Risks and successes - through the integrity of the organizational system

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Abstract: The purpose of this study is to provide a comprehensive review of the literature on risks affecting the organization. We are looking for answers to the questions that greatly influence organizational integrity, whether organizations can prepare for all the risks affecting their integrity? Is it possible to find out an exhaustive list of risks, does such an organizational situation exist? This article also wants to look for correlations in terms of the relationship between individual performance and individual self-evaluation with organizational integrity. The authors took the characteristics of the public sector as a basis, noting thatshe will also aim to look at the private sector in their further research.

1 Introduction

As OECD Recommendation on Public Integrity defines, public integrity refers to the consistent alignment of, and adherence to, shared ethical values, principles and norms for upholding and prioritising the public interest over private interests in the public sector. [6]

In Hungary, we can meet a wide range of public service providers in our everyday live, such as: ensuring drinking water supply, sewage management, electricity supply, public transport, public lighting, providing postal services, operating the education system, the health system, and the list could be continued.

The importance of public services is shown by the fact that they also appear in the highest-level legal source of the Hungarian legal hierarchy, the Fundamental Law of Hungary. Article XXII of Fundamental Law. recordes that the state strives to ensure that access to public services is ensured for everyone, thereby stating the principle of general access to public services, and Article XXVI. According to Article 2, in order to raise the standard of public services, the state strives to "apply new technical solutions and the results of science", which indirectly formulates the expectation of raising the standard of public services.

General access to public services and the raising of the standard of public services can be achieved if performance expectations also appear at public service organizations, which also include the expectation of organizational integrity and ethical management. In public service organizations, the existence of organizational integrity contributes to the realization of "good governance", through which it will ultimately be one of the building blocks of building a "good state". Ethical management should be viewed similarly to integrity, as its implementation serves the common good.

After a brief description of the content and concept of public services, the basic theoretical foundations of integrity and ethical management will be presented. [5]

2 Literature review

Risk

Why do organizations take risks?

Organizations take risks because that is how they learn, grow and innovate. When a company has a new product, it can minimize its risk by conducting market research and study similar products or hold focus groups to see what its audience is looking for in that product. However, the company or organization takes a risk when they launch their product because they can't know for sure how it will perform. Once the organization takes that risk on its product launch, it can change or fix the product as needed to meet customer expectations.

For example, a furniture business wants to sell a new table it has designed. To minimize the risk in the product launch, the furniture business might conduct thorough market research into the type of table they want to make. They would first study other similar products on the market, see what their audience is looking for through focus groups, and perform an analysis on how to price their product. With this information, they're more likely to create a product that succeeds, minimizing risk.

Risk Management

How to identify organizational risks

To identify organizational risks, you can try these strategies:

1. Conduct a high-level assessment

A high-level assessment is a way to find the most obvious risks to your business, and you can do this by brainstorming ideas. For example, the biggest risks for a local hardware store might include natural disasters and reputation. Identifying the biggest risks to your business first can help you break those risks down into smaller subjects as you go along.

2. Study similar organizations

Organizations similar to your own have likely conducted their own risk analyses and made plans for them. By studying other businesses, you can learn what types of risks your business might experience. Identify some businesses that are like your own, then research them online. You can analyze the different strategies they have put into place and try to determine the risks they are addressing with those strategies. For example, a business that regularly responds to social media complaints is likely working on mitigating risks associated with customer dissatisfaction. [3]

There is no reason to assume that the elected official is not the same utility maximizer as all other actors in the economy. He also lacks profit interests, so his behavioral motives are similar to those of an office bureaucrat, and he is risk-averse in his attitude. However, compared to bureaucrats operating at lower levels, there are some unique factors that strongly influence their risk behavior. He is at the top of the hierarchy, and his activities are therefore surrounded by increased attention. It is therefore even more characteristic of him to prefer spectacular outputs, which is a doctrine that has spread in recent decades, a side effect of the expansion of transparency. The risk behavior of the elected official decision-maker is strongly influenced by the cyclical nature of the election. If the appointment period of the decision-maker is limited, this induces a short-term, medium-term way of thinking - short-term profit maximization. [2]

3 Material and method

In terms of risk behavior, the actors of business are connected by the attribute of their activity, the profit goal. In the case of public sector actors active in economic decisions, this common driving force is more difficult to find. The behavior of the public office and the decision-making behavior of the actors have been a concern of economists for a long time; Since 1765 - when the French philosopher Vincent de Gourmay coined the concept of bureaucracy - we have been using today's typically negative terminology when examining the phenomenon. The protagonist of the office, the conformist bureaucrat who sits behind his desk and often abuses his power, usually appears in the next two hundred years as the opposite of the entrepreneur who creates the foundations of prosperity. According to J. S. Mill, the danger of bureaucracy is that it turns into pedantocracy, according to Spencer, bureaucrats only work to get secure jobs for their family members and friends, and F. von Stein specifically warned against being governed by paid accountants, disinterested, propertyless clerks. Max Weber's organizational sociology works in the first half of the last century. [2]

