

Ethics as a Management Tool: Why Institutional Integrity Matters for Organizational Performance

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Abstract: Ethics and integrity have become central themes in debates on public governance, accountability, and institutional performance. While the literature recognizes organizational integrity as a prerequisite for trust, risk reduction, and sustainable performance, contributions remain largely conceptual and offer limited guidance for public managers seeking to operationalize integrity within administrative structures. Moreover, although studies argue that integrity is a condition for organizational performance, this relationship is rarely examined in a systematic, management-oriented manner within public institutions.

This paper reframes institutional integrity as a management tool rather than merely a normative or cultural attribute. Drawing on governance and public management literature, the study develops an analytical framework that links integrity-based governance mechanisms, such as transparency, accountability structures, and internal control systems, to organizational performance in public institutions. Using a conceptual-analytical approach supported by document analysis of governance frameworks, the paper demonstrates how integrity is embedded in administrative processes and how this affects organizational effectiveness, risk management, and institutional credibility.

Findings suggest that public institutions which integrate integrity into their managerial and governance structures demonstrate greater organizational resilience, improved procedural efficiency, and enhanced public trust. Integrity emerges not only as a moral requirement but also as a functional asset that supports performance and institutional sustainability. The paper contributes to the literature by moving beyond abstract discussions of ethics and offering a performance-oriented perspective on integrity in public administration. From a societal perspective, strengthening integrity as a managerial tool in public institutions may

improve service delivery, reinforce democratic accountability, and enhance citizens' trust in public governance.

Keywords: public integrity, ethics, governance, organizational performance, public administration

1 Introduction and Research Gap

Despite the growing emphasis on ethics and integrity in public administration, a persistent gap remains between strong theoretical claims and practical managerial applicability. Recent scholarship has convincingly argued that organizational integrity is a fundamental prerequisite for sustainable performance, risk reduction, and institutional trust [1]. However, these contributions remain largely at the level of theoretical modelling. In particular, existing research acknowledges that public organizations still lack sound and systematic tools to assess and manage integrity in an operational way [1].

At the same time, influential contributions in the integrity literature posit a strong relationship between integrity and performance. Erhard, Jensen, and Zaffron [2] argue that integrity is a necessary condition for organizational “workability” and, consequently, for performance, and even conceptualize integrity as a factor of production comparable to knowledge or technology. Yet, these claims remain largely theoretical, and robust empirical evidence linking organizational integrity, especially in public institutions, to concrete performance outcomes is still limited [2].

As a result, integrity in the public sector is often discussed either as a normative ideal, a leadership virtue, or a component of organizational culture, rather than as a management and governance tool that can be systematically integrated into administrative structures and evaluated in terms of performance effects [1]. This paper addresses this gap by reframing ethics and institutional integrity in public institutions as a management tool rather than merely a symbolic or legal requirement. It contributes to the literature by translating existing conceptual insights into a management-oriented analytical framework and by exploring how integrity-based governance mechanisms can be linked to organizational performance and societal outcomes.

2 Literature Review

2.1 Ethics, Integrity, and Public Administration

Ethics and integrity have long been recognized as foundational principles of public administration, closely linked to legitimacy, accountability, and democratic governance. Public institutions differ from private organizations not only in their objectives but also in their ethical obligations toward citizens and society [3]. In this context, integrity is not merely a personal virtue of public officials but an institutional quality that shapes how public power is exercised and how public resources are managed. Classic contributions to public administration ethics have similarly emphasized the institutional and constitutional foundations of ethical conduct, portraying public officials as fiduciaries bound by role-based obligations [4], [5], while understanding accountability as a structural property of complex organizations rather than an individual trait alone [6].

Recent literature increasingly frames public sector integrity as a systemic and organizational phenomenon rather than as an individual moral trait. International organizations such as the OECD and UNODC conceptualize public integrity as a coherent set of values, principles, and mechanisms embedded in administrative systems, aimed at preventing corruption, ensuring accountability, and promoting trust in public institutions [7], [8]. This perspective reflects a shift from ethics understood as personal conduct to ethics understood as a governance capacity of institutions.

