ETHICS AND INTEGRITY

MODOI MUSA,
ADVISOR HUMAN RIGHTS AND ACCOUNTABILITY
MINISTRY OF JUSTICE AND CONSTITUTIONAL AFFAIRS
GOVERNMENT OF UGANDA
OUTLAY FOR THE PRESENTATION

- Defining the problem and integrity gap: Corruption and OMB
- Understanding integrity: concepts and principles
- Formal and informal integrity infrastructure systems
- Development of an integrity framework: tools and processes
- Developing a road map for Ethics and Integrity Framework

E: MUDOIMUSA@YAHOO.COM
DEFINING THE PROBLEM IN BASIC TERMS

• Bad apple - Bad barrel - Bad orchard

• Sporadic or Systemic

• Intrinsic or Extrinsic
CORRUPTION AND ORGANIZATIONAL MISBEHAVIOR (OMB)

• The multiple faces of corruption: an amoeba misdiagnosed
• Organizational misbehavior: individual, systematized or systemic
• Tenets of OMB (Perpetrator, intention, target, action, consequences)
• Information asymmetry in a world of delegation
  • Adverse selection
  • Moral Hazard
• Opportunity structure of corruption (motivated offender, valuable target, and absence of capable guardian)

E: MUDOIMUSA@YAHOO.COM
OPPORTUNITY STRUCTURE OF CRIME
THE LUCIFER EFFECT

An attempt at understanding the process of transformation at work when and how good people turn evil or do evil things.

• First, the world is filled with both good and evil — was, is, will always be.

• Second, the barrier between good and evil is permeable and nebulous.

• Third, it is possible for angels to become devils and, perhaps more difficult to conceive, for devils to become angels.

SOCIAL INFLUENCE

• Humans are deeply social animals.

• Social norms—broadly shared beliefs about what group members are likely to do and ought to do—are informal governance mechanisms that exert a powerful influence on individual decision making and behavior. Norms are the “glue” or “cement” of society (Elster 1989).

• Human sociality—the tendency among humans to associate and behave as members of groups—affects decision making and behavior and has important consequences for development.
THE GAME THEORY

• Corruption Is a problem that often thrives on calculated pay-offs. It is a vice of calculus. (Rational Choice Theory).

• Game theory provides a framework of analyzing how perpetrators of corruption make choices and analyzing anti-corruption tools.

• Perpetrators of corruption rely on the reciprocity and cooperation of bribe recipients.

• Both have incentives to participate and keep the secret; w-w
Peter 15m

Brine 10m

Jae Parker

(15m, 0)

Rejets

Accepted + Judgment

Report

(0,0)

No Report

(5.5, 8m)

Accepted + No Judgment

Report

(0,0)

No Report

(5m, 10m)

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NB
1. Cost of reporting = 5m
2. Cost of false evidence + false judgment = 8m

E: MUDOIMUSA@YAHOO.COM
ECONOMIC THEORY OF CORRUPTION

• This theory was developed from the foundational works of deterrence and rational choice theories.

• According to the deterrence theory, the rational calculus of the pain of legal punishment offsets the motivation for the crime (presumed to be constant across offenders but not across offenses), thereby deterring criminal activity.

• In comparison, the rational choice theory posits that one takes those actions, criminal or lawful, which maximize payoff and minimize costs.
ECONOMIC THEORY OF CORRUPTION

• According to this theory, the key to understand criminal behavior is to assume that most people commit an offense only if the perceived expected utility to her exceeds the utility she could get by employing her time and other resources at other activities, like a regular job.

• As a result, some people become criminals not because their basic motivation differs from that of other people, but because their benefits and costs differ.
ECONOMIC PERSPECTIVE OF CORRUPTION

Take a look at the mind of corrupt people

\[
E[U] = (1 - p) \cdot U(R) - p \cdot U(R - c)
\]

Punishment Magnitude X Punishment Probability
INTEGRITY: CONCEPTS AND PRINCIPLES

- Integrity

- Values (egalitarian) and Rules (hierarchist)

- Values and integrity approach vs Command-and-control approach: which way for effective compliance?

- Fairness: Procedural and Outcome

- Rewards and sanctions
INTEGRITY / ETHICAL INFRASTRUCTURE

• Integrity “means soundness of moral principle and character, as shown by one person dealing with others in the making and performance of contracts, and fidelity and honesty in the discharge of trusts; it is synonymous with “probity,” “honesty,” and “uprightness.””

• Integrity or ethical infrastructure refers to the framework of critical elements; formal, informal and organizational climates - that set the foundation and re-enforcements of ethics and integrity.