After a brief overview of the concept of integrity, integrity controls and corruption, we can arrive at the concept of ethical management. If we look at ethics and ethical management, we can observe that they often appear closely together with integrity in the international literature, the reason for this being the close relationship between the two concepts, which is worth examining from several points of view. Integrity cannot be considered the same as ethical behavior, because the main question of ethics is whether something is (morally) good or bad, while the question of integrity is whether something is true (real) or false (deceptive). In most cases, however, what is true is good, and what is false is bad. [7] In ethics, integrity can be considered a value, so a person follows it in his actions and decisions, considers it decisive, in this sense, integrity is an element of ethical behavior. However, the content of integrity, which value the individual follows, is no longer necessarily an ethical value, but a practical value (e.g.: quality focus, customer focus, efficiency), in which case integrity means a broader concept than the field of ethics. A person's conduct, behavior and actions can be said to be ethical if they meet society's expectations, so it can be seen as an external expectation. he acted not according to external expectations, but according to his own inner conviction. [5]

After reviewing the various areas of interpretation of the concept of integrity, it is important to present the content of integrity management and the integrity management framework. Integrity management could be defined in the simplest way as the management that ensures integrity at the organizational level. Activities aimed at creating and developing integrity and taking measures against integrity violations, while at the level of the entire system, the integrity management system represents the toolbox itself. The integrity management framework was developed by the OECD, which can be considered a systematic and comprehensive approach based on a decade of data analysis and research.

The developed system consists of three main pillars:

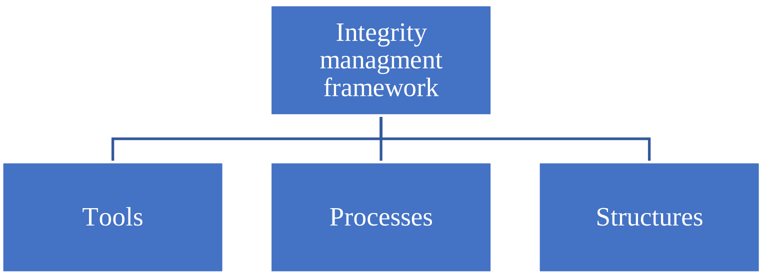

Figure 1.
The integrity management framework OECD Integrity Management Framework
Source: own editing based on OECD Integrity Framework, 2016

The first pillar, integrity, are tools that can be used to strengthen integrity. The second pillar, the processes, the steps of which are planning, implementation, evaluation and adaptation represent a continuous activity, integrity cannot be realized in the organization without the cycle of process development. The third pillar, the structures, which represent the determination of responsibilities related to integrity within the organization, the coordination within the organization, and the integrity-based design of the organization's structure. Two levels of the three pillars can be distinguished: • Primary tools, processes, actors: the primary purpose of which is to promote integrity. • Additional tools, processes, actors: which are primarily part of different management areas, for example quality management, procurement management. Their primary purpose is not to promote integrity. [5]

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4 Results

OECD Recommandation might be the key to the integrity subject, a framework and a strating point in the subject. OECD recommends that Members non-Members having adhered to this Recommendation (hereafter the“Adherents”) build a coherent and comprehensive public-integrity system.To this end, Adherents should:

Demonstrate commitment at the highest political and management levels within the public sector to enhance public integrity and reduce corruption, in particular through: a) ensuring that the public integrity system defines, supports, controls and enforces public integrity, and is integrated into the wider public management and governance framework; b) ensuring that the appropriate legislative and institutional frameworks are in place to enable public-sector organisations to take responsibility for effectively managing the integrity of their activities as well as that of the public officials who carry out those activities; c) establishing clear expectations for the highest political and management levels that will support the public integrity system through exemplary personal behaviour, including its demonstration of a high standard of propriety in the discharge of official duties.

OECD recommends that Adherents cultivate a culture of public integrity. To this end, Adherents should:

Invest in integrity leadership to demonstrate a public sector organisation's commitment to integrity, in particular through: a) including integrity leadership in the profile for managers at all levels of an organisation, as well as a requirement for selection, appointment or promotion to a management position, and assessing the performance of managers with respect to the public integrity system at all levels of the organisation; b) supporting managers in their role as ethical leaders by establishing clear mandates, providing organisational support (such as internal control, human resources instruments and legal advice) and delivering periodic training and guidance to increase awareness of, and to develop skills concerning the exercise of appropriate judgement in matters where public integrity issues may be involved; c) developing management frameworks that promote managerial responsibilities for identifying and mitigating public integrity risks. [6]

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