INTEGRITY:

AN ESSENTIAL EXECUTIVE QUALITY

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What has happened to the notion of "integrity" in our nation? This author identifies 13 traits of business managers which compromise integrity and he presents specific actions that can help build a culture where integrity is practiced on a constant basis.

Stories about the absence of managerial integrity are dominating the mass media. We are reading about corruption in the Savings and Loan industry, insider trading on Wall Street, manipulative and harmful leveraged buy outs in American industry. In the political world, we are reading about negative campaigning, unlawful surveillance among political rivals, congressmen bouncing checks and failing to pay House restaurant charges. Many CEOs are being criticized for taking excessive bonuses while at the same time laying off large numbers of mid-level managers and production workers due to recessionary pressures. Even universities are under attack for raising tuition costs, charging the government for entertainment and decorating projects, approving sweetheart severance and retirement packages for administrators, and failing to emphasize quality education.

Philip Cushman, commenting in the *American Psychologist* on the breakdown in integrity claims that Americans have become emotionally and spiritually disoriented—preoccupied with how an issue affects the individual rather than how it affects the community or society.[1] Donald M. Wolfe, in yet a stronger statement contends in his article on integrity that, "The exploitative mentality has become so pervasive, and the impact of organizational practices so potent, that organizations cannot be trusted to ensure the commonweal—to protect the environment, to provide fair and human treatment for employees, to protect the safety and security of clients and customers, to refrain from misappropriation of public funds, and the like."[2] Both Cushman and Wolfe are arguing that there has been a serious erosion, accentuated in the last ten years, in the moral fabric of managers and leaders in the private and public sectors.

An Ancient Theme

Concerns such as these are not new—or unique to contemporary America. It is a pervasive theme going back to ancient times. In the book of Genesis, we learn that God formed humans with two inclinations—one good and one evil. Some Old Testament scholars see these inclinations as biological drives woven into the psychological fabric of every human being.[3]

In making decisions, managers are often faced with opposite and compelling inclinations, an internal struggle between modern versions of good and evil. Greed drove some Savings and Loan chieftains to misappropriate the savings of depositors. From all indications, they were not concerned about protecting their depositors, preserving the credibility of the banking system, or protecting the public trust that is essential to effective financial management. The concern for private gain prevailed over any concern for the public good.

Integrity is often overlooked or assumed in corporate life. There are few training programs focusing on ethical responsibility. Performance appraisal systems, corporate codes, and orientation programs often say little about principles of conduct in dealing with others. Often, a person's integrity is given little attention when compared to other characteristics in selecting candidates for positions. Corporations provide little guidance and, thus, many managers are operating without a solid infrastructure of principles guiding their behavior. If good and evil are pervasive themes in our personal and organizational lives, then corporations should consider doing more to help their managers make choices that reflect the "good"—thus preserving the good name of both the individual and the corporation.

This is a tall order. How does one get started? The logical first step is to get some understanding of what integrity means in broad terms, and then move toward clarifying those principles of conduct which might guide behavior in corporate life. In essence, corporations need to declare that certain principles define the nature of a manager's responsibility with respect to how he or she deals with others. Clarifying relational obligations is the first step in building an environment where a culture of integrity prevails over a culture of excessive and amoral self-interest.

The ideas put forth here are not intended as complete or definitive. Rather, they can provide a basis for initiating a dialogue about what set of principles might guide behavior in your organization.

What is Integrity?