However, much of the literature still focuses on normative principles and legal frameworks, such as codes of conduct, conflict-of-interest rules, and anti-corruption legislation [3], [9]. While these instruments are essential, they often emphasize formal compliance rather than the broader organizational processes through which integrity is translated into everyday administrative practice.

This body of scholarship on institutional and administrative ethics remains connected to broader currents of moral philosophy that emphasize the cultivation of virtue, practical wisdom, and shared standards of conduct as prerequisites for coherent ethical practice [10]. Beyond public administration research, growing attention has also been paid to how ethical reasoning is taught and cultivated, including through narrative-based methods and thought experiments designed to strengthen ethical judgment [11], [12]. These educational contributions complement the institutional literature by highlighting that integrity-based governance ultimately depends on the ethical competence of the individuals who operate within administrative systems.

2.2 Organizational Integrity and Governance

The concept of organizational integrity has gained prominence in management and governance scholarship. Fuerst, Luetge, Max, and Kriebitz [1] argue that organizational integrity should be understood as the consistent alignment between declared principles, institutional structures, and actual organizational behaviour. According to this view, integrity is not a static attribute but a dynamic organizational capacity that requires continuous institutionalization through procedures, decision-making processes, and internal controls.

This approach is particularly relevant for public sector governance, where organizations are expected to act not only efficiently but also lawfully, transparently, and in the public interest. Governance-oriented studies suggest that integrity systems in public institutions typically include a combination of ethical standards, transparency requirements, accountability mechanisms, audit and control structures, and leadership commitment [7]. These mechanisms are designed to embed ethical values into organizational routines and to reduce the gap between formal rules and actual practices.

At the same time, the literature highlights important limitations. Despite the development of sophisticated conceptual models, organizations still lack robust and widely accepted tools for assessing and measuring organizational integrity in a systematic way [1]. As a result, integrity often remains a broad and abstract concept that is difficult to translate into concrete management decisions and performance evaluations, particularly in the public sector.

2.3 Integrity and Organizational Performance

A central claim in the integrity literature is that integrity is not only a moral requirement but also a functional condition for organizational performance. Erhard, Jensen, and Zaffron [2] advance a theoretical model in which integrity is presented as a necessary condition for “workability” and, consequently, for performance. In this framework, integrity is conceptualized as a factor of production comparable to knowledge or technology.

While this argument has been influential, it remains largely theoretical. Even its proponents acknowledge that the proposed relationship between integrity and performance is empirically testable but has not yet been sufficiently validated through systematic empirical research [2]. In the field of public administration, performance is typically measured through indicators such as efficiency, effectiveness, service quality, and public trust. However, studies rarely integrate integrity as a core explanatory variable in performance analysis, focusing instead on institutional design, resources, or managerial capacity.

Some applied governance frameworks, such as the OECD public integrity framework or the Common Assessment Framework [13], implicitly link integrity-related mechanisms to organizational performance and quality management in public institutions [7], [13]. Yet, these approaches often remain at the level of policy guidance and self-assessment tools, rather than providing analytically robust models that demonstrate how integrity operates as a management tool influencing concrete organizational outcomes.

2.4 From Compliance to Integrity-Based Management

A recurring theme in both public administration and governance literature is the limitation of purely compliance-based approaches. Compliance-oriented systems focus primarily on rule enforcement, sanctions, and formal control, which are necessary but often insufficient to prevent misconduct or to promote high-quality public service [3], [9]. In contrast, integrity-based approaches emphasize the internalization of values, ethical leadership, and organizational learning, aiming to shape behaviour not only through external constraints but also through internal motivation and institutional culture.

