

Negotiation, Organizations and Markets

Research Papers

HARVARD NOM RESEARCH PAPER NO. 07-01
BARBADOS GROUP WORKING PAPER NO. 07-01

INTEGRITY: A POSITIVE MODEL THAT INCORPORATES THE NORMATIVE PHENOMENA OF MORALITY, ETHICS AND LEGALITY (PDF file of Keynote Slides)

Kellstadt Graduate School of Business, DePaul University
Business Conference
Chicago, IL
May 8, 2008

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This material is drawn from the following incomplete paper:

Erhard, Werner, Jensen, Michael C. and Zaffron, Steve, "Integrity: A Positive Model that Incorporates the Normative Phenomena of Morality, Ethics and Legality" (April 07, 2008). Harvard Business School NOM Working Paper No. 06-11, Barbados Group Working Paper No. 06-03.

Available from this private url at SSRN: <http://ssrn.com/abstract=920625>

Abstract and Summary

We present a positive model of integrity that, as we distinguish and define integrity, provides powerful access to increased performance for individuals, groups, organizations, and societies. Our model reveals the causal link between integrity and increased performance, quality of life, and value-creation for all entities, and provides access to that causal link. Integrity is thus a factor of production as important as knowledge and technology, yet its major role in productivity and performance has been largely hidden or unnoticed, or even ignored by economists and others.

The philosophical discourse, and common usage as reflected in dictionary definitions, leave an overlap and confusion among the four phenomena of integrity, morality, ethics, and legality. This overlap and confusion confound the four phenomena so that the efficacy and potential power of each is seriously diminished.

In this new model, we distinguish all four phenomena – integrity, morality, ethics, and legality – as existing within two separate realms. Integrity exists in a *positive* realm devoid of normative content. Integrity is thus not about good or bad, or right or wrong, or what should or should not be. Morality, ethics and legality exist in a *normative* realm of virtues (that is, they *are* about good and bad, right and wrong, or what should or should not be). Furthermore, within their respective realms, each of the four phenomena is distinguished as belonging to a distinct and separate domain, and the definition of each as a term is made clear, unambiguous, and non-overlapping.

We distinguish the *domain* of integrity as the objective state or condition of an object, system, person, group, or organizational entity, and, consistent with the first two of the three definitions in Webster's dictionary, *define* integrity as a state or condition of being whole, complete, unbroken, unimpaired, sound, perfect condition.

We assert that integrity (the condition of being whole and complete) is a necessary condition for workability, and that the resultant level of workability determines the available opportunity for performance. Hence, the way we treat integrity in our model provides an unambiguous and actionable access to the opportunity for superior performance, no matter how one defines performance.

For an individual we distinguish integrity as a matter of that person's word being whole and complete. For a group or organizational entity we define integrity as that group's or organization's word being whole and complete. A group's or organization's word consists of what is said between the people in that group or organization, and what is said by or on behalf of the group or organization. In that context, we define integrity for an individual, group, or organization as: honoring one's word.

Oversimplifying somewhat, "honoring your word", as we define it, means you either keep your word, or as soon as you know that you will not, you say that you will not be keeping your word to those who were counting on your word and clean up any mess you caused by not keeping your word. By "keeping your word" we mean doing what you said you would do and by the time you said you would do it.

Honoring your word is also the route to creating whole and complete social and working relationships. In addition, it provides an actionable pathway to earning the trust of others.

We demonstrate that the application of cost-benefit analysis to *honoring* your word guarantees that you will be untrustworthy. And that, with one exception, you will not be a person of integrity, thereby reducing both the workability of your life and your opportunity for performance. The one exception to this form of being out of integrity is, if when giving your word you have announced that you will apply cost-benefit analysis to honoring your word. In this case you have maintained your integrity, but you have also announced that you are an unmitigated opportunist. The virtually automatic application of cost-benefit analysis to one's integrity (an inherent tendency in most of us) lies at the heart of much out-of-integrity and untrustworthy behavior in modern life.

Regarding the relationship between integrity, and the three virtue phenomena of morality, ethics and legality, this new model: 1) encompasses all four terms in one consistent theory, 2) makes clear and unambiguous the "moral compasses" potentially available in each of the three virtue

phenomena, and 3) by revealing the relationship between honoring the standards of the three virtue phenomena and performance (including being complete as a person and the quality of life), raises the likelihood that the now clear moral compasses can actually shape human behavior. This all falls out primarily from the unique treatment of integrity in our model as a purely positive phenomenon, independent of normative value judgments.

In summary, we show that defining integrity as honoring one's word (as we have defined "honoring one's word"): 1) provides an unambiguous and actionable access to the opportunity for superior performance and competitive advantage at both the individual and organizational level, and 2) empowers the three virtue phenomena of morality, ethics and legality.

