensive 'typology' or categorisation will be an iterative process and will need to be the subject of considerable work in the future.

In the public sector, the results of this assessment activity eventually become public, appearing in special reports to parliament, review documents from watchdog agencies, departmental annual reports and other forms of public communication such as agency web sites. In the private sector, it is often more difficult to elicit information that reviews the effectiveness of integrity building strategies. This does not suggest that such activities are not occurring but that private companies and

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<sup>1</sup> Because of the nature of corruption, it is difficult to ascertain the level of corruption before the intervention; how much corruption there would have been if the intervention had not occurred; or, how much corruption is currently occurring. Hence, it is difficult to access the effectiveness of the intervention.

corporations are more likely to maintain this information “in-house”. This does not suggest that the public sector is more ethical or has more integrity than the private sector, nor *vice versa*.<sup>2</sup>

### 3. PUBLIC & PRIVATE SECTORS – AN ERA OF CHANGE

In recent decades, changes brought about by deregulation, commercialisation, corporatisation and privatisation have fundamentally altered public sector management and organisation across the world. A shift to a more entrepreneurial management style, compulsory competitive tendering and outsourcing of the delivery of many government services, the set-up of discrete purchaser/provider units within departments, successive restructurings and retrenchments has left a residual public sector to operate in an environment where the skills, culture and values systems differ significantly from that of a traditional bureaucracy. The worlds of the private and public sectors have become much more enmeshed.

The public sector shift towards private sector style self-governing agencies tests the customary mode of accountability with tension emerging between managerial independence and managerial accountability. Some argue that the intermingling of public and private sector values within organisations involved in these new governance arrangements and bodies where both public and private values co-exist (spanning the public/private divide) are under the most stress to develop a new culture to update their working practices (Mulgan, 2000, 93).

Many doubt whether business administration theories and techniques – and hence governance and integrity measures – can be easily transposed, let alone imitated in the public sector (Argyriades, 2003; Clatworthy, Mellett, & Peel, 2000; Grimshaw, Vincent, & Willmott, 2002; Kickert, 1997; Klijn & Teisman, 2003). Generally, the literature argues that the main impediment is the fundamental differences in role, environment, culture and organisational characteristics of public and private sector agencies. Theobald (1997, 490) strongly argues that the importance of a market driven philosophy and the need for openness and accountability that are indispensable features of all public sector organisations are incompatible. For example, management in the public sector has to deal with more values than effectiveness and efficiency criteria, such as legitimacy, social justice and equal rights. And, it may be more constructive to recreate public institutions “built on a fuller understanding of the essential distinction between public and corporate management” (Gregory, 1999, 68).

Nevertheless, the reforms to the public sector, which have come to be known as “New Public Management” (NPM), amount to an administrative philosophy that has become widely accepted (Clark, 2002; Haque, 2001; Pollitt & Bouckaert, 2000; Terry,

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<sup>2</sup> While that judgment is sometimes aired and debated in the literature, there is probably no such definitive generalisation that can be legitimately made. A recent example of how business can be denigrated in this way was in the recent debate that occurred in the Australian media between the Reputex survey group and several companies who did not take part in Reputex's 2003 integrity survey. The suggestion in the media was that those who were not prepared to take part in this survey were somehow admitting guilt. This point is made here to ensure that the reader does not assume that by our omitting some organisational initiatives from our limited examination that we are saying that they may not be doing similarly valuable work. If there are other substantial IATs, the authors would like to be advised.

1998). However, there is a rise in concern about the impact of NPM reforms on public service ethics with “the more practice oriented literature (for example, (OECD, 1996), and (OECD, 2000)) suggesting a shift in public service ethical standards and in unethical behaviour” (Maesschalck, 2004, 468).

The private sector in Australia has fared no better and has been under similar but different pressures to undertake reforms in ethics and governance. These pressures have primarily emanated from recent corporate collapses such as HIH and One-Tel as well as earlier revelations about the Bond and Skase empires for example. In the case of the collapse of HIH, the insurance giant, an insurance black hole was created because this company underwrote so many others in the Australian insurance industry. Another highly publicised debate in Australia is that of executive remuneration at the same time as organisations are being downsized and workers salaries held in check. Australian shareholders, even those with smallholdings, are taking a greater interest in the management and accountability of corporations in which their retirement savings are invested.

Likewise, business ethics has become relatively more important (Kusku & Zarkada-Fraser, 2004; McMahon, 1995; Milton Smith, 1997). Since the late 1980s in Australia, a series of Royal Commissions have revealed entrenched corruption in many areas of public and business life with ethical standards and guidelines becoming key issues on the management agenda. Therefore, it is important that both private and public sector organisations address ethics as a corporate culture issue to be strategically managed and monitored by top management. To do this, the capacity of public and private sector managers to enhance integrity and control corruption must be reinforced. Will is not enough. Skills and tools are needed for engaging with workplace realities.

The signposting of ethics has been assisted, to a large extent, by legislation and other regulatory changes. In recent times, the Australian government and regulators have strengthened governance arrangements (CLERP 9, the ASX Guidelines, extension of privacy legislation etc.). The implications of these changes are that private bodies have become subject to stronger integrity regimes. The increasing convergence of the public and private sectors has been largely driven by the increased contestability of the provision of public service (Barrett, 2004). Outsourcing of government services and the adoption by the public sector of many private sector management techniques means that while public bodies have been trying to go private and take on aspects of the private sector model, the private bodies have also been tending to go more public in their approaches to accountability.

Because of these factors, many Australian companies are building their own internal integrity systems through measures such as instituting codes of ethics, setting clear values and compliance standards, ethics training, and in some cases, visibly punishing breaches and rewarding ethical behaviour. These changes vary from highly aspirational activity through to risk avoidance and punitive processes. Whatever the reason, it is apparent that the Australian private sector, like its counterpart in the public arena, is moving forward in developing and employing strategies for integrity.

#### **4. CHOICE OF INTEGRITY ASSESSMENT TOOLS (IATs)**

It may be helpful to consider IATs as operating, broadly, at three levels. First, what we might call "global integrity measures" focusing on whole countries, such as the various indexes, indicators and measures used by Transparency International, the World Bank, or the OECD (Carayannis & Laget, 2004; Davis, 2004; TI, 2004). A second level being "sectoral or industry measures" which examine smaller geographic entities such as state public sectors or an industry group. A third level which applies to individual organisations such as single public sector agencies or companies.

Our focus in this paper is on the latter two – with the primary purpose to examine some of the tools currently in use in the Australian public and private sectors. The tools that we have predominantly chosen to examine in the public sector include those used by the Independent Commission Against Corruption in New South Wales, the Crime and Misconduct Commission in Queensland, and the Australian Public Service Commission. In the private sector, our chosen path was *via* the major ("Big Four") consultancy companies of Deloitte Touche Thomatsu, KPMG, PricewaterhouseCoopers and Ernst & Young, as these companies have management consultancies across a wide range of industries and organisations. While some of these private sector tools are used more widely than the Australian context, we are interested in their local application.

