

# ANTI-CORRUPTION HELPDESK

PROVIDING ON-DEMAND RESEARCH TO HELP FIGHT CORRUPTION

## THE ROLE OF HR MANAGEMENT IN THE FIGHT AGAINST CORRUPTION IN THE PRIVATE SECTOR

### QUERY

What roles can human resource (HR) management play in the fight against corruption in companies in the public and private sector (for example, recruitment processes and background checks, evaluation systems and incentives, the controversial integrity test, policies of not retaliation for whistleblowers, and so on)?

### CONTENT

1. The case for integrating corporate integrity in HR management
2. Mainstreaming integrity in HR processes
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### CAVEAT

A previous Helpdesk answer has focused on [corruption and anti-corruption in HR management in the public sector](#). This answer focuses more specifically on the private sector.

### SUMMARY

Human resource (HR) management is often left out of the formal ethics programmes that manage ethics through codes of ethics, memos or internal policies. Yet, HR has a key role to play in promoting business ethics and ensuring that such programmes are not just window-dressing exercises aimed at improving the company's external image. As HR practices affect the daily life of employees and influence many key systems and processes that underpin business operations, HR provides many entry points for promoting the anti-corruption agenda and fostering an ethical organisational culture, including sensitive HR processes such as recruitment, training, performance appraisals, reward, and compensations and reporting. Such an approach is likely to improve the effectiveness of the overall ethics programmes and ensure that the company's anti-corruption commitment is fully integrated in day-to-day organisational practices.

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## 1 THE CASE FOR INTEGRATING CORPORATE INTEGRITY IN HR MANAGEMENT

Human resource (HR) processes face a variety of ethical challenges that may potentially damage a company's reputation or financial sustainability. HR management is a "sensitive function" that involves the use of discretion, power, responsibility and the possibility of seeking private benefits, all factors that create breeding grounds for corrupt and unethical practices (Vinayan 2015). But beyond safeguarding HR management from improper conduct and practices, HR has a key role to play to foster a culture of integrity across an organisation, which can benefit the organisation on many levels. Yet, there is very little research available on the corruption vulnerability of HR practices and its influence on organisational culture and climate as well as on overall profitability in the private sector.

### Ethical issues facing HR management

There are few studies on the ethical issues facing HR management in private sector corporations, probably due to the negative stigma associated with corruption, which could potentially harm a company's reputation. As a result, HR functions have not been explored much for their vulnerability to corruption (Collins 2000).

However, HR functions cover a number of sensitive activities, such as recruitment, promotions, postings, compensation, rewards and sanctions, that require the use of a certain level of power and discretion, making them potentially vulnerable to corruption. In addition, HR functions are also often characterised by a large number of complex and opaque policies and processes known to only a few staff members. Legitimate confidentiality and privacy concerns also contribute to this lack of transparency in many HR processes, exacerbating risks of unethical conduct (Vinayan 2015).

There are a number of practices in HR that are particularly vulnerable to corruption (Vinayan 2015):

#### *Recruitment*

Appointments influenced by considerations other than merit and qualifications may affect the company's productivity and outcomes. In recruitment and hiring,

common irregularities include appointing friends or relatives, political nominees or cronies. In fact, the majority of documented instances of corruption in HR relate to offering preferential considerations to friends and relatives (Collins 2000), or even to gain a business advantage (Cassidy and McAllister 2016).

For example, in 2015, the Securities and Exchange Commission in the US reached a settlement with BNY Mellon based on allegations that the firm gave internships to relatives of officials at a Middle Eastern sovereign wealth fund in exchange for business (Cassidy and McAllister 2016). In 2016, JP Morgan paid US\$264 million to settle charges that it breached anti-bribery laws by employing Chinese "princelings", the children of influential figures, to secure business worth more than \$100 million (The Telegraph 2016).

These corrupt practices are facilitated by opaque recruitment processes, unclear job descriptions, unstructured and informal job interviews, discriminatory practices based on gender, age, religious or political affiliation and sexual orientation, for example (Ryan 2006).

