

U4 Helpdesk Answer 2018:20

# Anti-corruption and integrity awards

**Author(s): Roberto Martinez B. Kukutschka**

Reviewer(s): Mahmoud Farag

Date: 20 July 2018

For decades, anti-corruption strategies have been based on an understanding that corrupt people were rational beings, making rational decisions when they decide to engage in corruption. As a result, the rationale was to make corruption as inconvenient as possible. However, contrary to this assumption, social psychology and behavioural economics demonstrate that human decision-making is not always rational. Mental shortcuts and intuition play an important role in shaping behaviour surrounding corruption.

This realisation has opened up a new terrain to think of anti-corruption based on how people act towards and engage in corruption. That requires first an understanding of the psychology of corruption and, second, a holistic approach to influence both the mind and the environment in which the individual makes decisions. Awards, as a form of incentive, are among some of the tools that can be considered when designing strategies meant to help curb corruption through behavioural changes.

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## Query

Are there examples of public authorities, companies or organisations using “integrity awards” for employees?

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### Caveat

This answer provides examples of integrity and anti-corruption awards granted in a variety of sectors, including the public, private and non-profit. It was, however, not possible to find information regarding their impact.

### Awards as behavioural incentives

Awards in the form of orders, decorations, prizes and titles are present in all forms of government and can also be found in private organisations, not-for-profit and profit-oriented firms. In France, for example, the *légion d'honneur* plays an important role, and 3,000 such awards are conferred annually (Frey and Neckermann 2008). In the United States, the president and Congress bestow medals, and the military has handed out purple hearts, bronze and silver at an increasing rate over the past years (Cowen 2000).

Awards are widely used in the corporate sector too: Firms often honour their employees as employee of the month or hand out “Thank you!” or “Best employee” awards. The media also supports this by creating their own awards and by regularly choosing “Best Managers” (Business Week), “CEOs of the Year” (Financial World) or the “Person of the

### Main points

- Awards work as incentives to influence human behaviour.
- The promotion of intrinsic motivation to counter corruption should produce an emotional reward obtained after doing something “right” for others.
- Motivation can come from reinforcing the idea that what is done at the individual level matters and promotes integrity.
- By providing genuine incentives, organisations can motivate partners to demonstrate their anti-corruption and integrity efforts proactively.

Year” (Time). Organisations, such as the World Economic Forum, appoint people to the position of “Global Leader of Tomorrow”, and “Young Global Leaders”.

Despite the fact that awards and distinctions are commonplace in modern society, there is scant literature on their potential to stimulate behavioural change. While some economists have studied the effect of awards in terms of sending a signal (Spence 1974), fostering competition (Lazear and Rosen 1981) and providing an incentive in a

principal-agent relationship in a firm (Prendergast 1999), such approaches have not yet been able to capture the comprehensive impact of awards in driving widespread behavioural change. Behavioural economics, which combines economic methods with insights from psychology, has the potential to consider more profound ways in which the recognition conveyed by an award might affect an individual's behaviour. Of particular relevance is the impact awards may have on an individual's esteem, identity, status and reputation, and therefore that the desire to win awards could exert influence over how people behave.

### How can awards help against corruption?

Awards work as incentives via a number of channels that have been shown to influence human behaviour. According to Frey and Neckerman (2008), awards can serve as a motivation because they:

- make the recipients feel good about themselves irrespective of monetary or status consequences, hence even without others knowing about the award
- are normally conferred by organisations valued by those receiving the award
- generate social prestige and recognition among peers
- promote a competitive environment, which many people enjoy irrespective of the outcome
- often come with monetary compensation or other material or immaterial benefits

In addition to serving as incentives, awards also work ex post. They help establish role models, distribute information about successful and desirable behaviour and create loyalty. For this reason, they also have the potential to serve as anti-corruption tools.

Anti-corruption policies and strategies are often based on sanctions and the idea that they will help deter potential violators. The effectiveness of sanctions as deterrents, however, depends significantly on the risks of being caught. Hence, if the risks are low and no financial or social costs are anticipated, engaging in corruption may be seen as profitable and as the rational decision. In such environments, sanctions may exist on paper but are insufficient to deter wrongdoers (Wegner, Schönerlein and Biermann 2013).