## 5. TOWARDS A CROSS-SECTORAL COMPARISON OF ASSESSMENT TOOLS

The belief that there is a link between ethical and effective organisational performance has broad based relevance not only in the public sector but also within corporations but the means of embedding ethics is open for debate. (APSC, 2003; Ashkanasy, Falkus, & Callan, 2000; Christie, Kwon, Stoeberl, & Baumhart, 2003; Haynes & Jones, 1999; Jose & Thibodeaux, 1999). Hence, the variety of surveys and measures which attempt to elicit the effectiveness of various type of strategies for institutionalising ethics within different type of organisations.

How real is the "divide" between the public and private sectors? It appears that there are parallel, if different, efforts being made in both sectors to address similar problems of ethics, governance and integrity. At the present time, the methodologies and outputs are often different and range from crosschecking and verifying specific troublesome issues, through to less focused searches to identify potential risks. The availability of output data is also varied.

When we speak of a "typology", we mean the establishment of a means of classification, based upon various agreed characteristics that are deemed to be of importance and then representing these in a way that presents clear boundaries between them, but which is conducive to comparative analysis. Such a categorisation allows others, whether theoreticians or practitioners, to understand the properties of any given phenomenon – in this case the tools that seek to measure integrity and corruption. A "typology" is usually developed progressively as a result of grounded research, which slowly yields the data needed for classification. We have departed from that process in that we have examined a significant amount of the available evidence of existing measurement tools currently used in Australia and have

attempted to identify their characteristics according to a predetermined estimate of what we might find.

In attempting to compare and contrast any phenomenon with the ultimate aim of devising a "typology", we must be mindful that such typologies are difficult to establish, given the wide array of variables involved. To accommodate these difficulties, there is often a forced categorisations based on debatable criteria. This difficulty has been alluded to by several authors, most recently (Pursey, Heugens, Kaptein, & van Oosterhout, 2004) who remind us that there will always be a need to deal with classificatory anomalies and issues related to boundaries but that it is essential to recognise that there are barely any comprehensive and mutually exclusive typologies in the social sciences.

In comparing our selection of IATs, we have tried to examine and describe a small number in terms of characteristics which we felt would be important in assessing their likely effectiveness. As would be expected, not all measures yield all of the information suggested. The characteristics generally chosen for our examination were:

- Objectivity: who conducts the assessment: whether an objective observer organisation or one which may have vested interest in the outcomes.
- Scope: whether international *via* multi-country surveys etc., national (unique to Australia) or local (regional, intra-company/intra-agency).
- Coverage: whether the tool measures only one factor (eg: corruption or fraud) or whether it reports on multiple factors.
- Respondents: whether respondents are from the public sector, private sector, civil society (i.e. the general population) or a combination of these.
- Sample: size, method of selection, whether random, convenience etc.
- Methodology: how data is collected (mail, email, phone, paper, interviews ?)
- Analysis: analytical methods used, whether quantitative or qualitative, or both
- Occurrence: how often data is surveyed and publication of data produced.
- Output: whether a written report, publicly/readily available, data files, graphs / diagrams / tables etc.
- Cross-referencing: whether there are any obvious links with similar survey work, within or across sectors.
- Users/Use: the main users of the information to date and for what purposes they may use it
- Accessibility: the ways in which these outputs can best be accessed (reports, contacts, website etc.)

## 6. AUSTRALIAN PUBLIC SECTOR INTEGRITY ASSESSMENT TOOLS

The public sector reform process and the new models of accountability and governance that it has produced may have profound consequences for the kind of integrity regimes that are regarded as desirable. Most of the ethics components in current public sector training and practice still seek to instil ethics practice primarily through rules compliance – encouraged through the development of codes of conduct, induction programs, collection of data on misconduct, and perhaps regular training programs to explain these regulatory regimes (Bishop & Connors, 2003; Doig

& Wilson, 1999). These programs can be incongruent with a shift from *government* to *governance* and the kind of managerial and organisational latitude that the reformed environment is meant to promote (Bishop & Connors, 2003). Nevertheless, the “public expectation of due process and fairness in the use of public resources has not significantly reduced for the public sector” (Mulgan, 2003, 253). Hence, both public and private organisations (who are increasingly involved in delivering taxpayer funded services to the community) should be subject to similarly searching regimes of accountability.

## **6.1 Australian Public Sector**

Ethics are important in any organisation, but there are particular reasons why they are especially important in the public service as trust protected by ethical behaviours supports the public confidence in the government and in the democratic process (MAB/MIAC, 1996). The involvement of numerous Australian watchdog bodies and central agencies, at both the federal and state level, in the monitoring, maintenance, and ongoing development of ethical and probity standards demonstrates its importance to government.

It is not possible within the ambit of this paper to discuss the full range of research, surveys, policy documents or ethical tools available to, or emanating from, the public sector. Instead, it will attempt to briefly describe a selection from three specific agencies operating in different jurisdictions and comment on a selection of these in an Appendix in terms of the specific characteristics that we have previously identified for our purposes of analysis.

### 6.1.1 Australian Public Service Commission State of the Service Report

The APS Commission, through “ORIMA Research” a research consultancy company, conducts its State of the Service Employee Survey. The survey examines the embedding of core APS values and the APS Code of Conduct and the information is used to prepare the State of the Service Report for presentation to Parliament. The report draws on a range of information sources. However, the main sources are the staff survey across agencies with more than 100 staff and an agency survey of APS agencies with more than 20 staff employed under the PS Act. The surveys are part of a quality assurance mechanism which examines how well the public service adheres to its values framework in delivering its services to the public and parliament.

## **6.2 NSW Independent Commission Against Corruption (ICAC)**

The Independent Commission Against Corruption (ICAC) was established in March 1989 to expose and prevent corruption in the New South Wales public sector. The ICAC has three main functions: investigations of allegations of corruption, corruption prevention and education. The following section contains a synopsis of selected ICAC research and tools. Appendix 1 contains additional information about ICAC tools that are particularly useful for organisations wanting to assess either their ethical climate or corruption risks.

### 6.2.1 Community Attitude Surveys:

Since its inception, the ICAC has conducted periodic community attitude surveys – Community Attitudes to Corruption and the ICAC (ICAC, 1993, 1994, 1995, 1996, 2003) and Community and Journalists' Attitudes to Corruption and the ICAC (ICAC, 1999) – to explore community perception about a range of issues, including attitudes to corruption and support for and awareness of the role of ICAC. The results of the surveys are used to inform the ICAC's corruption prevention and education programs which are part of the statutory functions of the ICAC. They provide information as part of a longitudinal study on the effectiveness of ICAC's policies and programs in combating corruption and give an indication of the organisation's profile within the community.