#### *Performance appraisals and promotions*

Performance appraisals trigger perceptions of justice or injustice and can make a huge difference to employees' salaries, promotion and positions in the organisation's career development prospects, which affects their attitudes and work behaviour, among others. This potentially provides incentives for influencing the process through unethical means.

Yet, justice perceptions related to performance appraisals affect employees' attitudes, motivations and work behaviour. A study looking at the impact of performance appraisals on ethical behaviour among police officers shows that such perceptions have strong implications on (un)ethical behaviour and organisational outcomes (Jacobs, Belschak and Den Hartog 2014). This implies that fair treatment of employees in performance appraisals is important to avoid abuse and misconduct.

There are a number of ethical challenges facing performance appraisals and promotion which result in unequal treatment of employees. Lack of transparency and bias are often raised as important concerns, while nepotism, cronyism and favouritism are also perceived

as common in performance appraisals, promotions and postings (Ryan 2006).

### *(Un)ethical leadership*

Leaders set the ethical tone of an organisation. A 2003 study conducted by the Ethics Resource Centre indicated that only 4 per cent of employees feel pressure to compromise ethics if their senior leaders or supervisors demonstrate ethical action. If senior leaders, supervisors and co-workers only pay lip service to ethics, respectively 43 per cent and 53 per cent feel pressure to compromise ethics (Williams and Redmont 2005).

Yet, the lack of adequate training and education for managing human resources ethically is seen by many as problematic, contributing to the spread of unethical corporate cultures. Honest behaviour is not always incentivised and HR functions tend to reflect the tone given at the top in this regard. In fact, some researchers argue that HR managers tend to conform to the views of senior managers, irrespective of the morality (or lack thereof) in management decisions, undermining trust in HR professionalism and ethics. A case in point is the relative lack of corporate HR managers blowing the whistle in the US during the numerous business scandals from Enron (Vinayan 2015).

Abuse of authority is also a major area of concern for leaders and managers, including actions such as arbitrariness, capriciousness, spying on employees or “pimping” employees to report on other employees, abusing relationships, disrespect for women or minorities, setting bad examples for subordinates in business practices, harassment, bullying or intimidation by senior staff members (Vinayan 2015).

### *Other practices*

Although not directly linked to corruption, other unethical practices fall under the remit of HR management, such as the invasion of privacy by the HR department (email monitoring, social network monitoring, snooping on personnel's private activities). In marketing/sales, gratifications, such as offering gifts, favours and entertainment benefits, can raise serious ethical concerns (Vinayan 2015).

## **Benefits of promoting ethical values in HR processes**

There is a compelling business case for having robust anti-corruption programmes in place, as there are important legal, financial, regulatory and reputational impacts of corruption on business operations (PwC 2008). Although often absent from corporate ethics programmes, HR processes have a key role to play in promoting the anti-corruption agenda as they have a bearing on a company's organisational culture that may foster or inhibit corrupt practices (Weaver and Trevino 2001). On the other hand, HR processes also have a lot to benefit from more ethics and value-driven business models, in terms of attracting and retaining qualified and motivated staff, and increasing staff performance and productivity (The Guardian 2015).

### *Mitigating legal risks*

Corruption can generate serious civil and criminal concerns for companies, in a context where anti-bribery regulations are becoming increasingly comprehensive; tougher sanctions and penalties are imposed for corruption-related offences and a significant number of countries are introducing criminal liability for legal entities (Wickberg 2010). Enforcement is also rising, according to 56 per cent of business people surveyed in 2008, while 71 per cent anticipate it will strengthen further in the future (PwC 2008). This puts a greater pressure on companies to adopt strong anti-corruption policies and compliance programmes.

Such programmes can help organisations meet certain legal requirements. For example, US sentencing guidelines provide for reducing penalties for organisations that have “an effective programme to prevent and detect violations of the law”, including ensuring that the organisation compliance and ethics programme is followed, their effectiveness periodically evaluated and have a reporting system in place (Williams and Redmont 2005).