The word integrity is derived from the latin word *integri*, meaning wholeness. It is defined as a "state of being whole or undiminished." It is also defined as a state of "soundness of and adherence to moral principle."[4] Since integrity is an aspect of one's character and behavior, the definitions are highly related. It has been argued that one's character cannot become whole and integrated unless it is grounded in a solid infrastructure of moral values.[5]

What are these values? While there is no universal agreement on what moral principles should guide our behavior, we can gain perspective by integrating ancient classical ideas with modern thought. The Old Testament, recounting

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a thousand years of events, focuses on the struggle between good and evil. Confucius, writing in the years 551-479 BC proclaimed, "What you do not want done to yourself, do not do to others." Saint Matthew is quoted in the New Testament with an admonition that today is translated into what we call The Golden Rule: Do unto others as you would have them do unto you. Aristotle, writing over 2000 years ago, placed considerable emphasis on his conception of "happiness." In Aristotelian terms, happiness is described as a "kind of virtuous activity of the soul."[6] The term "activity" is particularly important because of its emphasis on moral action in a social environment. The major function of virtue, according to Aristotle, is to influence others to perform noble actions, and to create a society where people can develop to their full potential.[7] To achieve this end, he recommended that citizens become fully engaged in both study and the political life of the community. Wealth and the possession of goods were not considered an appropriate end, but simply served as instruments to achieve "happiness."[8]

While Aristotle focused on learning, political and social involvement, and good deeds, Immanuel Kant, writing in the 18th century, emphasized moral duties and obligations in our relationship with others. In his view, the first duty of individuals is to treat others as ends and not as means. Implicit in his statement is the belief that "no person's rights should be subordinated to anyone else."[9] If executives see workers simply as means to their own accumulation of wealth, it is quite natural to minimize their share of increased profits; to minimize developmental opportunities unless it is of immediate benefit to them; or to invest as little as possible in the safety and security of the worker. Alternatively, seeing the employee as an end induces one to think of him or her as a partner, whose interests you attempt to fully integrate with the interests of the organization.

One of IBMs core values, "Respect for the individual," has its roots in Kantian logic. Kant introduces a set of moral duties and obligations that should guide our relationships with each other. Principles such as honesty, generosity, and keeping one's word, are some ways in which we treat people as an end rather than a means.

Contemporary philosopher Mark Halfin further emphasizes the importance of intention in defining integrity. He defines integrity as reflected in one who "maintains a consistent commitment to do what is best—especially under conditions of adversity." In attempting to do what is best, people of integrity intend to embrace noble ideals and just principles; and acknowledge and confront all relevant moral considerations when faced with a dilemma. Halfin adds two important dimensions to the conversation: It is the *intention* to do what is best based on personal analysis and reflection that matters; and it involves *doing* what is perceived to be best—even under conditions of adversity. Naturally, integrity is most severely tested under adverse conditions. One, then, does not have to be morally pure or perfect in judgment to have integrity. Rather, one's integrity is determined by the intention to do what is right.

Halfin's notion of holding onto principle under adversity, is further emphasized by authors Nancy Adler and Frederick Bird who indicated that "Individuals demonstrate integrity when they withstand pressure from others while taking risks in defense of behavior they conscientiously consider to be best." Integrity is risky business. Should an employee tell government inspectors about transgressions of environmental law even though it might threaten his or her job? Should a boss spend time on employee development despite the criticisms of peers who believe it is a waste of time? Should a male confront other males about sexual harassment, and risk the criticism of peers? Integrity implies the disposition to take risks in defense of relational duties and obligations; having the courage to stand up, to maintain a course of principled action, even under attack or severe criticism.

Each of the sources adds a distinct and unique element to the emerging definition of integrity. The following summarizes their contributions:

The Old Testament: Consciously struggle to subdue the evil inclination.
The New Testament: Live according to the principal of The Golden Rule.
Aristotle: Maintain concern for the community; engage in political and social life to improve the community; inspire others to do good deeds.
Kant: Establish, affirm, and exemplify moral duties and obligations toward others; treat others as ends and not as a means.
Halfin: Maintain a consistent commitment to do what is right, especially under conditions of adversity; confront all moral considerations before taking action.
Adler and Bird: Take risks to defend just principles and ideals.

Specific Behaviors

The preceding discussion has focused on general guidelines. But how does one move from guidelines to specific behaviors? What specific behaviors reflect high integrity? How does one's integrity affect the trust of others and the strength of the commonweal?