### 6.2.2 What is ethical culture? Key issues to consider in building an ethical organisation:

This report contains a summary of the results of the Ethical Culture survey which was designed and conducted by the ICAC. An aim of the research was to explore in an Australian context the findings of past research (primarily in the USA) about the relationship between different aspects of an organisation and how they impact on its ethical tone (ICAC, 2000). The findings indicated that the features most strongly associated with perceptions of workplace integrity were behaviours of leaders, punishment of wrongdoing, and existence and enforcing of organisational values, rules and rewards (ICAC, 2000). As a result of the findings, an Ethical Culture Survey Kit was produced for use by New South Wales public servants.

### 6.2.3 Ethical Culture Survey Kit:

Ethical tone or culture has traditionally been considered a difficult aspect of an organisation to understand or measure. To assist organisations measure aspects of their organisation, which impact upon its ethical practices, the ICAC has developed a survey kit. Agencies can use this kit to conduct their own assessment of the issues that impact on their ethical practices.

### 6.2.4 Do It Yourself Corruption Resistance Guide:

The purpose of the guide is to assist agencies to assess how well they are building corruption resistance across their functions and locations; to identify any gaps and the steps that are needed to remedy them; as a benchmarking tool to measure progress over time (ICAC, 2002). This guide together with *The First Four Steps* and *Corruption Troubleshooting* is designed to allow agencies to develop appropriate corruption strategies to fit within their usual corporate planning processes and integrate corruption prevention within their overall business planning (ICAC, 2002).

### 6.2.5 Profiling the NSW Public Sector:

This comprehensive report summarises a sector wide survey across the NSW public sector and provides a "snapshot" of the range of functions, corruption risks and the corruption prevention strategies in place. The survey asked a variety of questions about corruption prevention strategies already in place, perception of corruption risk within the organisation, and the type of activities undertaken by the organisation. The report allows individual organisations within the NSW public sector to benchmark their efforts against the rest of the NSW public sector and to identify

areas where they may be able to improve resistance.<sup>3</sup>

6.2.6 Corruption Resistance Review: Building and sustaining corruption resistance throughout the NSW public sector is a priority for the Independent Commission Against Corruption. A Corruption Resistance Review, or CRR, is a tool the ICAC has created and uses to help develop and sustain the corruption resistance of the NSW public sector. A CRR is used to help an agency examine its operations to identify areas where it might want to improve its corruption resistance.

6.2.7 Local Government Risk Profile: The ICAC recognises that the corruption risks and probity issues that affect local government are often quite different to those that arise in the wider public sector. This tool was used to identify major corruption specific to local government. ICAC subsequently produced and then evaluated tools to assist councils manage each of these risks (procurement, planning, misuse of resources).

### **6.3 Queensland's Crime and Misconduct Commission (CMC)**

The CMC was created on 1 January 2002 when the Criminal Justice Commission (CJC) and the Queensland Crime Commission (QCC) merged to form the new organisation. The CJC was established by the *Criminal Justice Act 1989* to help restore confidence in Queensland public institutions following the revelations of the 1987–89 Fitzgerald Inquiry into police corruption. In addition to investigating police and public sector misconduct, the CJC also for several years assisted the police in investigating organised and major crime. In 1997, this crime function was taken over by the newly formed QCC, under the *Crime Commission Act 1997* (Qld). The QCC was also specially tasked with investigating paedophilia. In 2001, the State Government decided to amalgamate these two Commissions to form a single body to fight crime and public sector misconduct: the CMC ([www.cmc.qld.gov.au](http://www.cmc.qld.gov.au)). The following section contains a synopsis a selected CMC/CJC research and tools.

#### 6.3.1 Public Attitudes Surveys:

Since 1991, CJC/CMC has conducted periodic public attitude surveys. The primary focus of the surveys was to measure public attitude towards the Queensland Police Service, as well as public knowledge, confidence and experiences regarding the complaint process. Changes in attitudes can be determined over time by the repeated use of the survey. The survey has undergone some modifications over the years, including the recent addition of questions relating to public service and local government employees and various questions relating to the CMC. The surveys provide information as part of a longitudinal study on the effectiveness of policies and programs in combating corruption and give an indication of the CMC's profile within the community.

#### 6.3.2 Ethics Surveys of First Year Constables:

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<sup>3</sup> The Crime and Misconduct Commission in Queensland has undertaken a similar review of the Queensland Public Sector. It will be released in 8 July 2004. It is proposed that both CMC and ICAC will undertake a comparative survey.

The CJC/CMC regularly surveys First Year Constables concerning their views on ethical conduct and the disciplinary complaints process with the Queensland Police Service. The surveys are administered to officers in training at the Academy after they have been "in the field" as operational police for several months. The methodology employed ensures that the vast majority of constables in each intake completed the survey. The CJC/CMC conducts this ongoing research to monitor any shifts in the attitudes and view of QPS officers on issues relating to ethical conduct (www.cmc@qld.gov.au).

### 6.3.3 Monitoring the Ethical Climate of Organisations:

This paper describes a simple survey method developed by the CMC to monitor "ethical climate" of the Queensland Police Service and track change over time in that climate. The surveys conducted regularly since 1995 are based on scenarios that describe various forms of improper conduct. The surveys indicate that over the last several years there has been a measurable increase in awareness of ethical issues and stated willingness to report misconduct. The authors consider the method to be applicable to the monitoring of "ethical climates" in other organisations, including non-policing bodies (CMC, 2002).

## **7. SOME PRIVATE SECTOR ASSESSMENT TOOLS**

In order to gain an insight into the tools that are used within the private sector, we began by contacting the "Big Four" consulting firms, KPMG, Deloitte, PricewaterhouseCoopers and Ernst and Young. Two of these, KPMG and Deloitte, have a specifically designed tool of their own which they use for forensic governance work.<sup>4</sup> We have also commented briefly on three other organisations researching integrity issues in the private sector: Reputex, Edmund Rice Centre and the NSW State Chamber of Commerce.

### **7.1 Deloitte Touche Thomatsu:**

Deloitte Australia conducts surveys both for public and private sector clients. It has developed a tool known as "Determine" (a trade marked and copyright name). This tool has been developed and pilot tested over a number of years by consultants from Deloitte and academics in the USA and Australia (Deloitte, 2004). It is a web-based tool that can also be delivered through paper-based distribution. It is aimed at determining the culture in an organisation based on a range of determinants, including the openness of communication, willingness to deliver bad news, the tone at the top and employee awareness of issues affecting the organisation. Deloitte has already found this tool to be useful cross-sectorally. (See Appendix 1) (Deloitte, 2004).