In environments where the rule of law is weak and impunity is high, relying on sanctions alone can therefore be ineffective for a number of reasons. First, to detect corruption, cooperation between several parties is often necessary. Actors that face a sanctions-only approach may be inclined to refuse such cooperation. In such situations, actors may fear disproportionate punishment, and prefer to cover up problems rather than proactively cooperating to find a solution. Second, sanctions as punishment of a corrupt act may be insufficient to motivate actors to implement preventive measures or to take other proactive anti-corruption approaches. Finally, sanctions can help shape behaviour in a manner that encourages adherence to a certain standard, but they seldom provide motivation to go beyond this minimum, often legal, requirement (Wegner, Schönerlein and Biermann 2013)

Accordingly, incentive-driven approaches that encourage people to act in line with the principles of integrity could theoretically be a useful complement to deterrence regimes. Systems that foster motivation to act against corruption could seek to capitalise on the emotional reward individuals often experience when acting (and being seen to act) with integrity and altruism. According to Zúñiga (2018), such motivation can be leveraged by appealing to individuals' sense of

moral responsibility and reinforcing the notion that action at the individual level matters. By moving beyond a focus on minimum standards and preventive strategies to reward people seen to have actively promoted integrity, awards may offer a means of nudging others to do the same, resulting in positive, if incremental, changes to social norms. Nonetheless, it must be noted that the evidence basis for this notion is extremely thin.

### Combining “carrot and stick” approaches

Incentives may address the limitations of a sanctions-only approach in terms of the lack of motivation to show positive behaviour when the violation of a formal rule comes to light. They can also help motivate actors to adhere to certain rules where sanctions on their own fail to do so and to stimulate these actors to go beyond the minimum standard established in the law (Wegner, Schönerlein and Biermann 2013).

When law enforcement is deficient or corrupt, sanctions are also unlikely to provide a strong enough deterrent to engage in acts of corruption. Law enforcing authorities or other control or audit institutions may find it difficult to increase financial and social costs significantly to outweigh the gains of corruption. In such situations, stakeholders may choose a complementary approach by introducing financial and social benefits for adhering to anti-corruption standards. Wegner, Schönerlein and Biermann (2013) argue that a company representative may opt to forego short-term gains from a corrupt act for more long-term rewards that can be obtained for not violating a standard.

It needs to be recognised that such incentives may typically not outweigh the (social and financial) gains of violating anti-corruption standards. However, when combining material financial benefits (e.g. preferred supplier status from a

major customer) with considerable social benefits (e.g. public endorsement), such incentives show that countering corruption makes business sense and ultimately leaves companies better off in the long term than peers which are not engaging in this fight. The existence of such incentives also strengthens the individual’s perception of doing “the right thing”.

In contexts where law enforcement is relatively strong and laws, treaties or other regulations are generally widely accepted, adherence to standards may be successfully achieved through sanctions and mitigation incentives only. But standards need to be kept up-to-date to reduce the risk of corruption in a changing business sector. Stakeholders may offer genuine incentives to achieve this.

If rewards are given to move beyond the current status quo, top-performing companies may be motivated to do so. Over time, these companies raise the bar of what is expected from business. For example, while most companies’ internal control systems still rely on a manual, sample-based approach for detecting irregularities, advanced companies use information technology to automate detection across full datasets, reducing the risk that irregularities remain undetected due to sample-based controls. Stakeholders may decide that they prefer to do business with companies applying such a process rather than with those still relying on a more random, higher-risk approach.

Offering genuine incentives can also help stakeholders overcome the risk of non-detection. For example, while large companies’ codes of conduct for business partners typically include the possibility of business partner monitoring (e.g. through on-site visits), the high number of partners makes this challenging in practice. Therefore, a risk-based approach is usually adopted which calls

for due diligence reviews for the largest and most critical suppliers, but relies on the cooperative behaviour of the majority of other suppliers (most of them small- and medium-sized enterprises). By providing genuine incentives, companies can motivate business partners to demonstrate their efforts proactively. The burden of proof is thus shared.

Despite the strong reasons for the use of genuine incentives alongside sanctions, stakeholders need to be aware of several factors when applying them:

- Companies may reap the rewards of genuine incentives without really adhering to standards (“free-riding”) or by pretending to adhere to standards (“window dressing”) through “creative” disclosure.
- Genuine incentives can create expectations or dependencies.
- They may also signal that a stakeholder mistrusts business to do “the right thing”, resulting in a lower intrinsic motivation.
- Incentives may trigger desired behaviour, but the long-term effect needs to be considered as they carry the risk that the behaviour only changes as long as these incentives are provided. For instance, the Doing-in-the-Dark Campaign promoted by Princeton University, where students across universities were encouraged to reduce their energy consumption for one month, shows that, as soon as the competition terminates, energy levels dropped back to where they were before the competition (Van der Linden 2015). Moreover, extrinsic incentives might undermine intrinsic motivation. For instance, emphasising the financial benefits for enrolling in an energy-saving programme can decrease environmental concern and reduce the willingness to care about it (Van der Linden 2015).