### *Avoiding financial losses*

The financial risks companies face when convicted of bribery are also increasing, with record-breaking fines and penalties imposed for violations of the US Foreign Corrupt Practices Act in recent years (Wickberg 2010). In 2008, US authorities fined the German engineering

group Siemens US\$800 million to settle a long-running bribery and corruption scandal (The Guardian 2008). In 2012, HSBC Holdings Plc agreed to pay a record US\$1.92 billion in fines to US authorities in a money laundering case (Reuters 2012). More recently, BNP Paribas was fined for US\$8.9 billion for conducting questionable business in Sudan, Iran and Cuba, among other countries (Reuters 2015). In addition to the fines, companies also need to consider the costs of internal investigations, the costs of which can reach millions of dollars (Wickberg 2010).

### *Preventing reputational damage*

High profile corruption cases also risk damaging a company's corporate reputation. In fact, business people consider that the most severe impact of corruption on a business would be to their corporate reputation – their most vital asset – as acknowledged by 55 per cent of the business people surveyed by PricewaterhouseCoopers in 2008. In line with this finding, the survey reports that, having an anti-corruption programme in place is perceived as valuable to a company's brand by 86 per cent of the respondents. As a result, companies are developing socially responsible business models that include anti-corruption provisions expected by investors and other stakeholders (PwC 2008).

### *Sustaining market value*

A company's governance and ethical values are also likely to influence investors' decisions and an organisation's stock prices. A 2003 survey of investors found that 92 per cent want their financial advisors to review ethical and financial performances before recommending investment; 84 per cent are more likely to invest in mutual funds that maintain ethical practices, and 71 per cent agree that higher corporate integrity is associated with lower investment risks (Williams and Redmond 2005).

### *Addressing unethical behaviour and fuelling a culture of integrity*

According to a 2008 Deloitte report, every business scandal or regulatory violation is ultimately rooted in the workforce. This implies that HR should take a leadership role in preventing and addressing corruption. In particular, HR should put greater emphasis on ensuring the appointment of staff with the right qualifications and on the right values and ethical

culture (Vinayan 2015). Yet, HR is often absent from corporate ethics programmes (Weaver and Trevino 2001).

HR practices can have a profound impact on staff morale and the overall organisational culture, which may fuel or inhibit unethical conduct. Low salaries and poor rewards for performance, unfair treatment of employees, discretion in promotion and career development, contract insecurity and a lack of professionalism can create favourable conditions for corruption and unethical conduct (European Commission 2015).

HR functions also encompass many activities that have an impact on unethical behaviours. A KPMG organisational integrity study conducted in 2000 indicated that employees believe that misconduct is caused by cynicism, low morale and indifference (73 per cent); pressure to meet schedules (70 per cent), pressure to hit unrealistic earning goals (65 per cent); desires to succeed and advance career (56 per cent), lack of knowledge of standards (50 per cent) and desire to steal from or harm the company (22 per cent) (Williams and Redmont 2005). Most of these causes fall under the remit of HR management and can be addressed with HR tools and processes such as ethical training, realistic objective setting, fair and transparent performance appraisal systems, promotion and compensation systems, and disciplinary measures, among others.

Similarly, as HR influences many key systems and processes that underpin business operations, it is well positioned to promote ethical values across the organisation (Strandberg 2009). This also implies that, when HR functions become vulnerable to corruption, they can quickly contaminate other functions due to the pivotal and cross-cutting role HR plays in an organisation (Vinayan 2015).

HR has the mandate to communicate and implement policies and cultural and behavioural changes, and HR staff have relevant knowledge skills and expertise for organisational learning and change. This gives HR a natural role to play when it comes to integrating integrity or more broadly corporate social responsibility (CSR) culture in all business activities and processes (Strandberg 2009).

Mainstreaming integrity into HR processes can also be a cost-effective approach to ethics management for

companies who do not have sufficient resources to fund a separate ethics function (Ruiz and Martinez 2011).