• This refers to both the constituents and the relationship among the key constituents of ethics and integrity.
ELEMENTS OF INTEGRITY / ETHICAL INFRASTRUCTURE: FORMAL & INFORMAL

• Formal integrity infrastructure:
  • Communication to inform
  • Surveillance to monitor
  • Sanctioning to enforce

  • Formal explicit instruments and coded guidelines.
  • Setting the standard and values

• Informal integrity infrastructure:
  • Communication to inform
  • Surveillance to monitor
  • Sanctioning to enforce

  • Subtle messaging such as peer pressure, informal conversation, and conduct.
  • Reciprocity in action and speech.
ELEMENTS OF INTEGRITY / ETHICAL INFRASTRUCTURE: ORGANIZATIONAL CLIMATES

• Individual perceptions and attitudes influence ethical conduct and reciprocity
• Shared perceptions of the organizational staff comprise the organizational climate on ethics and integrity
• Organizational climate and organizational culture: Same phenomenon viewed from different angles
• Major constitutes of organizational climate:
  • Climate of ethics (tone at the top, etc)
  • Climate of respect (fairness and management legitimacy)
  • Climate of procedural justice (process and outcome)
THE CURVILINEAR RELATIONSHIP OF KEY ELEMENTS


E: MUDOIMUSA@YAHOO.COM
INSTITUTIONAL INTEGRITY FRAMEWORK

• Development of an integrity framework: tools and processes
  1. Shared conceptualization of integrity
  2. Developing integrity instruments
  3. Grounding integrity instruments: core and peripheral
  4. Allocating roles and responsibilities for entrenching integrity
  5. Monitoring and enforcement


E: MUDOIMUSA@YAHOO.COM
1. SHARED CONCEPTUALIZATION OF INTEGRITY

• Consultative and participatory consensus building on values and ethics standards.

• Whose definition and whose standards are to be applied?

• Avoiding the legalistic trap: “they define ethics in terms of legal compliance rather than ethical aspirations, and they implicitly endorse a ‘code of moral mediocrity’”. (Trevino, Weaver, Gibson, ans Toffler, 1999, p.136).
2. DEVELOPING INTEGRITY INSTRUMENTS

• Codification of agreed consensus within institutional documents: primary and peripheral
• Primary: Codes of Conduct and Codes of Ethics
• Peripheral: Procurement policy, Recruitment policy, Human Resource policy, and Standard Operating Procedures / policies, among others
3. GROUNDING INTEGRITY INSTRUMENTS

• Shaping beliefs and attitudes among staff
• Training and couching on integrity: personal and online
• Practical simulations and addressing real dilemmas
• IEC materials and instruments of communication
4. ALLOCATING ROLES AND RESPONSIBILITIES

• A combination of promotion, modelling, and sanctioning is a necessity

• Allocating roles and responsibilities:
  • Tone at the top: Moral leaders vs moral persons
  • Integrity focal persons / manager
  • Enforcement / sanctioning officer

• Establishing an Integrity Department vs Designation of roles
5. MONITORING AND ENFORCEMENT

• Passive and active monitoring:
  • Inspections and spot checks
  • Whistleblowing system
  • Complaints receipt and handling

• Review and adapting the various instruments, processes, and structures

• Responsiveness to lapses in the system

• Addressing individual abuses: sanctions vs leniency mechanisms
BUILDING INTEGRITY MANAGEMENT FRAMEWORKS

• Developing ToRs and scope of assignment
• Setting up the team – task force and leadership
• Running consultative process and consensus building
• Developing instruments of integrity
• Allocating responsibilities and setting up structures
• Training and couching
• Implementation, monitoring/reporting, and periodic review of the integrity management framework

E: MUDOIMUSA@YAHOO.COM
COMMON INTEGRITY INSTRUMENTS AND MECHANISM

• Client Charters
• Service Delivery Standards
• Complaints Handling Frameworks
• Institutional Integrity and Anti-Corruption Plans of Action and Strategies
• Institutional and Chain-linked Integrity Inspection Committees – and tours
• Institutional User Committees
• Institutional disciplinary and accountability committees
• Monitoring, evaluation and assessment of integrity performance

E: MUDOIMUSA@YAHOO.COM
Behavioral sciences explore the cognitive processes within organisms and behavioral interactions between organisms in the natural environment.

Human Decision Making

• **Thinking automatically.** Much of our thinking is automatic, not deliberative.

• **Thinking socially.** Humans are not autonomous thinkers or decision makers but deeply social animals.

• **Thinking with mental models.** Individuals do not respond to objective experience but to mental representations of experience constructed from culturally available mental models.
BEHAVIOR SCIENCE TO BUILD INTEGRITY

• *Choice architecture*: influencing decision making by simplifying the presentation of options, by automatically evoking particular associations, or by making one option more salient or easier to choose than the alternatives (Thaler and Sunstein 2008).

• *Nudges*: A *nudge* is a policy that achieves behavior change without actually changing the set of choices. It does not forbid, penalize, or reward any particular choices.
THE JUDGEMENT OF CAMBYSES II OF PERSIA
FLAYING OF SISAMNES
APPOINTMENT OF JUDGE OTANES
“We don’t teach ethics, we teach ethics awareness.”

Norm Augustine, Chairman of the Board of Lockheed Martin