### **7.2 KPMG:**

Through its forensic group, KPMG has been very active in the area of providing "Integrity Risk Services", through which they help to measure integrity and corruption within individual company contexts, as well as in consulting work to help

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<sup>4</sup> It must be acknowledged that these consulting organisations conduct integrity assessments for both public and private sector clients. The instruments are not used exclusively for the private sector.

organisations identity and deal effectively with specific corruption risks that are identified (KPMG, 2004). KPMG uses its own tool known as the "Integrity Thermometer" which looks at the ethical climate of an organisation against eight dimensions: Discussion, Awareness, Code of Conduct, Feasibility, Support, Clarity, Accountability and Example Setting. It is normally completed online and consists of two parts, the first being a generic tool which is similar globally, the second tailored to the specific needs of clients undergoing this assessment.

### **7.3 PricewaterhouseCoopers:**

PricewaterhouseCoopers have a regularly appearing online report known as their "Management Barometer". This tool takes a wide sweep and assesses a range of different management issues, not focusing on Integrity *per se*. However, PWC has recently conducted its 5<sup>th</sup> Annual Global CEO Survey which covers 1000 CEOs across 33 countries and which contains questions relating to integrity issues such as corporate social responsibility. PWC emphasises its "Power of the People" focus which rather than surveys, takes a targeted approach to individual organisational analysis seeking to examine how business strategies align with management and people strategies to ensure a positive organisational culture (PWC, 2004).

### **7.4 Ernst & Young:**

Ernst & Young does not use a tool of their own, but carry out this type of assessment through their national Global Investigations and Disputes Advisory Services. Instead, they tailor their assessments according to specific company needs, often using as a base the standards emanating from the Australian Standard, AS 8001 – Fraud and Corruption Control mechanisms (the AS 8001-4) and/or by reference to the principles adopted by the New South Wales Auditor's office. (Ernst & Young, 2004).

### **7.5 New South Wales Chamber of Commerce:**

A survey carried out by the NSW State Chamber of Commerce in 2001, to gain a measure of Corporate Social Responsibility, found that a major disincentive for Australian businesses in engaging in corporate social responsibility (CSR) is the complexity surrounding the measurement of returns from investment in CSR activities (SCC/NSW, 2001). In order to further this work, Ernst and Young are also now part of a group developing a "Corporate Responsibility Index" in collaboration with the St James Ethics Centre, *The Sydney Morning Herald* and *The Age* newspapers. This work has a long history based upon previous work in the UK. The redeveloped survey has 111 in-depth questions covering areas that identify strengths and weaknesses in a company's CSR practices. It will also be possible to benchmark Australian companies against data from other sources, for example the UK. In this way, the Corporate Responsibility Indicators (CRI) will provide a focus on corporate responsibility and guide the achievement of best practice. While this is only one aspect of private sector organisational integrity, it is a very important one.

### **7.6 Reputex Measurement Pty Ltd:**

Reputex has, in the past, carried out surveys to determine the reputation of companies *via* their Reputation Index Category Survey, but now prefers to carry out data collection against very specific criteria, which they consider more reliable than traditional survey methods. They consider that traditional surveys can be misleading in that survey respondents often provide a theoretical answer rather than disclose actual practice. Reputex have also found that the standard survey approach can skew answers to the centre and does not allow sufficient scope for more comprehensive qualitative information, which can sometimes help to qualify and clarify what may appear to be an overly negative or positive statistic. They now undertake more specific work by means of public domain searches and actual site visits (Reputex, 2004).

### **7.7 Edmund Rice Centre (ERC):**

The Edmund Rice Centre has carried out several recent integrity assessment projects and surveys. Their ARC linkage “Service Organisational Leadership Research” (SOLR) project jointly undertaken during 1999-2002 with the federal Department of Education and Youth Affairs, the NSW Police and the Australian Catholic Leaders of Religious Institutes was designed to identify, analyse and categorise the challenges and ethical dilemmas faced by leaders in service organisations and the strategies used by leaders to respond to these challenges and dilemmas. These findings are helping to develop value-based frameworks for improving leadership practice in these organisations. ERC’s Social Responsibility Indicators (SRI) study is also an ARC linkage project being jointly undertaken by Centacare, the Catholic Education Office and the School of Education NSW. This research aims at identifying tensions between economic and social imperatives in service organisations, to evaluate methods for dealing with these tensions, and to develop a values’ framework and social indicators as ‘benchmarking’ for improving policy and practice, including decision making. So far 140 interviews have been conducted. ERC has also developed its “Business Ethics Initiative” which explores employees’ perceptions of ethics in their workplace with ethical values seen as key element of organisational culture and success. In collaboration with organisations such as the Ethics Resource Center in Washington, these assessments will give an insight into the experiences and perspectives of Australian workers as benchmarks for future research (Edmund Rice Centre (ERC), 2004).

## **7. DISCUSSION**

Table 1, below, attempts to categorise some of the main IATs discussed in this paper using the characteristics proposed on Page 7. This has been possible for these particular IATs because of the ready availability of instruments to examine and information in the public domain. For some others, detailed analysis is more problematic. Broadly, the majority of public sector IATs are readily available in the public domain with the exception of some agency-specific internal data outputs. In the private sector, access to particular instruments for analysis is more restricted. Private sector IATs are commercial property, often developed, trialed and administered in the international domain. The outputs, for the most part, remain the

property of the private sector client. However, many of those contacted about these instruments stressed that, to the extent possible within the constraints of client confidentiality and with the client's permission, there is a general objective of transparency, so that appropriate general information may be shared.

We have made no attempt to numerically "scale" or "score" IATs against the various characteristics. To do so would be highly subjective in the absence of significant benchmarking data. Table 1 is an initial attempt to suggest a framework that might be applied, given a larger sample of IATs and greater access to their detailed instruments, methodologies and outputs.