### *Attracting and retaining qualified staff*

The ethical culture of the organisations is also important – and increasingly so – for attracting and retaining qualified staff, as employees prefer to work for companies aligned with their values (Strandberg 2009). A number of surveys conducted in Canada and the US found that the large majority of respondents indicated that a company's commitment to social issues is important when deciding where to work (77 per cent) and would consider changing jobs if their employers did not operate in a socially responsible manner (70 per cent). This is an important factor to consider given the considerable costs involved in replacing the average worker in terms of lost output, recruitment and hiring, training and reduced productivity (Strandberg 2009).

More recently, a survey conducted in the UK by Consultancy Global Tolerance confirms this trend. A company's values and ethics are becoming a key factor to attract young talent. Close to half of the respondents wants to work in an organisation that has a positive impact on the world (42 per cent) and thought meaningful work was more important than a high salary (44 per cent). This trend is particularly driven by the younger generations: of those born between 1981 and 1996, 62 per cent want to work for a company that makes a positive impact. (The Guardian 2015).

### *Increasing staff motivation and productivity*

Ethics and values matter beyond recruitment, as engaged staff whose values are aligned with those of the company are likely to experience better job satisfaction, which leads to greater motivation, enhanced staff morale and productivity, and efficiency gains. Boosted staff morale and motivation leads to increased customer satisfaction and loyalty (Strandberg 2009).

These productivity gains are supported by a number of surveys and studies. Several studies found ethical HR practices to be positively correlated with various parameters such as profitability, turnover, market value, return on assets, as well as employee morale and motivation in different settings (Vinayan 2015).

The above-mentioned Consultancy Global Tolerance survey also found that 53 per cent of millennials admitted they would work harder if they were making a difference to others (The Guardian 2015). This confirms the findings of another study indicating that 70 per cent of staff who were committed to the values of their company said that their productivity had increased in the year preceding the survey, against only 1 per cent productivity improvements for staff not committed to the values of the company (reported in Strandberg 2009). These efficiency and productivity gains result in tangible economic benefits for companies.

However, for these productivity gains to materialise, it is important that companies not just pay lip service to ethical values but demonstrate their commitment in actual facts, as staff engagement is likely to drop quickly if their expectations in this regard are not met (Strandberg 2009).

## 2 MAINSTREAMING INTEGRITY IN HR PROCESSES

### **The role of HR in promoting corporate integrity: an overview**

Expectations for ethical behaviour are typically communicated to staff via codes of conduct, training programmes, messages from senior management, behavioural guidelines and monitoring ethical decision making (Jacobs, Belschak and Den Hartog 2014). But ethical behaviour can also be influenced by mainstreaming ethical values in a large variety of HR processes and procedures, and HR management needs to more systematically integrate ethical values into personnel policies and provide clarity on workplace rules related to integrity (European Commission 2015). The US based Human Resource Institute identifies key HR responsibilities in promoting ethics across an organisation (HRI 2005):

- HR must help ensure that ethics is a top organisational priority
- HR must ensure that the leadership selection and professional development processes include an ethics component
- HR must stay abreast of emerging ethics issues
- HR must ensure that the right programmes and policies are in place

Yet, empirical research suggests that HR staff are not systematically involved in managing ethics programmes. In fact, a study of ethics programmes and compliance management in Fortune 500 firms found that an HR officer was responsible for ethics management in only 28 per cent of responding firms (Weaver and Trevino 2001).

