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Integrity Leadership: Countering corruption impulses in difficult environments

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CHECK AGAINST DELIVERY

[Abstract]

In anti-corruption circles they say “the fish rots from the head”—meaning that a corrupt, weak or indifferent leadership will lead inevitably to systemic corruption within a system or organisation. It is an easy thing to prescribe “tone from the top” as the antidote, but what does that really mean, and where does that leave the rest of us?

Leadership matters—but stereotypes, misplaced assumptions, misdiagnosis and organisational inertia can hamper innovation and effectiveness in dealing with corruption risk. Michael Griffin shares insights gained from a career of solving complex problems as simply as possible.

[Introduction]

Thank you for your introduction. I am very pleased to be speaking at APSACC. I am aware that it has been influential in building anti-corruption expertise in the Australian Public Sector. I’m also impressed with what I’ve been hearing in the past two days.

I want to share with you some general observations about integrity that have stuck with me over the course of my career. They are informed by my experience in several roles—including as a lawyer in the private sector, as an Examiner for the Australian Crime Commission, as a Director of Military Prosecutions, and as chair or counsel assisting numerous statutory inquiries—both in Australia and overseas.

My observations will also draw on the insights of my agency, the Australian Commission for Law Enforcement Integrity—or ACLEI, as it is known.

For those of you who don't know about ACLEI, its role is to detect and investigate law enforcement-related corruption issues—and to prevent corruption—in six Australian Government agencies with law enforcement functions. Those agencies are:

- the Australian Crime Commission
- the Australian Federal Police
- the Australian Transaction Reports and Analysis Centre (AUSTRAC)
- the CrimTrac Agency
- prescribed aspects of the Department of Agriculture and Water Resources dealing with law enforcement at the border, and
- —since 1 July this year—the Department of Immigration and Border Protection, including the Australian Border Force.

ACLEI's job is to make it harder for corrupt conduct to occur in those significant areas of Government in which the Australian people place great reliance. For this reason, ACLEI's enabling legislation provides that I must give priority to corruption which is serious and systemic, and which would threaten the efficacy of law enforcement.

In dealing on this subject, I am reminded of the words of the Roman satirist, Juvenal, who asked, "Who guards the guards themselves?" That is the question that keeps me awake at night.

You may notice that there are six agencies in my jurisdiction. The jurisdiction encompasses the "hard end" of policing (the AFP and ACC) and has been extended by successive Governments over the nine years of its existence to include other areas of law enforcement, such as Customs and now Immigration.

In my presentation, I plan to focus on three aspects of integrity leadership—first, what my agency calls "*the integrity-capability link*"; secondly, the essential role of middle managers in maintaining an ethical culture; and, thirdly, a concrete example of how to deliver cultural change.

In approaching these topics, I will draw on the work of colleagues with whom I have had the fortune to work closely and also on published research that underpins some of the points I wish to make. Let me say in advance that, due to the shortness of time it may be that not all of the attributions will be correct or fully expressed, and I apologise in advance if I make an error of this kind.

[Integrity-capability link]

In 2013, ACLEI was investigating a cell of corrupt Customs officers at Sydney International Airport. As part of that investigation ACLEI and its partners—the Australian Federal Police and the then Australian Customs and Border Protection Service—looked at

- the conduct of the officers involved
- the criminality of the people that they worked with to import illicit drugs through the border, and
- the vulnerabilities in physical and operational systems that the criminal enterprise exploited.

One thing that was apparent to investigators was the high degree of influence that the corrupt Customs officers had over their working environment. That is to say, the system of supervision—which had not changed much over time—was no longer matched to the very high risks that were affecting the contemporary border environment.

Even though the senior management of Customs had established a framework to encourage an ethical culture and to investigate wrong-doing, the local system was out of step. On-site practices had grown up whereby procedural rules were flouted, bullying and harassment occurred with little intervention, and relatively junior staff were able to set the tone and pace of work.