In attempting to identify specific behaviors, a far reaching search of literature that included religion, philosophy, biographies of great leaders, psychology, and business and government ethics was conducted. Cross-cutting moral themes and principles were identified and are described in the following list: (The behaviors are expressed in a negative form—the opposite behavior follows in italics.) A manager's integrity is compromised when he or she:

Displays Arrogance by becoming puffed up with their own importance, exaggerating their worth to the organization, and speaking only with people at same or higher level. (*Posess humility*)

Promotes Self-Interest by exploiting the organization for own purpose and focusing on "what's in it for me" when considering actions. (*Maintain concern for the greater good*)

Practices Deception by making untrue statements, taking credit for the work of others, and using misleading facts to defend positions. (*Be truthful*)

Breaches Agreements by delivering services late, or failing to follow an agreed upon decision process. (*Fulfill commitments*)

Deals Unfairly by making judgments without researching facts, discriminating in hiring and promotion, and assigning the most interesting projects to a favored few. (*Strive for fairness*)

Shifts Blame by declining to acknowledge personal responsibility, falsely accusing others, and denigrating the reputation of colleagues. (*Take responsibility*)

Diminishes Dignity by withholding recognition, declining to invite or accept input, exhibiting discourteous and impolite behavior. (*Have respect for the individual)*

Retains Envy by begrudging other's success, and competing at every opportunity. (*Celebrate the good fortune of others*)

Neglects Employee Development by providing superficial performance appraisals and failing to coach or train staff. (*Develop others*)

Avoids Risks by refusing to confront unjust actions, or declining to stand up for principle. (*Reproach unjust acts*)

Holds Grudges by failing to let go of hard feelings, and finding ways to get even. (*Be forgiving*)

Declines to Extend Self by withholding help and assistance in times that matter, and being ungenerous in rewards. (*Extend self for others*)

Displays Arrogance

Arrogant managers nourish their ego at every opportunity. They focus on the size of their offices, the quality of their furniture, the location of their parking place, and other symbols of status. They take advice from superiors, but spurn the counsel of peers and subordinates. Arrogant managers may try to intimidate subordinates with hard questions, taking delight in catching flaws in facts or logic. Their agenda is simple: to puff up their own importance. The effect is predictable. It diminishes the dignity and self-esteem of subordinates, and limits the real potential contribution of the manager.

Subordinates resent arrogant bosses, and may even retaliate. A relationship that starts with trust, loyalty, and commitment will degenerate into one characterized by suspicion, betrayal, and lack of dedication.

Promotes Self-Interest

Some people pursue their self-interest to the detriment of the organization. As an example, financier Charles Keating bolstered his financial position by recklessly using his savings and loan money to finance risky ventures. The cost to the public was immense—notably in dollars and confidence in the entire savings and loan system.

There are many ways to exploit the system for personal gain. Doctors might order unnecessary tests to increase their income. Lawyers might complicate divorce proceedings to increase billable hours. Managers may grossly under-reward subordinates to enhance their reputations for efficiency. Professors may devote little time preparing for their classes in order to pursue the larger rewards of publication. And corporate CEOs may curtail research and development to improve short-term profits and be rewarded with a generous year-end bonus. In the long term, these actions erode public trust and confidence in our institutions.

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Practices Deception

Some managers regularly deceive colleagues, vendors, and clients. This deception takes many forms. They assign projects without revealing obstacles and potential risks; provide staff with false information on why management promoted someone else; or promise services to clients without any intention to deliver. Similarly, they provide subcontractors with false information on the real scope of work; provide employees with misleading information on their career potential; or promise and rescind offers to participate in important decisions. A manager who builds a career on deception will eventually stand alone.

Breaches Agreements

Managers who are unable to meet commitments lose a precious asset, their reputations. Some renege on promises to grant subordinates specialized training, career guidance or developmental assignments. Managers who regularly fail to follow through on agreements such as these will lose credibility, trust, and effectiveness in the organization. These managers will find that peers and subordinates will no longer be inclined to respond to their needs in a timely manner.