The Organisation for Economic Co-operation and Development [7] explicitly promotes a shift from “checklist” ethics policies toward comprehensive integrity systems that integrate ethics into risk management, human resource management, and strategic decision-making. Despite this evolution, the literature still offers limited guidance on how to conceptualize and analyse integrity as a management tool in public institutions. Most studies remain normative or descriptive, and there is a notable lack of analytical frameworks that systematically link integrity mechanisms to organizational performance and societal outcomes.

2.5 Synthesis and Identified Gap

Overall, the literature demonstrates a growing recognition of the importance of integrity in public governance, both as a normative principle and as an organizational capacity. It also provides valuable conceptual models of organizational integrity [1] and strong theoretical arguments about the integrity–performance relationship [2]. However, three main limitations remain evident: integrity is difficult to operationalize and measure; the link between integrity and performance is more often asserted than systematically analysed, and integrity is rarely treated explicitly as a management and governance tool embedded in organizational processes. These gaps justify the need for a conceptual and analytical approach that reframes ethics and institutional integrity in public institutions as a functional component of management.

3 Methodology and Conceptual Framework

This study adopts a qualitative, conceptual-analytical research design aimed at developing a management-oriented understanding of ethics and institutional integrity in public institutions. This approach is appropriate for theory-building and framework development in an area where empirical indicators and standardized measurement tools are still underdeveloped. Rather than testing hypotheses through large-scale quantitative data, the paper synthesizes existing theoretical insights and examines international governance frameworks to construct an integrated analytical model explaining how integrity can function as a management tool influencing organizational performance.

The analysis draws on publicly available policy documents and governance frameworks, including the OECD Public Integrity Handbook, UNODC guidance on integrity and ethics in public institutions, and the Common Assessment Framework [7], [8], [13]. The document analysis focuses on how integrity is defined and framed, which governance mechanisms are proposed to operationalize integrity in organizational practice, and how these mechanisms are linked to performance, risk management, and public trust.

The selected documents represent established international frameworks addressing integrity and governance in public administration. Their analysis was guided by the main dimensions identified in the literature, with particular attention to recurring relationships between integrity mechanisms, organizational performance, and societal outcomes.

Building on the literature and document analysis, the paper proposes an analytical framework structured around four interconnected dimensions: institutional integrity, governance mechanisms, organizational performance, and societal impact. The framework conceptualizes integrity as a management resource that is operationalized through governance mechanisms and translated into performance outcomes and broader societal trust.

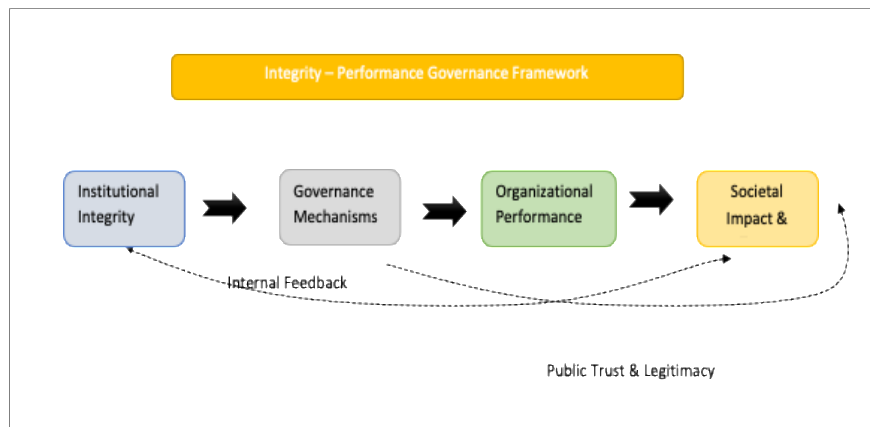


Figure 1
Analytical framework linking institutional integrity, governance mechanisms, organizational performance, and societal impact

As illustrated in Figure 1, institutional integrity constitutes the normative and organizational foundation of the framework, which is operationalized through governance mechanisms and translated into organizational performance outcomes and broader societal impact.