This localised development of poor professional standards masked the corrupt behaviour of some officers, making it difficult for other staff to recognise it, and/or, intimidating for them to report it. In the absence of effective supervisory systems, when concerns were reported, they were dismissed early or were not acted upon effectively. As a result, a criminal network which had a small number of corrupt Customs officers at its core was able to act with impunity—at least until the investigation successfully concluded.

In all, 30 people were arrested, including eight Customs officers. The corruption was significant, and the main players are now in jail with headline sentences ranging up to nine years' imprisonment.

The fact that a culture of poor professional standards appeared to be a pre-condition for a small number of officers to engage in corruption has continued to interest ACLEI and the Customs Service. It is evident that the corrupt officers not only made use of this culture, but they actively encouraged and cultivated it. And that observation leads us to the 'integrity-capability link'.

The investigation revealed that the poor culture resulted in a significant loss of effectiveness, not just the criminal conduct. From a business perspective, this was possibly as serious a threat to the organisation's objectives as any individual corruption incident. ACLEI has since called this observation "the integrity-capability link"—namely, the causal relationship between organisational values and capability.

For example, ACLEI has seen that when professional values drop, standards in all areas will also tend to run down. You will often find bullying, harassment, wastage, dissatisfaction and dysfunction, any or all of which can lead to inefficiency. The control systems you normally rely upon to operate and improve your business won't be as effective as you expect or need them to be. As a consequence, you won't have the capacity that you require to deliver your business objectives.

It follows that integrity and high professional standards are—together—a key building block you must foster and preserve in order to achieve your organisational outcomes. This set of values will also be motivating for the people that you want to keep and attractive to those you want to hire. It will help build trust with other agencies, and will open the flow of intelligence and cooperation.

In other words, if you want high performance and an agency which is agile, responsive, energised and alert, you must attend to your integrity culture.

Accordingly, we need to look at how desirable standards and norms are established, and how they are made to prevail on-the-ground.

[The fish rots from the head]

The second point I wish to make builds on this observation.

Many of you will be familiar with the aphorism that “the fish rots from the head”. It is a phrase so well known that it has come to stereotype the way that many corruption investigations are conducted and reported. Everyone wants to know “what the CEO knew” about the alleged corruption.

It is an understandable reaction. Much of corruption history—often repeated in contemporary cases that we hear of today—indicates that the CEO didn’t just turn a blind eye to wrong-doing... In fact, in the most serious of cases, the CEO established, ran and profited from the corrupt system.

In such cases, the aphorism couldn’t be more apt. Yet, corruption can happen in many other modes and contexts—as ACLEI regularly sees —so there are some nuances we should consider.

It is worth noting that having good people as leaders is not an insurance policy against corruption. The high integrity of leaders is a necessary precondition, but insufficient of itself to prevent corruption in organisations. Indeed, the larger and more dispersed an organisation, the more likely will be the formation of sub-cultures and breakdowns in standards. We are talking about public sector corruption risk today, but the same insight might apply to other areas of professional practice and business.

The more incentive there is for corruption to occur, the more likely that it will occur. For instance, the presence of actors who might try to compromise your staff, or the prevalence of under-controlled or uncontrollable assets that present opportunities for corrupt profit, will translate to corruption incidents. This proposition is not just an integrity question—it is a mathematical probability.

So, high-integrity leadership is important, but what do you do with it? How do you use it to create a high-integrity and high-performing organisation?

My experience is that successful leaders recognise that their role is to take responsibility for the integrity of their organisation. They know that people are their key asset and that shaping culture is possibly their most effective tool. They understand that they can—indeed, they must—devolve power, but that they still retain responsibility at all times.

For this reason, leaders must be supported by a strong cohort of managers and they must strike a delicate but necessary balance between empowerment and monitoring.