Deals Unfairly

Some managers deal unfairly with associates. They may provide access to a favored few, base salaries and bonuses on general perception instead of concrete results, promote staff with the "right" cultural, educational, and religious background, and reward those who tell them what they want to hear. In such situations, some subordinates flourish while others feel rejected and alienated. When managers treat some staff unfairly, they inadvertently demotivate part of their staff and reduce total team effectiveness.

Shifts Blame

Some managers blame others for every problem. They furnish plausible explanations about how someone else's actions contributed to declining profits, high overhead or client dissatisfaction. They rarely acknowledge their role in the problem and expect others to accept the blame. Subordinates will resent the finger pointing, and the loyalty they once brought to the job will be replaced by alienation and distrust.

Diminishes Dignity

Some managers specialize in diminishing others. They take credit for the work of employees, make decisions without meaningful participation, decline to return phone calls of their subordinates, and insist on reviewing all decisions. These actions diminish the self-esteem of subordinates.

In some cases managers practice discrimination.They stereotype African Americans, Hispanics, Asians, American Indians, women, or anyone else with a different color, gender, or cultural background. They may stereotype minority staff as lazy, indecisive, ungenerous, fragile, or ineffective. Armed with these discriminatory assumptions, managers disregard the special talents of subordinates. This practice diminishes the self worth of employees, and by becoming a self-fulfilling prophesy, limits opportunities for advancement. To make matters worse, the organization will fail to get the maximum value of each employee.

Retains Envy

Managers inevitably try to compare the salaries, perquisites and resources with those of their colleagues who have similar rank. They may find that someone else has a larger staff, bigger office or more generous expense account. Some will become consumed with envy and look for ways to redress the inequity. They may press the boss for better conditions, refrain from cooperating with

peers, or withhold their best effort on important projects. As a consequence, their relationships will deteriorate up and down the organization.

The wise Solomon said that "envy is the rottenest of bones," implying that unrestrained feelings of envy always damage relationships. Managers who cannot transform these feelings will be unable to build a loyal following.

Neglects Employee Development

Some managers neglect to develop subordinates. For example, they rarely clarify job expectations, provide subordinates with well grounded feedback on performance, or discuss career aspirations within the context of organizational needs and opportunities.

Employees soon understand that they are at a dead-end. They may conclude that if the manager is not concerned about them, they will care less about him or her. Managers who invest little time in people will get little back from them.

Avoids Risks

It takes courage to speak the truth, especially when it may bring reprisals. For example, a manager of environmental affairs at a major oil company was fired for failing to remove documents from a plastics facility in order to conceal facts in an investigation. His superiors had forced him to choose between losing his job and taking the ethically correct action.

While confronting every action of injustice would be foolhardy, some managers damage the organization by staying silent in the face of an unjust or unethical act. Their silence, in effect, creates a precedent for similar acts of questionable integrity. Peers and subordinates with lax standards can then operate freely, increasing the risk that decisions will embarrass or weaken the organization. In the case of the oil company, for example, the fired employee went to court and was awarded $1.375 million in damages.

Holds Grudges

Life in organizations is sometimes like a hockey game. Players bash one another in attempting to gain a competitive edge. Managers are wounded when senior executives pass them over for promotion, criticize them in public, withhold information, or second guess decisions. Managers can also be angered when subordinates embarrass them by bungling a presentation with senior management. In addition, peers can wound colleagues by raising embarrassing questions in high-level meetings.

Some managers respond to these events by "getting even." They may strike back by withholding information from the boss, being inaccessible to a subordinate; or providing a peer with half-hearted cooperation. Managers who want to get even can always find a way—usually at a cost to their reputations.

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Such acts will lead superiors to doubt the manager's ability to remain cool under pressure. Subordinates will play it safe to guard against retribution. These outcomes can damage a manager's reputation as a mature professional who can be trusted to exercise good judgment.