**Table: 1**

<b><u>ICAC's IATs</u></b>	<i>Ethical Culture Survey Kit (ICAC)</i>	<i>Do It Yourself Corruption Resistance Guide (ICAC)</i>	<i>Profiling the NSW Public Sector (ICAC)</i>	<i>Corruption Resistance Review (ICAC)</i>	<i>Local Government Risk Profile (ICAC)</i>
<b>Objectivity</b>	Internally administered (ICAC instrument)	Internally administered from ICAC instrument	Externally administered by ICAC	Externally administered by ICAC	Externally administered by ICAC
<b>Scope</b>	Agency level	Agency level	Within and across public sector agencies	Agency level	Local government sector
<b>Coverage</b>	Ethical culture/climate	Corruption prevention strategies	Measures corruption risks	Corruption prevention strategies/ideal	Corruption risk areas
<b>Respondents</b>	Agency staff	Agency	Agencies + sample of staff	Agency	NSW Councils and staff
<b>Sample</b>	Determined by individual agency	Agency elects to use instrument	Public sector agencies+ random sample of staff	Either ICAC or agency initiated	All council + random sample of staff
<b>Methodology</b>	Anonymous questionnaire	Self assessment against benchmarks	Mailed survey +pre-promotion + reminders	Questionnaire	Mail Questionnaire
<b>Analysis</b>	Quantitative	Quantitative	Qualitative and quantitative	Qualitative (by ICAC)	Qualitative and Qualitative
<b>Occurrence</b>	Ad hoc	Ad hoc	One off (to date) + similar survey in Queensland	Ad hoc	One-Off
<b>Output</b>	Benchmarking data	Agency level data	Presentations + tailored reports	Customised Agency report	Summary reports and tools
<b>Cross-referencing</b>	Various ICAC publications/instruments	Corruption Resistance Reviews	Links to Local Gov. Risk Profile	DIY Corruption Resistance Guide	Public Sector Risk Profile
<b>Users/Use</b>	NSW Public Sector Agencies	NSW Public Sector Agencies	ICAC, NSW Gov. Agencies	ICAC, NSW Public Sector Agencies, Government	ICAC and NSW councils
<b>Accessibility</b>	Freely available to NSW Public Sector Agencies	Public Domain (Web)	Additional info. ICAC website	Additional info. ICAC website	Public Domain (Web)

**Table 1 (continued)**

<b>Other Organisation's IATs</b>	<i>Monitoring the Ethical Climate of Organisations (CMC)</i>	<i>Ethics Surveys for First Year Constables (CMC)</i>	<i>State of the Service Report (Australian Public Service Commission)</i>	<i>KPMG 'Integrity Thermometer</i>	<i>Deloitte Touche Thomatsu 'Dtermine'</i>
<b>Objectivity</b>	Internally administered from CMC instrument	Externally administered by CMC	Externally Administered (private consultancy)	Externally administered by KPMG	Externally administered by Deloitte
<b>Scope</b>	Agency level	Agency level	APS wide	Organisation based	Organisation based
<b>Coverage</b>	Culture and attitudes to misconduct	Unethical conduct / complaint procedures	Values	Ethical climate	Organisational culture
<b>Respondents</b>	Agency staff	First year recruits and academy trainees	APS employees and Agencies	Public and Private Sector employees	Public and Private Sector employees
<b>Sample</b>	Target groups based on location, task etc	Target group / period in job	Stratified Random Sample	Dependent on organisation	Usually employees at all level
<b>Methodology</b>	Scenario based	Scenarios based on National Police Research Unit survey	On line survey	On line survey	On line survey
<b>Analysis</b>	Quantitative and Qualitative	Quantitative and Qualitative	Quantitative and Qualitative	Quantitative and Qualitative	Quantitative and Qualitative
<b>Occurrence</b>	Ongoing	Ongoing since 1995	Annually	Ad hoc	1-2 years or org. change
<b>Output</b>	Report	Report	Formal Report	Report	Report
<b>Cross-referencing</b>	Ethics Survey of First Year Constables	Previous surveys	Previous surveys/reports	Benchmarking data held by KPMG	Benchmarking data held by Deloitte
<b>Users/Use</b>	Qld Public Sector Agencies & law enforcement bodies	Police service, Government, CMC	Parliament and PS Agencies	International clients (large public and private sector organisations)	Corporate HR and Risk Management
<b>Accessibility</b>	Additional information CMC website	Additional information/ past reports CMC website	Public Domain ( Web and Printed Report)	Reports issued to management	Reports issued to management and usually made available to staff.

While the nature of these instruments may differ markedly against some of the characteristics suggested, there is much common ground cross-sectorally. For example, many instruments examine organisational strategies employed to combat corruption and the extent of the adoption of appropriate underpinning values which support the ethical culture of the organisation, which is an important adjunct to client service or business success. An observation is that, where an IAT is used over time to produce longitudinal data, it is likely to be far more effective in providing reliable and useful information for benchmarking (eg: the ongoing Queensland

police studies). One-off surveys, while providing a useful snapshot of an organisation, do not yield the important organisational information that is needed to monitor organisational culture and embed strong and appropriate values. Similarly, those IATs which are readily able to be benchmarked, either with other external studies or with other internal reports (as is the case with ICAC's work), are more likely to yield useful comparative information.

Ideally, key objectives worth pursuing with IATs include:

- sharing instruments across sectors;
- sharing outputs to maximise benchmarking opportunities across agencies/sectors;
- commitment to longitudinal studies (particularly by central agencies); and
- replications of IATs in other settings (either within the same sector or cross-sectorally).

## 8. CONCLUSION

While the convergences of the public and private sectors will continue to introduce new levels of complexity and risk to the public sector, in any event, when it comes to operational circumstances, the needs of managers to understand, influence and where necessary rectify the standards of accountability in their workplace are remarkably similar. It is important, therefore, that both private and public sector organisations address ethics as a corporate culture issue to be strategically managed and monitored by top management. The capacity of public and private sector managers to enhance integrity and control corruption must be reinforced. Will is not enough. Skills and tools are needed for engaging with workplace realities. Can the public and private sectors learn from each other? It is argued that businesses can learn a great deal, "about service to the public, public accountability and general financial probity from the values of the public sector" while the public sector can learn from business "the importance of operationalising their values and in linking them directly to the delivery of their product or service" (Vallance, 1999, 202).

There is no one, ideal design for IATs that can satisfy all purposes. Doubtless, when such assessments are made, there are overlapping areas some of which have been indicated above, but there are also likely gaps with the inherent danger that some key elements of knowledge may fall between the tools. The prospects of bringing together some of these tools in ways that may yield a composite picture is not clear at this time and would require further analysis. We consider that there is value in utilising such tools in a cross-sectoral approach so as to present a more complete picture of the Australian integrity system and that there is potential for greater cross-fertilisation and integration between the various measures across the public private divide. Any integrated IAT should attempt to gather data on the impact of reward and punishment systems on ethical behaviour. It should also attempt to gain accurate measures of the impact of enforcement and the role of regulators in producing an enhanced integrity environment. Ideally, it would be

valuable to develop IATs that could simultaneously evaluate information across all three sectors: public, private and civil society.

In this paper, we have attempted to gain a limited insight into the ways in which integrity assessment is being carried out in the public and private sectors in Australia. We have also endeavoured to describe tools in a form that may lead to further investigation and comparison. This information has the potential to suggest the likely effectiveness of the particular tool in providing objective information about the current status of integrity strategies and how they are operating in a particular domain. At a more detailed level, it might be possible to reveal more precise data on, for example, occurrence rates of unethical conduct, corruption risk assessment ratings, empirical data on case studies. Clearly, this would require a substantial empirical research program that may have to overcome sensitivity in accessing necessary information, particularly that which organisations might consider to be commercial-in-confidence.