Institutional integrity is understood as the consistent alignment between values, rules, and organizational behaviour within public institutions. Governance mechanisms represent the instruments through which integrity is embedded in practice, including codes of ethics, transparency rules, internal control and audit systems, accountability arrangements, and leadership responsibilities. Organizational performance is understood broadly to include efficiency, procedural quality, risk management, and institutional credibility. Societal impact captures the effects of integrity-based governance on public trust, legitimacy, and democratic accountability. The framework assumes a sequential but interactive relationship in which integrity is operationalized through governance mechanisms, shaping organizational performance and, ultimately, societal trust. The framework is used as an analytical lens to interpret integrity-related governance instruments as performance-relevant management mechanisms in public institutions.

4 Findings and Analytical Discussion

The analysis indicates that integrity in public institutions is increasingly framed as an organizational capacity rather than merely an individual or normative attribute. Integrity is embedded in systems, procedures, and decision-making routines, supporting the view that it can be treated as a functional component of governance rather than as an abstract ethical ideal.

Governance mechanisms play a central role in translating ethical principles into practice. Instruments such as transparency rules, internal controls, and accountability arrangements form an “integrity infrastructure” that structures decision-making and reduces governance risks [7]. This supports a shift from narrow compliance-based models toward integrity-based management approaches. Importantly, these governance mechanisms do not merely constrain behaviour through formal rules and sanctions. They also structure decision-making processes, allocate responsibilities, and shape organizational expectations regarding acceptable conduct. In this sense, integrity-based governance shifts the focus from a narrow compliance-oriented model toward an integrated management approach in which ethics becomes part of organizational design and risk management. This perspective reinforces the view that integrity is not an external add-on to administration, but an internal component of how public institutions plan, implement, and evaluate their activities.

The analysis further suggests that integrity-based governance has potential implications for organizational performance, particularly in terms of procedural reliability, risk mitigation, and institutional credibility. Where integrity is embedded in management systems, the framework suggests that institutions may achieve more predictable procedures, clearer lines of responsibility, and reduced exposure to governance failures. This supports the theoretical claim that integrity contributes to organizational workability and performance [2].

Beyond internal performance effects, integrity-based governance is closely linked to public trust and institutional legitimacy. Consistency between rules, values, and practices strengthens credibility and supports democratic accountability, reinforcing the relationship between integrity, performance, and societal trust.

Conclusion, Recommendations, and Limitations

This paper has argued that ethics and institutional integrity in public institutions should be understood not only as normative or legal requirements, but also as functional components of effective public management. By developing a conceptual-analytical framework linking integrity, governance mechanisms, organizational performance, and societal impact, the study contributes to bridging the gap between abstract ethical principles and managerial practice. In this sense, the paper supports a broader mindset shift in public management, from viewing

ethics as a compliance burden toward understanding integrity as a strategic organizational resource.

From a societal perspective, treating integrity as a management tool can improve service delivery, reinforce democratic accountability, and strengthen citizens' trust in public institutions. On this basis, three recommendations follow. First, integrity should be integrated into core management systems, including strategic planning, risk management, and performance evaluation. Second, public organizations should move beyond narrow compliance-based approaches and invest in comprehensive integrity systems combining clear rules, leadership commitment, and accountability mechanisms. Third, greater attention should be paid to developing indicators and assessment tools that allow managers and oversight bodies to monitor how integrity mechanisms influence performance and public trust over time.

The study is subject to limitations. It relies on a conceptual-analytical design and does not draw on primary empirical data and therefore does not permit causal inference or statistical generalization. The framework is necessarily broad and does not capture all contextual variables, such as political pressures or organizational culture. Future research should therefore test and refine the model through empirical case studies, comparative analyses, and the development of measurement instruments for organizational integrity and performance in the public sector.

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