SCCE Western Balkans Regional Compliance & Ethics Conference

INTEGRITY IN THE SPOTLIGHT
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SCCE Code of Professional Ethics for Compliance and Ethics Professionals:

“C&E professionals should serve their employing organizations with the highest sense of integrity, excel unprejudiced and unbiased judgment on their behavior, and promote effective compliance & ethics programs.”
INTEGRITY

Integrity is “the quality of being honest and having strong moral principles” and “the state of being whole and undivided”.

MORAL AWARENESS

HOW DO WE MEASURE ETHICS?

**DESCRIPTIVE APPROACH**

- **MOTIVATION AND PRESSURE**
  - INDIVIDUAL CHARACTERISTICS
    - Values and beliefs
    - Ego balance
    - Values of control
    - Moral cognitive development
    - Narcissism and Machiavellianism

- **CHANCE AND OPPORTUNITY**

- **MORAL COURAGE RATIONALISATION**

**DECISION-MAKING PROCESS**

**PRESCRIPTIVE APPROACH**

- **NORMATIVE ETHICS**
  - Ethical egoism
    - initially want to satisfy their own interest

- **Utilitarianism**
  - to maximize benefits and minimize harm to as many people as possible

- **Deontology**
  - equality and honesty to everybody

- **Virtue Ethics**
  - focus on the character of the individual “who he/she really is”

**BEHAVIORAL ETHICS**

**DESCRIPTIVE APPROACH**

**PRESCRIPTIVE APPROACH**

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VALUES

Values describe our personal motivations that determine how we live and how we feel.

People do what they value - guidelines for human behavior and actions.

The growth and development of an individual depend on their ability to satisfy their needs, which is reflected in their values.

Maslow’s Needs to Barrett Seven Levels of Consciousness®

**Self-Actualisation**
This stage extends and involves satisfying one’s growth needs, which are informed by these expanded levels of consciousness.

Substitute ‘states of consciousness’ for hierarchy of needs.
Seven Levels of Personal Consciousness

Positive Focus/Excessive Focus

Service
Service to Humanity and the Planet
Compassion, Humility, Future Generations.

Making a Difference
Making a Difference in the Community
Actualizing Meaning, Collaboration, Intuition, Mentoring, Empathy.

Internal Cohesion
Finding Meaning in Existence
Integrity, Alignment, Authenticity, Creativity, Passion, Honesty, Trust.

Transformation
Continuous Growth and Development
Adaptability, Continuous Improvement, Courage, Team Player.

Self-Esteem
Building a Sense of Self Worth

Relationship
Harmonious Relationships
Family, Friendship, Belonging, Open Communication, Ritual.

Survival
Physical Survival and Safety

Seven Levels of Organisational Consciousness

Positive Focus/Excessive Focus

Service
Service to Humanity and the Planet
Social responsibility, future generations, long-term perspective, ethics, compassion, humility.

Making a Difference
Strategic Alliances and Partnerships
Environmental awareness, community involvement, employee fulfillment, coaching/mentoring.

Internal Cohesion
Building Internal Community
Shared values, vision, commitment, integrity, trust, passion, creativity, openness, transparency.

Transformation
Continuous Renewal and Learning
Accountability, adaptability, empowerment, teamwork, goals orientation, personal growth.

Self-Esteem
High Performance

Relationship
Employee Recognition
Loyalty, open communication, customer satisfaction, friendship. Manipulation, blame, favoritism and internal competition.

Survival
Financial Stability
Shareholder value, organisational growth, employee health, safety. Control, corruption, greed, exploitation and micro-management.
WHAT THE FINAL STANDARD OF ETHICS?

WHAT MAKES US HAPPY?

How much does money, marriage, age, gender, race, health, climate and education all together make us happy?


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EGO BALANCE

Low Ego Strength
- lack of confidence
- lack of self-esteem

High Ego Strength
- overconfident
- arrogant

Early Warning Signs
- always think they are right,
- see themselves as more worthy,
- don't question own behavior,
- feel they are never wrong,
- feel they are deserving of everything that they want,
- do not look back at the remarks and criticisms,
- believe that they are above others,
- they are not subject to reproach and they never sin,
- no one can question their behavior,
- think they cannot have a bad idea etc.