We stress that there is no intention or attempt by us to make value judgements about the relative merits of the different tools and approaches which we have highlighted. Our aim has been to describe briefly and objectively how each tool operates. Future empirical research is needed to extend this limited analysis, with the objective of establishing a 'typology' of IATs useful in the Australian setting. Such a 'typology' could provide practitioners and theoreticians with a wider view of the Australian integrity system and to enable the design of more specific research. In short, the aim is to enable practitioners to selectively choose the best practices, decide on suitable elements and combine resources in order to design new and better IATs.

## APPENDIX 1

### **State of the Service Report**

**Who conducts the assessment:** ORIMA Research for the Australian Public Service Commission conducted the employee survey. Agency survey was conducted on-line.

**Scope:** Employee survey of Australian Public Sector Agencies with more than 100 employees and an agency survey of APS agencies employing more than 20 staff under the PS Act.

**Coverage:** The survey deals with four sets of APS values:

- The relationship between the APS and the Government and the Parliament
- The relationship between the APS and the public
- Workplace relationships
- Personal behaviour

The survey seeks to measure how APS values are being embedded in agency's operations. The State of the Service Report highlights the importance of agency efforts to promote the Values and ensure compliance with the Code of Conduct.

**Respondents:** Employees and Agencies

**Sample selection:** Stratified random sample of 6279 APS employees.

**Methodology:** On line agency survey of Agencies employing more than 20 staff under the public service Act (89 Agencies surveyed with 100 percent response rate). Employee Survey was from a sample selected from the total ASP population of Agencies employing more than 100. A stratified random sample of 6279 APS employees was selected and the sample was stratified by level, agency size, agency (for large organisations), location (ACT or States).

**Method of analysis:** Both qualitative and quantitative

**Occurrence:** Yearly as part of a mandatory report to Parliament.

**Nature of output:** Report

**Cross-referencing:** Previous State of the Service Reports

**Main users of information to date:** Parliament and Public Sector Agencies

**Accessibility/ Reference - for additional information see:** [www.pmc.gov.au](http://www.pmc.gov.au)

**What it actually tells us:** Comprehensive overview of the Australian Public Service. It is a quality assurance mechanism which looks at how the public service is adhering to its values framework in delivering its services to the public and the parliament.

### **Ethical Culture Survey Kit**

**Who conducts the assessment:** Individual public sector agency

**Scope:** Staff within a public sector agency.

**Coverage:** Tool to help individual agencies better understand their organisational cultures and promote an ethical culture within their organisation. The Kit consists of five parts:

1. A brochure "Strategies for a Successful Survey" about how to conduct a survey (and when not to conduct a survey).
2. A paper copy of the Ethical Culture Survey

3. An electronic copy of the Ethical Culture Survey to enable tailoring to the specific needs of an individual agency
4. Interpretations of the results and benchmarking data from a cross-section of NSW public sector agencies are given to enable agency's results to be placed in context.
5. "Organisational Integrity - A Practical Guide to Building an Ethical Workplace" report to assist organisations to respond to the outcomes of their survey.

**Respondents:** Agency staff

**Sample selection:** Tool is developed for use by individual agencies, hence sample selection is determined by agency

**Methodology:** Questionnaire with distribution and collection designed to maintain anonymity of respondent.

**Method of analysis:** Primarily quantitative.

**Occurrence:** Conducted by a number of NSW Public sector agencies.

**Nature of output:** Determined by agency - benchmarking data provided in terms of average percentage of respondents who gave each response as well as maximum percentage and minimum percentage who gave each response.

**Cross-referencing:** Independent Commission Against Corruption (2000) "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". Independent Commission Against Corruption, September 2000. (This report can be found on the ICAC's website at [www.icac.nsw.gov.au](http://www.icac.nsw.gov.au))

**Main users of information to date:** NSW public sector agencies

**Accessibility/ Reference - for additional information see:** Freely available to NSW public sector agencies. For further information contact ICAC - see [www.icac.nsw.gov.au](http://www.icac.nsw.gov.au)

**What it actually tells us:** Identifies areas or practices within individual agency that may be able to be improved to promote a stronger ethical culture.

### **Do-it-yourself Corruption Resistance Review (DIY CRR)**

**Who conducts the assessment:** Individual agencies

**Scope:** Individual agencies

**Coverage:** The guide is designed so that agencies can assess their level of corruption resistance and progressively develop and implement improved corruption prevention measures. It sets out benchmarks for key corruption resistance measures and the resources that can help agencies improve corruption resistance. Self-assessment tables are provided for each of the following: values; leadership; code of conduct, corruption risk management; fraud prevention; e-corruption; internal reporting systems and investigation; internal audit; recruitment and selection; performance management; grievance handling; complaint handling; gifts and benefits; conflict of interest; secondary employment; procurement and disposal; cash handling; regulatory functions; managing external environment; and staff training and development.

**Respondents:** Public sector - self-assessment of corruption prevention strategies agency has in place, hence responses pertain to entire agency.

**Sample selection:** Decision by agency whether it wants to use tool.

**Methodology:** Self-assessment on five-point scale by agency of its own procedures.  
**Method of analysis:** Assignment of a score, from 1 to 5, for each system/procedure.  
**Occurrence:** Available for agencies to use at their own discretion. No record is available of how often it is used.  
**Nature of output:** Score, from 1 to 5, for each system/procedure. Guidance about what is required to achieve a higher score.  
**Cross-referencing:** Corruption Resistance Reviews  
**Main users of information to date:** Individual NSW public sector agencies  
**Accessibility/ Reference - for additional information see:** Independent Commission Against Corruption (2002) "Do-it-yourself Corruption Resistance Guide" Independent Commission Against Corruption, March 2002. This guide is available on the Independent Commission Against Corruption's website at [www.icac.nsw.gov.au](http://www.icac.nsw.gov.au)  
**What it actually tells us:** Identifies areas or practices within individual agency that may be able to be improved to strengthen corruption resistance and how to improve these practices.

### **Corruption Resistance Review (CRR)**

**Who conducts the assessment:** Independent organisation - NSW Independent Commission Against Corruption (ICAC).  
**Scope:** Individual agencies.  
**Coverage:** Measures what corruption prevention/resistance strategies agencies have in place against the ideal, and suggests areas where an agency can improve. Series of questionnaires administered by ICAC to help individual agencies identify where they can improve their corruption resistance. Questionnaires cover topics such as: risk management, conduct guidance, internal reporting, human resource management, complaint & grievance systems, etc.  
**Respondents:** Public sector: reviews which corruption prevention strategies agency has in place, hence responses pertain to entire agency.  
**Sample selection:** Corruption resistance reviews are either initiated by the ICAC or conducted at the invitation of an agency.  
**Methodology:** Agency completes a set of questionnaires designed by the ICAC. ICAC assesses responses.  
**Method of analysis:** Qualitative  
**Occurrence:** Conducted on a number of NSW Public sector agencies.  
**Nature of output:** Customised report for agency prepared by ICAC.  
**Cross-referencing:** Do-it-yourself corruption resistance guide  
**Main users of information to date:** ICAC, NSW public sector agencies  
**Accessibility/ Reference - for additional information see:** Independent Commission Against Corruption website: [www.icac.nsw.gov.au](http://www.icac.nsw.gov.au)  
**What it actually tells us:** Identifies areas or practices within individual agency that may be able to be improved to promote a stronger corruption resistance.

