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HOW TO MAKE INTEGRITY AND ANTI-CORRUPTION POLICIES WORK BY USING BEHAVIOURAL SCIENCE

It is well known that occupational crimes like dishonesty, fraud and theft cause organisations to lose time, equity and organisational welfare. What is less known, however, is that according to the Association of Certified Fraud Examiners' Report to the Nations 2026, these issues can cause organisations to lose upwards of 5% of their annual turnover.

The vast majority of ProEthics' clients have adequate policies and clear rules in place. However, they too lose money to dishonest, unethical behaviour and reputational damage. I have virtually spent my entire career in the quest to help my clients prevent these losses by building a culture of integrity and implementing sound policies. There is no easy way of doing this - it takes time and commitment to empower employees to make the right choices, even under difficult circumstances. As an academic, I am naturally interested in research and what it teaches us, but I have always stood with one foot firmly in the business world, so I understand the realities they deal with. At ProEthics, we spend time figuring out what organisations should be doing and then develop training to address that need.

Please allow me to backtrack a bit. I recently came across research done by the Organisation for Economic Co-operation and Development (OECD) on how behavioural science can improve traditional approaches to integrity and anti-corruption strategies and policies. The OECD is an international organisation that develops research, standards and policy guidance to support better governance, stronger institutions and improved public policy. (Behavioural Insights for Public Integrity 2018, OECD.)

The research findings confirmed exactly why it is so difficult to prevent or limit economic crime. We tend to think of integrity as a fixed personal trait or that unethical behaviour can be blamed on bad character. However, neither of these views is quite true. Ethical decisions are influenced by human judgement,

cognitive bias, social norms, group behaviour, organisational culture and even the context of policies and procedures. Each of these concepts is part of a complex, fluid environment. Just think for example, of how quickly remote work and the introduction of artificial intelligence have impacted the business environment over the last few years.

In addition, people have different moral reference points. A person's moral compass is formed over a lifetime of exposure to various influences that shape a person's cognitive and emotive dispositions and beliefs. Behavioural sciences teach us that moral choices are shaped by context, pressure, judgement, and the way situations are presented. Humans can rationalise and justify their behavioural choices, as we have unconscious biases that blind us to our own prejudices. We can be confident that we are nice people who always act ethically, when in reality, this is simply not true. We are often much less consistent and less categorical in our ethical decisions than we admit to ourselves - we tend to give ourselves some leeway and may wander away from the moral path when given an opportunity. This applies in particular when the immediate benefits are appealing and the costs are remote, unlikely or in the future. (Mazar, Amir and Ariely, 2008 and Gino et al., 2011.) Justifications help one to overcome the gap between one's moral ideal and one's actual behaviour.

We also suffer from conformity bias when we do what everyone else does, whether right or wrong. What others do, tolerate or expect of us can strongly shape our individual choices. We serve our own interests and attribute successes to our own abilities or efforts, while blaming failures on external factors beyond our control. These justifications and biased judgements blur our perception of integrity breaches and they open up moral wiggle room. When misconduct has become the accepted norm, moral appeals alone are unlikely to work.

The lesson we learn here is that integrity policies should be designed around real human behaviour, not idealised assumptions. Well-thought-through integrity policies can reduce the risk of misconduct by raising the moral reference point by setting clear and realistic expectations for proper conduct. The policy should also encourage people to reflect on their personal morality and the ethical consequences of their actions. The less wiggle room employees have to justify unethical behaviour, the less likely they are to engage in it.

Integrity policies can provide opportunities for people to commit in advance to specific behaviour, which will help them cope with temptation when it is difficult to do the right thing. These commitments may be



especially effective when made publicly. The OECD also recommends that integrity policies should make responsibility more personal, visible and direct. Organisations can achieve this by assigning clear responsibility to a single decision-maker, using a second person for oversight without sharing moral responsibility, discussing integrity in personal rather than abstract terms, and communicating the outcomes of decisions and encouraging dialogue with affected stakeholders. Employees should believe that their individual choices are pivotal to a healthy culture.

Lastly, policymakers should bear in mind that moral choices are not made in isolation. Although people act in their own interests, they also care about what others think and do. Decisions are often shaped by social motives such as loyalty, trust, returning favours and helping others. It is the concept of reciprocity - people tend to return kindness, respond to unfairness and adjust their behaviour according to how others treat them. (Fehr and Gächter, 2000.) An ethical culture should focus on creating a culture of generosity or indirect reciprocity, where people do not merely return favours, but understand that serving the interests of others ultimately benefits everyone. Acting ethically without expecting personal reward signals trustworthiness and commitment to shared norms. (Lambsdorff, 2012; Husted, 1994.) When we understand this concept, we can redefine integrity as remaining truthful to the interests of others in the face of opportunities to abuse entrusted power for personal benefit.

At ProEthics we help our clients interpret current research findings to understand human behaviour better, to improve policymaking and to ultimately make more profit or deliver better services legally and ethically. We promote professional ethics, and we will help you to do the same in your organisation.

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