There are many avenues for integrating anti-corruption concerns in HR management. The European Commission identifies a number of potential HR policies for promoting ethical values and behaviour through HR processes that are relevant for both the public sector and private corporations, including (European Commission 2015):

- merit based recruitment
- competency framework with ethics as an integral feature
- recruitment practices that screen candidates for ethical behaviour
- performance appraisals that consider not only technical and team factors but also track record against ethical standards
- on-going personnel development and career management that reward ethics, including improvement in systems to prevent and control corruption
- restriction on the ancillary activities and outside interests of staff and the accumulation of different positions which may present conflicts of interest
- effective disciplinary policies in the event of wrongdoing

### *Vision, mission and values setting*

The first step is to articulate clearly the vision, mission and values of the organisation, including a clear anti-corruption policy (Cassidy and McAllister 2016). HR practitioners can initiate or support the development or upgrade of the organisation's vision and values. The ethical vision of the organisation can also be articulated in employees' codes of conduct which the HR function is typically responsible for drafting and implementing (Strandberg 2009). HR can also help with internal dissemination, awareness of the code and the monitoring of implementation (IBE 2014).

For example, [3M's Business Conduct Policy](#) articulates the set of behaviours that are expected from employees that cover a number of integrity

principles including anti-bribery, gifts, entertainment, travel, securities trading and insider information, anti-money laundering, advertising and product representation, lobbying and political activities, and conflicts of interest, among others.

### *Workforce planning and recruitment*

Workforce planning plays an important role for organisations committed to ethical and sustainability issues, providing an opportunity to evaluate the skill-set and competencies needed for implementing this agenda and identifying gaps. The recruitment stage is also crucial for building a culture of integrity across an organisation as it provides an opportunity to communicate the ethical values of the company and screen the candidates' own awareness of integrity issues. Many companies are profiling their corporate social responsibility ethics in their branding and marketing programme as well as their recruitment material as part of their talent management strategy to attract and retain qualified staff who share the company's values (Strandberg 2009; Weaver and Trevino 2001).

### *Meritocratic appointments*

Meritocratic appointments are essential, both to address corruption risks in recruitment processes and to foster a culture of integrity across the organisation. The fairness of the selection process itself can influence the candidate's perception of the ethical culture of the company. Creating standardised application processes, preferably through a centralised process that requires recruiting managers and HR professionals to manage the hiring process objectively, can prevent employees from making hiring decisions arbitrarily or based on improper criteria. The company should also have written standards on the job requirements, including defined education and experience requirements, softs skills, and so on, to minimise the risks of hiring an unqualified person based on connections. The hiring decision should also be duly documented (Cassidy and McAllister 2016).

It is also important that companies screen employees' values and ensure they are aligned with the values and culture of the organisation and attract employees who are committed to apply high ethical standards at work (Weaver and Trevino 2001). However, too often, organisations place too much emphasis on the technical skills and knowledge to the detriment of the

ethical character and behaviour of the candidates (Vinayan 2015).

The recruitment process provides a unique opportunity to communicate the company's commitment to ethics and assess the candidate's own set of values and behaviour by making ethical awareness an explicit criterion in recruitment processes. This can be done by asking staff to reflect on ethical dilemmas they might encounter in their prospective roles as part of the recruitment process (Zinnbauer 2014). Exit interviews can also provide useful information for monitoring the effectiveness of the ethics programme by integrating questions around the company's values and organisational culture (IBE 2014).

The recruitment process also provides an opportunity for the employee to commit to the organisation's values by signing a binding code of conduct along with the employment contract. The probation period also provides an opportunity to assess the extent to which the employees' values and behaviours are aligned with those of the company (Strandberg 2009).

### *Integrity testing*

A number of methods exist to assess a person/company's fit in terms of values. Integrity tests can be used to help employers assess the likelihood of candidates to engage in counter-productive, dangerous or dishonest behaviour. Such tests can take the form of personality or overt integrity tests that ask specific questions about attitudes towards theft, self-assessment of honesty and admission of past unethical behaviours, with control questions designed to detect false answers.

Some critics argue that there are uncertainties on what these tests actually measure, that they produce a high percentage of "false positives", and that there are fairness and privacy concerns related to these tests (Karren 2007).

Although administering these tests as part of the selection process may be costly, studies have explored their value against a number of criteria (job performance, theft, turnover, absenteeism) and found that they may be associated with the desired outcomes. A study of a large hotel chain went a step further and found that the savings in screening candidates made up for the costs of administering the

tests, based on a substantial reduction in workers' compensation claims (Sturman and Sherwyn 2009).