## Public Sector Risk Profile

**Who conducts the assessment:** Independent organisation – NSW Independent Commission Against Corruption (ICAC)

**Scope:** Both within and across individual (public sector) agencies. Can be used to develop a corruption risk profile of the individual organisation or can be combined to form a profile of groups of related organisations (e.g., universities, area health services, etc) or of the entire sector.

**Coverage:** Measures corruption risk through:

- examining the nature of the work the organisation undertakes (e.g., delivering services where demand frequently exceeds supply, licensing, inspecting standards of premises or equipment)
- asking those who know the organisation the best what they consider the corruption risks to be
- identifying the corruption prevention strategies in place, and
- examining staff awareness of relevant policies and practices.

**Respondents:** Public sector agencies and a sample of public sector staff

**Sample size:** Survey to all public sector agencies + a related survey to a random sample of public sector staff from a random sample of agencies

**Methodology:** Mailed survey to agencies with extensive pre-promotion and up to 2 written reminder letters followed by telephone reminders + mailed survey and one written reminder to staff.

**Method of analysis:** Both qualitative and quantitative

**Occurrence:** One-off in NSW (to date) and being repeated in Queensland

**Nature of output:** Presentations and tailored reports for subgroups of agencies (e.g. all universities), overall summary report including graphs showing results for different organisation types (e.g. universities, area health services, state owned corporations, departments, etc)

**Cross-referencing:** Links to Local Government Risk Profile

**Main users of information to date:** ICAC, NSW government, individual public sector agencies. There has been a NSW Parliamentary Committee review examining the use of this research.

**Accessibility/ Reference – for additional information see:** Independent Commission Against Corruption (2003) Profiling the NSW Public Sector:: Functions, risks and corruption resistance strategies. [www.icac.nsw.gov.au](http://www.icac.nsw.gov.au)

**What it actually tells us:**

a) *Promotes discussion of corruption and corruption risk areas*

Conducting corruption-related surveys has an impact in its own right. The very asking of people about corruption risks and prevention strategies promotes discussion.

The very introduction of the concept of “high-risk functions” tends to promote discussion of corruption risks because it gives organisations another way to think about the work they do and the corruption risks they may face.

The responses concerning perceived corruption risk areas are useful, not to say whether perceived risks are right or wrong, but to promote further discussion about the major corruption risks facing organisations. Failure to recognise the potential risks faced by an organisation is a significant risk in itself

### ***b) Providing tools and resources for use by public sector organisations***

The findings can assist public sector managers and internal audit managers who have responsibility for ensuring that risk is identified, monitored and effectively dealt with to ensure that their own corruption risk assessment is comprehensive. Public sector managers can assess their own organisation against the findings, and identify areas where further improvements can be made to improve their organisation's "corruption resistance".

Defining the high-risk functions assists in alerting organisations to the unique corruption opportunities that characterise these functions and the need to address them. It also provides the starting point for a way of structuring a step-by-step process of thinking about managing the risks associated with these functions. For each high-risk function, we recommended that organisations should consider:

- whether their organisation undertakes this function
  - ✓ if so, which staff undertake this function and for what reason
  - ✓ what are the associated risks
  - ✓ strategies and capacity to deal with identified risks
  - ✓ staff training and supervision to inform and advise staff on how to minimise and manage the identified risks.

Each organisation completed its questionnaire in isolation. By providing a summary of both the sector-wide results and the results for different types of organisations, the information reported enables organisations to compare their own risks with the risks identified by organisations of a similar size and function. This may assist individual organisations to highlight some potential risk areas that individual organisations have not previously considered.

The questions about corruption resistance strategies (and the results) provide a checklist that organisations can use when considering potential strategies available to them to improve their corruption resistance.

By providing a picture of prevention strategies in place across the sector, the reported results enable individual organisations to benchmark their own efforts and in this way help them identify areas where they may be able to improve their own corruption resistance.

Staff responses suggest that sizeable groups of staff may not be aware of some of the corruption prevention strategies that organisations have in place. The information obtained from staff may broaden the organisation's understanding of its risks. It also provides some measure of the messages that reach staff and are retained by them.

## **Local Government Risk Profile**

**Who conducts the assessment:** Independent organisation - NSW Independent Commission Against Corruption (ICAC)

**Scope:** Both within and across local councils. Relies on the collection of a structured set of information from each individual council to develop a profile of the entire local government sector. This, in turn, can be used to identify how and where to intervene to make the local council more corruption resistant.

**Coverage:** Examines: what are the main areas of potential corruption risk in councils; what are councils doing to prevent corruption; procurement and contracting; internal

audit; codes of conduct; interaction between staff and councillors; gifts, benefits and conflicts of interest; reporting corruption; protected disclosures; recruitment; councils as entrepreneurs – business units;

**Respondents:** NSW local councils and a sample of local council staff

**Sample selection:** Survey to all NSW public sector local councils + a related survey to a random sample of local council staff from a random sample of councils

**Methodology:** Mailed questionnaire to all 174 local councils in NSW (90% response rate), mailed questionnaire to a sample of 300 staff from 30 councils, supplemented with interviews with General Managers, Councillors, Audit Managers.

**Method of analysis:** Both qualitative and quantitative

**Occurrence:** One-off in NSW

**Nature of output:** Summary report outlining corruption risks of councils. Subsequently tools were developed to assist councils identify each of the main corruption risks.

**Cross-referencing:** Links to Public Sector Risk Profile

**Main users of information to date:** ICAC, NSW local councils

**Accessibility/ Reference – for additional information see:** Independent Commission Against Corruption (2001) “Corruption resistance strategies – Researching risks in local government: Research findings summary” Independent Commission Against Corruption, June 2001. This report is available on the Independent Commission Against Corruption’s website at [www.icac.nsw.gov.au](http://www.icac.nsw.gov.au)

**What it actually tells us:** Tool used to identify major corruption risks. ICAC subsequently produced and then evaluated tools to assist councils manage each of these risks.

### **Ethics Survey of First Year Constables: Summary of Findings 1995-1998**

**Who conducts the assessment:** CMC (formerly CJC)

**Scope:** A regular survey of recruits, First Year Constables and other groups of officers training at the police academy.