[Why developing middle managers matters]

In this context, I would like to share with you a case study that came to my attention some years ago and has since informed my own understanding of these issues. It concerns an analysis conducted by the Hebrew University of Jerusalem exploring the so-called “grey area” of situations experienced by Israeli soldiers during the First Intifada—the civil uprising against the occupation of the West Bank and Gaza that occurred between 1987 and 1993.

To summarise the matter—and I emphasise that this situation is faced by armies all around the world and has drawn different levels of response—the Intifada involved horrific violence and casualties on both sides, and a number of Israeli soldiers were court-martialled for their actions.

I do not have time here to do full justice to the research. Suffice to say that the breakdown in the soldiers’ standards of conduct revealed a cultural conflict in the group dynamic: a contest between adherents to a professional culture and a few adherents to a narrative that normalised and justified brutality.

The behavioural scientists who reviewed the incidents categorised the soldiers of the unit according to the dominant psychological traits that they displayed: some few were classed as callous and impulsive, while a few others were regarded as ideologically violent. The majority were classified as “followers” (that is, those who accommodated a change in the prevailing culture most easily), or as “restrained” (those who could rationalise their own actions by reference to loyalty to the group).

The researchers identified another small group who they called the “Incorruptibles”—those who were shaken by and condemned brutal behaviour. Their situation meant that they might face personal dangers themselves if they were to go against the prevailing culture.

This study, and others like it, point to the importance of mid-level leadership and the potentially catastrophic consequences of a failure of that leadership. The key factor was how the middle managers of this infantry unit—in this case a Lieutenant and a Captain—acted in a crisis situation. In the incidents in question, in a tense environment, their responses and tone allowed a brutal culture to prevail.

That is to say, in the heat of operations, the majority of soldiers followed and adopted the behaviours of the brutal sub-culture, even though the drivers of that culture were relatively low in rank and few in number.

The challenge of this example is to consider what could have been different.

Courageously, the three Incorruptibles did speak up. Because the Lieutenant and the Captain were seen to condone or at least not interfere with the brutality, they were of little use to the Incorruptibles in controlling the situation. However, when a General visited the unit, the Incorruptibles were able to alert him to certain of the abuses, and the General suspended the middle-level officers immediately, which led to the later courts-martial.

Initially, the Incorruptibles were ostracised by their unit. However, the Army sponsored two of them to go through officer training. They were subsequently returned to the unit and were influential in transforming its culture. The result was not quite as straight-forward as I have described, but the change was remarkable enough to illustrate my point.

Which is: I cannot emphasise enough the need to develop middle managers as the keepers of the culture. Mere written rules and guidance will never be sufficient to deal with complex problems and grey area decision-making. Neither will managing from a distance be a successful strategy. Leaders must identify and know their risks, leaders must decide what behaviours and values they want to reward, and when possible, get out there and check for themselves.

[Tackling big questions—the leadership dimension]

My third example is a reflection on how senior leaders might go about influencing positive cultures.

Prior to commencing my role as Integrity Commissioner, I was involved in a project examining the prevention of torture in both uniformed and civilian security forces in Sri Lanka and Nepal. The international study group, led by Professor Danielle Celermajer from the University of Sydney, comprised distinguished scholars with a vast background in the study of human behaviour.

The two fundamental questions asked were, *Why do humans commit immoral and unconscionable acts?* and *How best can we prevent them from doing so?* The answers to both questions lie in the way we perceive and interact with the world.

The products of the study include a handbook entitled *Preventing Human Rights Violations—A how-to guide to delivering a prevention program*. It would be a worthwhile endeavour for corruption prevention practitioners to familiarise themselves with this work, and the related Issues Papers, as the parallels are instructive for our work and—in my view—directly transferrable to the anti-corruption environment.

It made all the difference to the study that both the Nepalese and Sri Lankan government agencies were highly motivated to find a solution to the problem of torture in their countries. It is half the battle—and perhaps the single thing we could do best in the anti-corruption environment—to build coalitions of interest to tackle difficult issues.