Declines to Extend Self

Some managers rarely extend themselves for others. They focus attention on their personal objectives, and feel no sense of responsibility for assisting subordinates. For example, the regional vice president of a restaurant chain heard about a newly appointed high potential manager who was facing a serious turnover problem. With some coaching, the manager could have identified the problem. The regional V.P. never provided the needed assistance, and the manager left the business out of frustration.

People in organizations need all types of help. They may need special mentoring on how to transition into a new job, get along with a difficult boss, or balance the responsibilities of work and home. A manager who declines to extend assistance relinquishes an opportunity to empower employees and gain their loyalty.

Summing Up

Managers who lack integrity place themselves and their organizations at risk. When they transgress norms of integrity, they risk losing the trust, loyalty, and commitment of employees, suppliers and customers. The best preventative is for organizations to define the moral standards expected of everyone and to develop programs that reinforce these standards.

Many companies understand that integrity is a key element in building strategic advantage. John F. Akers, Chairman of IBM, contends that IBM has built its business on a basis of trust and confidence." IBM has always understood that integrity has helped the organization build strategic advantage, avoid adverse publicity, and maintain an identity as competent, successful, and ethical.

Organizations can do a great deal to build a climate where considerations of integrity are taken into account in decision-making. The following are some actions that help build a culture where integrity is practiced on a consistent basis:

Communicate the Message from Senior Management. The words and actions of senior leaders have an enormous impact in building a culture of integrity. If senior managers are models of integrity, they will earn the right to emphasize it in speeches, memos, and policy statements. Their actions and words will be the single most important factor in determining the ethical climate of the organization.

Develop Codes of Ethical Conduct. Many corporations have established core value statements or codes of ethical conduct to communicate their expectations. Digital Corporation, for example, in its statement of philosophy emphasizes "fair personnel practices, meeting commitments to customers and employees, developing people, honest and straight forward communication with customers, being honest, fair and open with suppliers, never criticizing the competition publicly, and striving to do what is right in every situation."

Develop Procedures for Discussing/ Reporting Incidents. Statements of corporate policies and procedures are another means of reinforcing ethical codes

of business conduct. Boeing Corporation has an elaborate statement of business conduct, and has established a channel that enables employees to report infractions or concerns. IBM Corporation has a wide ranging set of guidelines for business conduct, and each employee must certify in writing every year that he or she has read it. The IBM Speak Up and Open Door Programs also allow employees to pursue a complaint with any higher level of management. All complaints are investigated and threats of retribution are not tolerated. Employees who transgress corporate standards face disciplinary action—even the potential for dismissal.

Establish Integrity as an Assessment Criteria. When employees understand that integrity is an evaluative criteria, they will pay more attention to this aspect of their performance.

Build Ethical Considerations into Long-Range Planning. Corporations can benefit from considering ethical issues when discussing alternatives for future action. Researcher Susan Harrison writes that corporations should "identify ethical issues in which the company is or may be involved, how each issue may impact the company, the probability of occurrence, and an appropriate response to the ethical issue." This analysis can legitimate ethics as a consideration in corporate decision-making; and can prepare the corporation for defending its actions on moral grounds.

Include Ethics and Business Conduct in Corporate Training. Training is often the only action that corporations take to reinforce their business conduct guidelines. By itself, it will not be effective in raising the standards of ethical conduct. Together with other actions discussed above, it can contribute to improving the ethical climate in the corporation. Such training programs can introduce corporate values and beliefs. Through the use of videos, case studies, simulations, and other methods, training can provide employees with a heightened awareness of the ethical implications of their actions, and provide them with guidance on how to exercise ethical judgment.

All of these actions will reinforce the message that employees at every level are expected to bring integrity to their jobs, and to their relationships with fellow workers, suppliers, customers, and the community. In the long run, the corporate strategic advantage will be enhanced by its reputation for integrity.

It's time to reconsider the words of John Gardner in *On Leadership:*

We must hope too that our leaders will help us keep alive traditional values that are not so easy to embrace in laws—our feeling about individual moral responsibility, about caring for others, about honor and integrity, and tolerance and mutual respect, and about individual fulfillment within a framework of shared values. ■

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