While these considerations need to be addressed, the theory suggests that when properly designed, establishing positive incentives to complement the existing legal and regulatory framework may motivate actors to counter corruption and further develop anti-corruption standards. It is worth noting, however, that the lack of studies into the wider impact of individual awards on the ground has yet to prove this theoretical argument.

## 2. Examples of anti-corruption and integrity awards

This section provides a few examples of anti-corruption and integrity awards in the public, private, academic and non-profit sector. Unfortunately, evaluations pertaining to the impact of the awards in successfully promoting ethical behaviour or anti-corruption compliance could not be found, which made it impossible to determine the outcomes of each of these examples.

### Non-profit sector

#### Parliamentary Integrity Awards (Australia)

[The Accountability Round Table](#) (ART) is an Australian non-partisan group of citizens with diverse backgrounds (academics, lawyers, politicians, journalists, authors) who are dedicated to improving standards of accountability, probity, transparency and democratic practice in all governments and parliaments in Australia. ART created two Parliamentary Integrity Awards for federal parliamentarians, which were first awarded in 2013.

#### Coalition for Integrity’s Integrity Award (USA)

[The Integrity Award](#) is designed to recognise contributions by an individual or organisation to advance methods to counter corruption and to promote transparency and accountability within

business, government and civil society in the United States or abroad. The previous recipients of the Integrity Award are United States Senator John McCain, former US Attorney Preet Bharara, former President Jimmy Carter, Sir James D. Wolfensohn, former President of the World Bank Group, former US Senator Richard G. Lugar, former US Secretary of State Hillary Rodham Clinton and former chairman of the Federal Reserve, Paul Volcker.

To be eligible, the individual or organisation, in addition to having a reputation for integrity, must have demonstrated and sustained a track record of actions and ideas relating to the promotion of ethics and integrity, anti-corruption programmes and/or corporate social responsibility in the US and/or internationally.

#### **Transparency International's Amalia Award**

The [Transparency International Amalia Award](#) recognises and celebrates professional excellence and impact made by anti-corruption workers from within the Transparency International movement. The award has two categories:

- Impact – positive change brought about by an action or chapter. The changes should have affected peoples' lives or institutional processes and led to policies that furthered the anti-corruption cause.
- Professional excellence – advancing the mission of a chapter or Transparency International as a whole through demonstrating professional excellence and expertise in an area of anti-corruption work.

#### **Sheikh Tamim bin Hamad Al Thani Anti-Corruption Excellence Award**

The [Anti-Corruption Excellence Award](#), granted by the Qatari Rule of Law and Anti-Corruption Center

(ROLACC) with support from UNODC, intends to advocate the importance of tackling corruption and encourage the implementation of the United Nations Convention against Corruption (UNCAC) by gathering and broadcasting creative and outstanding achievements of anti-corruption projects and honouring exceptional efforts in the field. By highlighting exemplary models and promoting excellence and creativity in anti-corruption, the award seeks to serve as an incentive for greater motivation and as a tool to identify, recognise, honour and reward those who show vision, leadership, creativity, enthusiasm in, and commitment and dedication to tackling corruption.

#### **Public sector**

##### **Public Service Excellence Award (Kenya)**

The Public Service Commission in Kenya helps motivate public officials to improve service delivery in the country by addressing the low morale in the public sector. The [Public Service Excellence Award](#) was introduced in 2015 to recognise public service employees who have demonstrated excellence in achieving results, while reflecting the government's values.

Nominations for this award are open to all employees from ministries and state departments. The award has several categories, including one focused on values and ethics. The nominees to this award should be acknowledged by colleagues as "persons of integrity whose character is beyond reproach". They must be selfless, honest and impartial in service delivery.

##### **Integrity Idol**

[Integrity Idol](#) is an international campaign, promoted by Accountability Lab and run by citizens to award honest public officials. The objectives of the campaign are to generate debate about the idea

of integrity and to inspire public officials to be more honest, responsible and effective public servants. The campaign started in Nepal in 2014 and now also takes place in Liberia, Pakistan, Mali, Nigeria and South Africa. Citizens from each country nominate their candidates and an independent panel of experts narrow the list to five candidates. After telling the stories of each of those candidates on television, citizens can vote for their favourite via SMS and the website. The winner is publicly crowned in a ceremony.