### *Due diligence/background checks*

As part of the recruitment process, employers may try to confirm the veracity of the information contained in candidates' applications, to assess the candidates' qualifications and truthfulness, and ensure that they do not pose any potential risks. Background checks can be performed for this purpose and may take various forms, ranging from a simple reference check and a credit review to a full blown criminal records investigation. Irrespective of the form it takes, the process should be accurate without unfairly discriminating against any applicant or breaching the law.

The scope of the review and process to obtain background information needs to be tailored to address the specific job description and any specific legal requirements related to the particular position. Performing a background check may also have some drawbacks, such as discouraging individuals well suited to a particular position, being inaccurate due to incorrect information or clerical errors, or have a disparate impact on populations that have higher rates of involvement with the criminal justice system. However, a well-designed and well-executed background check process may help address these concerns (Public Counsel 2017)

### *Training and development*

Companies need to establish a training programme to ensure that staff are aware and fully understand the ethical values and expected behaviours outlined in codes of conduct or internal policies and reinforce and clarify the company's set of values (Ruiz and Martinez 2011). HR typically has the mandate for staff training and development, and can be charged with providing training and opportunities for staff to raise concerns on anti-corruption policies. Learning and development is typically located in HR, and HR professionals can team up with the ethics function to organise training sessions on expected behaviour to ensure that ethical values are known, understood and implemented (IBE 2014).

There are a number of studies providing empirical evidence of the positive influence of training on employees' ethics. Using a sample of Spanish banking

companies, a study provides empirical evidence of the positive impact ethics training has on employees' ethical behaviour when ethics training was provided within the organisation (Ruiz and Martinez 2011).

### *Induction*

The induction process provides an opportunity to provide the employee with an overview of the company's ethical values, organisational culture and expected behaviour (IBE 2014). To ensure maximum buy-in across the whole company, such an orientation process should be deemed mandatory for all levels of new employees (Strandberg 2009).

### *Ethics training*

While compliance training usually focused on rules and regulations to be abided by, ethics training needs to go beyond awareness of the rules to focus on the organisational culture, the company's shared values and expected behaviour.

Ethical leadership is instrumental for the effectiveness of ethics programmes, as leaders and managers set the tone of a company's ethical values and are instrumental for modelling behaviour and communicating ethical standards (Ruiz and Martinez 2011). Therefore, leaders need to receive ethics training and, as role models, convey ethical values in words and deeds. They also need to understand the importance of employee fair treatment to ethics programme effectiveness. Ethical training also needs to focus on managers' unethical behaviour, which would undermine the ethical status of the organisation (Weaver and Trevino 2001).

### *Capacity building of HR practitioners*

It is also important that HR practitioners' capacity be built in terms of integrity and morally responsible HR management practices. In fact, some directly attribute the financial crisis of 2008 to the CEOs and HR managers contributing directly or indirectly to the recession through inadequate and irresponsible HR staffing, performance evaluation and risk management practices. The lack of human resource management accountability for recruiting and rewarding irresponsible CEOs and financial risks managers, is leading to a growing demand for morally responsible HRM education and practices (Vinayan 2015; Petrick 2012). Best practice recommendations

in this regard are to offer professional development workshops on integrity capacity and HRM professionalism to HR practitioners, granting certification to those completing such workshops. Current and future HR managers should also be educated to design and implement comprehensive compliance and ethics development systems to comply with legal and regulatory standards and sustain an ethical culture of integrity (Petrick 2012).

### *Performance appraisals, rewards and advancement*

Besides recruitment and training, performance management and compensation are central HR functions. Some companies have developed a reward system for ethical behaviour by integrating ethics and integrity into job descriptions, individual performance and team goals. For example, at Vance Credit Union, CSR principles are integrated as a key area of accountability in all executive role descriptions, covering innovation, integrity and responsibility (Strandberg 2009).