EGO BALANCE

GOOD
Kind
Polite
Honest
Generous

BRIGHT
Capable
Agile
Witty
Clever

CUNNING
Shrewd
Astute
Calculating
Devious

SKILFUL
Hypocritical
Sleazy
Scheming
Selfish
Mercenary

DECEPTIVE
Treacherous
Lying
Malicious
Deceitful

overconfident
arrogant

LOCUS OF CONTROL

Indicator of a person's sense of control and responsibility over their actions and life situations.

**Internal locus of control - “I control my destiny”**
- They are more likely to take responsibility for the consequences of their behavior and actions, and to rely on their own moral standards and be consistent in their actions.

**External locus of control - “They control my destiny”**
- Events in life are a matter of luck or coincidence and are less responsible for the consequences of their actions.
- They always find fault in others or in some external circumstances, and are more prone to "unethical behavior".

MORAL-COGNITIVE DEVELOPMENT

KOHLBERG’S THEORY

<table>
<thead>
<tr>
<th>Level One: Preconventional</th>
<th>Stage 1</th>
<th>Obedience and Punishment Orientation.</th>
<th>Obedience to authority for its own sake, egocentrically point of view, the interests of others are not taken into account.</th>
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</thead>
<tbody>
<tr>
<td>Level Two: Conventional</td>
<td>Stage 2</td>
<td>Instrumental Purpose and Exchange.</td>
<td>An individual only follows the rules when it is in his or her own self-interest. “I’ll only help you if you help me too.”</td>
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<td></td>
<td>Stage 3</td>
<td>Interpersonal relationships and expectations.</td>
<td>Correct behavior is one that is in line with the expectations of others.</td>
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<td></td>
<td>Stage 4</td>
<td>Law and order system.</td>
<td>It is right to fulfill our duties and obligations and to contribute to society.</td>
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<td></td>
<td>Stage 5</td>
<td>Social Contract and Individual Rights.</td>
<td>It is right to adhere to the rules and social agreements.</td>
</tr>
<tr>
<td></td>
<td>Stage 6</td>
<td>Universal Ethical Principles.</td>
<td>Fairness, equality, respect, dignity.</td>
</tr>
</tbody>
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AUTHENTIC VS. NARCISSISTIC LEADERSHIP

• Seven traits associated with effective leadership - energy, dominance, confidence, a sense of belonging, grandiosity, low levels of empathy and charisma

Narcissism - a strong predictor of unethical behavior - the root of all evil in an individual.

NARCISSISM & MACHIAVELLIANISM

Narcissism - a lack of empathy, arrogance, envy, superiority, grandiosity, neglect others' well-being, satisfy their own needs only. They always **want to have more** than what they already have.

Machiavellianism - interpersonal strategies that promote manipulativeness, self-interest and deception, they use force, deceit and even cruelty. Guided by the maxim **“the goal justifies the means”**.
DECISION-MAKING PROCESS

PRESSURE
Financial pressure - financial losses or debts, life beyond opportunity, inability to repay loans, unexpected financial expenses, bonuses, incentives, sales decline...
Non-financial pressure - job dissatisfaction, desire to manipulate the system, unrealistic deadlines, threats and revenge, the need to show results better than they really are...

INDIVIDUAL CHARACTERISTICS
Values and beliefs
Ego balance
Locus of control
Moral cognitive development
Narcissism and Machiavellianism

MOTIVATION
Values
Emotions
Empathy

MOTIVATION AND PRESSURE

CHANCE AND OPPORTUNITY

MORAL COURAGE
RATIONALISATION

MORAL DISENGAGEMENT
allows individuals to engage in unethical behaviour without feeling bad about it.

OPPORTUNITY
Poor management, lack of controls, inadequate information to employees, lack of audit, absence of penalties...

RATIONALISATION - MORAL DISENGAGEMENT

“What our company does is not comparable to what our competition is doing.” Advantageous comparison

“Its their own fault, why they didn't read the contract in detail.” Attribution of blame

“We wouldn't do this if the manager didn't ask us to do that.” Diffusion of responsibility

“They're like cattle anyway. It's good for them.” Dehumanization

“It's “no big deal”, we just fudge a few figures, everything else stays the same.” Minimizing the consequences

“He gets a new career opportunity!” (dismissal)
The use of euphemistic language
Why is raising integrity awareness important to C&E Professionals?

**Role model**

"We are truly successful together."

"I follow the rule and do what I am told."

"I am a high performer."

"We are truly successful together."

High-performance - the purpose of effective C&E programs