Some of the methods used included: adopting a partnership approach, establishing advisory commissions of experts, engaging with people on the ground and—importantly—seeking to understand the problem in a non-judgemental way.

By contrast, in a corruption context, how often do we see the call for heads to roll or for a zero-tolerance approach? These are understandable reactions and at the rhetorical or first-response level they are not inappropriate.

However, a more nuanced response may be needed to deal with very complex problems and moral ambiguity, and with the human beings who are involved.

A key intervention applied by the research study was to identify and designate Human Rights Protection Facilitators or *change agents* within the police and military. After considerable research, the commission of experts settled on the following selection criteria:

- Being of a mid-level leadership rank
- Being located in the field at an operational level, rather than being trainers or in policy development
- Being viewed as a “future leader”
- Having the capacity to influence peers in their workplace
- Having no history of misconduct
- Having an above average performance history, and
- Demonstrating the capacity to apply a range of non-legalistic or relational approaches to problem solving.

This last point, in my view, is critical, as it speaks to an active sense of integrity. The person who can apply a set of values in a nuanced and ambiguous situation is the one who we want to develop as a leader. In the Australian Public Service and Policing contexts, I would also add the need to encourage diversity, and to approach leadership from that perspective.

However, the core notion of the *change agent* is powerful, and is proving to be effective in the transition in Sri Lanka and Nepal. The changes in approach and attitude I witnessed in those countries was very significant and is expected to have a long-lasting impact.

If you are a senior leader looking to develop and strengthen your own cohort of managers, the criteria that the commission settled on may be worth reflecting upon.

[Perceiving risk]

The final observation I would like to make is about how we perceive risk. The case studies I referenced from the police and military come from other countries very different to Australia. However they deal with fundamental aspects of human behaviour, and the lessons they illustrate are applicable in this country to a range of workplaces. In particular, understanding the way managers perceive and deal with risk is fundamental to successful corruption control.

A frequent theme in the inquiries that I have been involved with is the gap that exists between our under-estimation of risk and our over-estimation of our own ability to handle difficulties. Not infrequently the optimism of managers encourages them to hope for the best. In addition, group-think, mythology and misplaced assumption leads to inaccurate or incomplete information getting to the top layers of management.

This is the potential Achilles Heel in otherwise-useful reporting templates such as the traffic-light approach. (In yesterday's panel on Fraud Risk Assessment, ACLEI's Director of Strategic Engagement, Carolyn Nixon, outlined some practical methods to overcome exactly this problem. You can refer to ACLEI's website for corruption prevention tools that aim to overcome some of these issues.)

Thankfully, the rarity of calamitous events means that we don't get caught short very often. However, changes in the corruption risk picture in Australia—driven by economic change and by the all-pervasive influence of organised crime—mean that agencies will need to mature the way they approach risk treatments. ACLEI is presently working with a range of partners to advance this work—for instance, looking at ways to measure how staff respond to “grey area” scenarios, and by improving the range and effectiveness of diagnostic tools for managers.

[Conclusion]

If I might summarise my main message, I would encourage senior leaders to re-familiarise themselves with their threat and risk environment, and to think about the *Who*, *How* and *Why* of middle management. You can strengthen your organisation significantly by harnessing culture in these ways.

What I am suggesting is not new, but it is worth repeating. ACLEI has long regarded middle managers as being the “front line of corruption control”, since they are the most effective ambassadors of an organisation's culture and values. Indeed, senior managers who invest time in their middle management cohort are the most likely to be effective at shaping the entire organisation's norms and standards—setting the right tone at the top, translating that tone and transferring it through the middle layer, down to create a foundation of integrity at the bottom.

Let me conclude my formal remarks today by recognising and encouraging each of you as leaders and agents of integrity culture. I hope that my observations will be of assistance to you in your current and future roles in anti-corruption.