Part of the success of this experience is its annual continuity, giving time for the experience to sink into the citizens' and public officials' minds, generating expectations and the potential desire among public officials to be a future candidate. Another success is citizen engagement. When Integrity Idol started in 2014, there were 303 nominees and more than 10,000 Nepalese voted; in 2016, there were 850 nominations and around 100,000 votes. At least two aspects might explain this increase in citizen engagement: the participation does not involve any significant change in the lives of the citizens, and it is safe and anonymous. Moreover, the use of television amplifies its impact and might trigger in the citizens a response from witnessing the participation of other citizens.

#### **American Society for Public Administration's Public Integrity Award**

This award pays tribute to an individual or organisation, that has made outstanding contributions to responsible conduct in public service. The award is presented to an individual or organisation that represents any domain of public service, local, state, national, international government or non-profit; and presents evidence of benefiting the general public.

## Academic sector

### **UC San Diego Integrity Awards (USA)**

The UC San Diego recognises integrity as a core principle and a pre-requisite for excellence with their [Integrity Award](#). Each year, the university recognises the members of their community who have made substantial contributions to academic, research and professional integrity over the previous 12 month period.

In addition to the award, the university also introduced the Excel with Integrity art contest. This contest is open to all undergraduates, graduate students and post-docs at the university, who are asked to submit a drawing, video, song or written piece that expresses how one can excel with integrity or highlights why integrity is important for success and excellence. The first and second place obtain a small cash prize of US\$250 and US\$150 respectively.

### **International Center for Academic Integrity Awards**

The [International Center for Academic Integrity](#) (ICAI) was founded to counter cheating, plagiarism and academic dishonesty in higher education. Its mission has since expanded to include the cultivation of cultures of integrity in academic communities throughout the world.

ICAI awards five different integrity awards during its annual membership meeting every year. The awards include the Waldvogel Exemplar of Integrity Award, which honours individuals who demonstrate courage and perseverance in championing the ideals of academic integrity in the face of opposition and/or adversity. Nominees need to be teachers, administrators, staff, or scholars who have made outstanding contributions in promoting or defending the ideals and values of

academic integrity. In addition to the Waldvogel Awards, ICAI also grants the Campus of Integrity Award, which recognises campus-wide efforts to promote and/or maintain the values of academic integrity. Nominations can be made for individuals or teams who have made extraordinary contributions to the field by upholding scholarly standards and/or improving the quality of education on an institutional or larger scale.

## Private sector

### Walmart's Integrity in Action Award

As part of their strategy to promote ethics and integrity, Walmart recognises staff members when they make ethical decisions so their example will inspire others. Their global recognition programme, the [Integrity in Action Award](#), celebrates staff members who model integrity or encourage others to do so. Associates nominate and vote for candidates, and Walmart recognises the award winners at the annual shareholders' meeting. Some of the winners for this award have been rewarded for declining bribes, reporting illegal practices and preventing fraud.

### American Sub-Contractors Association (USA)

To promote ethical and equitable business practices, the American Sub-Contractors Association (ASA) recognises subcontractors that demonstrate the highest standards of internal and external integrity in the construction industry. The [Excellence in Ethics Awards](#) are granted annually based on corporate ethics policy and procedure, construction industry practices, and general business practices. Each firm applying for this award is judged based on their corporate ethics and policy procedures, i.e. the commitment to business ethics demonstrated on a corporate and individual level, and verified by customers and suppliers; general business practices, i.e. that the applicant

does not seek its own best interest at the expense of the industry; and the construction business practices, i.e. that the applicant provides materials and services in a manner consistent with the established and accepted standards of the construction industry.

### UNWTO Ethics Award

The [World Tourism Organization \(UNWTO\)](#) is the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism.

As the leading international organisation in the field of tourism, UNWTO promotes tourism as a driver of economic growth, inclusive development and environmental sustainability and offers leadership and support to the sector in advancing knowledge and tourism policies worldwide.

UNWTO encourages the implementation of the Global Code of Ethics for Tourism, to maximise tourism's socio-economic contribution while minimising its possible negative impacts, and is committed to promoting tourism as an instrument in achieving the [Sustainable Development Goals \(SDGs\)](#), geared towards reducing poverty and fostering sustainable development worldwide.

The UNWTO Ethics Award was established in 2016 and is open to all companies and associations that are official signatories of the Private Sector Commitment to the UNWTO Global Code of Ethics for Tourism. To be eligible for the Ethics Award, signatories of the Private Sector Commitment to must have reported on its implementation.

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[www.U4.no](http://www.U4.no)

[U4@cmi.no](mailto:U4@cmi.no)

## **Keywords**

anti-corruption awards - incentives – social accountability

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