**Coverage:** The survey seeks to find out what police think of the disciplinary and complaints procedures within the Queensland Police Service (QPS) and to get their responses to a number of scenarios of unethical conduct by police officers.

**Respondents:** Recruits, First Year Constables and other groups of officers training at the police academy. The surveys were administered in class.

**Sample selection:** Example: 1995 intake surveyed after 6 month in the field (84); 1996 intake surveyed after 2 months in the field (50); 1997 intake surveyed after 6 months in the field (113); 1998 intake surveyed after 6 month in the field (157)

**Methodology:** The scenarios are modelled on questions used in a survey undertaken by the National Police Research Unit. Respondents are also asked to rate the fairness of QPS and CMC complaint investigations.

**Method of analysis:** Quantitative and qualitative

**Occurrence:** Surveys have been conducted regularly since 1995.

**Nature of output:** Report

**Cross-referencing:** Public Attitudes Towards the CJC (January 2000); Public Attitudes Towards the QPS (June 2000); Public Perception of the Queensland Police

Service: Findings from the 2002 Public Attitudes Survey; Police Culture, Women Police and Attitudes Towards Misconduct (1996).

**Main users of information to date:** Police administration, CMC, Queensland Public Sector Agencies.

**Accessibility/ Reference – for additional information see:** [www.cmc@qld.gov.au](http://www.cmc@qld.gov.au).

See also Monitoring the Ethical Climate of Organisations.

**What it actually tells us:** The surveys provide a longitudinal view of police culture and attitude change to misconduct. The surveys indicate that over the last several years there has been a measurable increase in the awareness of ethical issues and stated willingness to report misconduct

## **Monitoring the Ethical Climate of Organisations**

**Who conducts the assessment:** Individual agencies

**Scope:** Provides an agency level view of the culture and attitude to misconduct

**Coverage:** Explains the methodology used in the Ethics Survey for First Year Constables for an organisation to use simple survey techniques to gain an insight into the general organisational culture. The paper presents a framework for gathering and interpreting attitudinal measures of an organisation's "ethical climate".

**Respondents:** Staff within an organisation

**Sample selection:** Suggests a target group based on factors such as geographical location or task function, length of service.

**Methodology:** The surveys are based on 10 brief scenarios that describe various forms of improper conduct. For each scenario, respondents rate the seriousness of the behaviour described and indicate whether they would be willing to report a colleague for engaging in such conduct. The methodology is readily applicable to gauging the "ethical climate" in other organisations. Scenarios are adapted to reflect the situations that employees of a particular organisation may find themselves in.

**Method of analysis:** Quantitative and qualitative

**Occurrence:** Ongoing

**Nature of output:** Report

**Cross-referencing:** Ethics Survey of First Year Constables: Summary of Findings 1995-1998

**Main users of information to date:** Queensland Public sector and law enforcement agencies

**Accessibility/ Reference – for additional information see:**

<http://www.cmc.qld.gov.au>

**What it actually tells us:** By surveying the same organisational groups over time, an indication can be obtained of programs and strategies designed to improve organisational integrity.

## **KPMG "Integrity Thermometer"**

**Objectivity:** KPMG runs the Ethics Thermometer primarily as an objective observer organisation. Clients who wish to have the ethical climate of their organisation assessed engage KPMG.

**Scope:** KPMG recently moved to an international focus with this survey. The survey is made up of two parts. Part A is consistent through KPMG globally, and Part B can be tailored to the client. The data is primarily captured online by KPMG South Africa, however paper-based surveys can also be used, and the results are sent to each country by South Africa for analysis and reporting.

**Coverage:** The Integrity Thermometer looks at the ethical climate of the organisation against the following dimensions: Discussion, Awareness, Code of Conduct, Feasibility, Support, Clarity, Accountability and Example Setting.

**Respondents:** Respondents are from both the public sector and private sector, on a client-by-client basis.

**Sample:** Dependent on the respondent organisation.

**Methodology:** Primarily internet based survey can also be paper-based.

**Analysis:** Primarily quantitative, however qualitative data can be captured in the tailored section

**Occurrence:** Surveys are left accessible for (normally) 3 to 4 weeks. A report is produced for each client.

**Output:** A written report is issued to the client. It consists of a report of findings and recommendations. Graphs, tables and diagrams are used quite frequently.

**Cross-referencing:** Benchmarking is possible with the data captured and centrally stored in South Africa.

**Users:** Large public and private sector clients based.

**Accessibility:** Reports are issued to management of the client organisation. It is their decision how this information is used and to what degree it is fed back to the respondents within the organisation

**What it actually tells us:** Provides a wide array of data presenting an accurate picture of the ethical climate and upholding of values within the organisation.

### **Deloitte Touche Thomatsu "D'Termine"**

**Objectivity:** Since Deloitte is seen as an independent external specialist, far greater reliability and credibility is likely. This also is likely to make respondents more forthcoming, if they see the process as confidential and independent.

**Scope:** Multi-country use of this tool has provided useful experience. The approach is usually a pilot project within a particular section or business unit of an organisation, using this to guide wider assessment across the entire organisation.

**Coverage:** Tool is designed to address a range of factors that can influence the culture of an organisation, for example: communication, willingness to deliver bad news, tone at the top, awareness of issues, as well as observed behaviours in the workplace.

**Respondents:** Used for clients in both private and public sectors and combinations (eg. government owned corporations). Deloitte sees little difference in respondent acceptance and find the tool adaptable in all of these settings.

**Sample:** Deloitte expresses a very strong commitment to involving organisational staff at a management and operational level, with demographic analysis often incorporated.

**Methodology:** While alternatives are possible, Web based is the most efficient method, providing for automated sorting and graphical preparation.

**Analysis:** The tool delivers both quantitative and qualitative data.

**Occurrence:** Deloitte suggests that an organisation should be surveyed every 1-2 years and upon significant organisational change.

**Output:** Written report to client organisation detailing methodology, approach, outcomes, risks and recommendations, illustrated with significant graphical representation.

**Cross-referencing:** Deloitte are establishing a global database which will provide benchmarking across organisations within the same/similar industry, industry against industry, and geography against geography.

**Users:** Corporate HR and Risk Management. Organisational culture is seen as an influence on fraud risk, so outputs would normally be part of a larger assessment of fraud and integrity risk across the organisation.

**Accessibility:** The process is transparent. Clients would almost always make outcomes available to all employees in various forms. These reports are for private clients and so are not made public or available by Deloitte, but clients often share findings externally, as appropriate.

**What it actually tells us:** The tool can be tailored to capture a wide array of specific outcomes across an entire organisation or unit, depending on client needs. It is also linked to other broader surveys which cover issues such as: harassment/bullying experienced, access to performance management, training and development etc

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