### *Performance appraisals*

Many organisations are increasingly using performance systems to fulfil organisational integrity functions (Fritzen 2007). Performance appraisal systems should incorporate ethical concerns in line with the company's values, with performance goals focusing not only on the ultimate goals (financial targets) but also how "ethically" they were reached (non-financial targets) (Weaver and Trevino 2001).

But the employees' perception of being treated fairly during appraisal processes are also likely to influence employees' ethical or unethical behaviours, as the process can be interpreted as a "symbolic situation in which they test the trustworthiness of both their superiors and organisation toward them" (Jacobs et al. 2013).

Integrity performance of leaders and managers are especially important to track as they are in a key position to shape the organisation's ethical environment as role models: subordinate's perceptions of their manager's integrity determine their trust in their manager which, in turn, influences their attitudes and performance (Kaiser and Hogan 2010). Subordinate and co-worker ratings of observed ethical behaviour are often used to evaluate the

integrity of managers in the context of competency models and 360-degree feedback surveys. Such measurements typically focus on behaviour that indicates the presence of integrity, but some authors argue that they are ill-designed to adequately distinguish high- from low-performing managers. Instead, they recommend an alternative method of measurement based on subordinate expectations about the likelihood that their boss would behave unethically (Kaiser and Hogan 2010).

Some authors also recommend that employees be required to certify on an annual basis that they have complied with the code of conduct, anti-corruption policy and other relevant internal policies and processes. This certification process could also give employees the option to talk with the ethics advisor about any action and behaviour that raise concerns (Cassidy and McAllister 2016).

### Compensation, reward and sanctions

Similarly, many companies compensate their employees on the basis of financial performance, promoting profit-making values and behaviour. To advance the anti-corruption agenda, compensation systems should include non-financial targets that reward staff for complying and commitment to the company's values (Strandberg 2009).

It is also important to introduce elements of fairness in the compensation system of organisations, as greater attention to ethics is likely to raise employees' sensitivity to issues of justice and fairness. Some companies have linked the introduction of an ethics programme to a review of their compensation and benefits systems, bringing executive pay closer to employees' pay and reducing other executive benefits (Weaver and Trevino 2001).

HR has a key role to play in ensuring that employees are rewarded for ethical behaviour (Weaver and Trevino 2001). However, the form such rewards take raises a number of concerns, as it is expected that staff behave ethically and rewards for "normally expected ethical behaviour" may be counter-productive. Thus, reward for ethical behaviour could take the form of symbolic rewards (praise and recognition) or longer-term reward (promotion) and a strong, visible organisational support for employees with high ethical standards rather than pecuniary rewards (Weaver and Trevino 2001).

On the other hand, research indicates that employees expect unethical behaviour to be dealt with swiftly and relatively harshly. Swift, firm and dissuasive sanctions have a deterrent function on third parties, reinforcing the company's ethical commitment and fighting impunity (Weaver and Trevino 2001). Thus, to ensure actual implementation of anti-corruption policies and procedures, regular audits of these policies can be conducted to monitor compliance. If audits identify instances of non-compliance, disciplinary action should be taken (Cassidy and McAllister 2016). In any case, underperformance or obstruction on the part of some employees, especially senior influential officials whose values are not aligned with those of the organisation, need to be dealt with, including by resorting in extreme cases to dismissal, early retirement or exit packages (Strandberg 2009).

### Reporting mechanisms

Mechanisms need to be in place to allow employees to report incidences of corruption or unethical conduct safely, through a hotline, an ombudsman or other reporting mechanism combined with robust whistleblower protection. The US sentencing guidelines, for example, provide for reducing penalties for organisations that "have an effective program to prevent and detect violations of law". Such programmes need to have and publicise a system which may include "mechanisms that allow for anonymity and confidentiality whereby the organisations' employees and agents may report or seek guidance regarding potential or actual criminal conduct without fear of retaliation" (HRI 2005).

A previous Helpdesk answer has focused on [whistleblowing mechanisms in multinational companies](#).

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