Integrity: A Positive Model that Incorporates the Normative Phenomena of Morality, Ethics and Legality

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Drawn from: Werner Erhard, Michael C. Jensen and Steve Zaffron, "Integrity: A Positive Model that Incorporates the Normative Phenomena of Morality, Ethics and Legality", unpublished working paper in process, available at:
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Questions For The Day

— [Do violations of integrity make any real difference to organizational performance, the bottom line, or the quality of organizational life?

— [Do violations of integrity make any real difference to your performance, or your bottom line, or the quality of the person you are for yourself?

— That is, what difference does integrity make to the quality of your life?

— [What is integrity?

— For an Object or System?

— For a Person?

— For an Organization?

— [What conceals the impact of integrity on organizations and individuals?

Our Intention Today: Introduce a New Model of Integrity

- [Begin the development of a language to deal powerfully with, and provide actionable access to, the effects of integrity on corporate, market, and personal issues
- [Distinguish integrity in a way that involves no normative aspects
- [Distinguish the Law of Integrity, which like the Law of Gravity operates whether you like it or not
- [Distinguish integrity as a hidden yet critical factor of production — equivalent in importance to labor, capital, technology, knowledge, and strategy
- [Reveal the effects of integrity on the performance of individuals, groups and organizations — not to mention, on the quality of life
- [Distinguish Ethics, Morality, Legality (and Sincerity) from Integrity, and show how they relate to integrity (and therefore to performance)
- [Show how applying cost/benefit analysis to one's integrity guarantees you will be untrustworthy and out of integrity

A Warning

[We intend to stretch everyone here today, but especially economists and ethicists

[What we are talking about today is highly relevant to, and complementary to economics, business, management and ethics

[Yet, it is NOT economics and it is NOT ethics. The roots of what we are talking about today are from *ontology*, the philosophical or scientific inquiry into the nature of the existence or being of something.

— In our case, the nature of **being** for human beings.

[Integrity is but one of many Ontological Laws of Human Nature that provide effective access to the so-called “people problems” that drive us crazy

Alternative Perspectives on the Nature of Human Beings

— [There are many perspectives from which to examine Human Nature.

— [For example:

— A Psychological perspective examines human nature through the mind

— A Humanistic perspective examines human nature through its potential

— A Neuroscience perspective examines human nature through the brain

— An Economic perspective examines human nature through exchange

— and so on

— [Ontology is just another perspective from which to examine human nature, it examines human nature through the “being” of human beings

The Being of Human Beings

— [We say “I AM . . .”, or “YOU ARE . . .” or “SHE IS . . .” But what is the nature of this AM or ARE or IS?

— [In a word it is BEING something. I am *happy*. You are a *leader*. She is an *extrovert*.

— [What is it to BE each of these things? Ontology is the study of what it is to be, and in our case we intend to provide ACCESS to BEING a person of integrity.

— [To illustrate what is meant here by “Being”: an actor is never effective when “acting” a character, only when “being” that character.

— An audience immediately knows the difference

— [One cannot lead by “acting” like a leader, one can only lead by “being” a leader.

— [Just as there are laws of nature, there are laws of being

Two Requests

- [We ask you to please bear with us — since much of what we will be saying will not fit your current world view or frame of reference
 - If we are successful, it will shift your world view to a place from which you will experience more power.
 - Do not try to make it “LIKE” anything you know in Economics or in Ethics
 - If you try to make it economics or ethics you will miss what is here for you
- [We ask you to judge at the end of the seminar.

Our Promise

- [1. About US: We have a deep intellectual interest in these issues,
 - And we are also convinced that the everyday application of these principles is powerful
- [2. About YOU: If you take the essence of what is available here today with you when you leave:
 - You will notice a difference in your life, your family and your organization
 - You will not have to wait for studies, evidence and proofs
 - Although we want that science to be produced as well

What is Integrity?

— [**Definition:** *Webster's New World Dictionary.*

— [**1. the quality or state of being complete; unbroken condition; wholeness; entirety**

— [**2. the quality or state of being unimpaired; perfect condition; soundness**

— [3. the quality or state of being of sound moral principle; uprightness, honesty, and sincerity

— [We use integrity in this model according to Definitions 1 and 2.

— [Defined this way integrity is a positive phenomena, not a virtue

— Nothing inherently good or bad about it, it is just the way the world behaves

— Later we will show how morality & ethics are related to integrity

The Long-Neglected Role of Integrity As A Factor of Production

- [Economics, Finance, and Business scholars tend to avoid discussions or considerations of integrity because it occurs to them as “normative”
 - Whether you *like* integrity or not is a *normative* value judgement on your part
- [The *effect* of integrity or the lack of it on value, productivity, etc., is a *positive (empirical)* proposition
 - Our posited link between integrity and value is no more normative than the posited link between the net present value rule for investment decisions & corporate value.
- [“Long run value creation requires integrity” is a positive proposition that is testable and refutable
 - And the positive effects of integrity or its absence on firm performance have too long been invisible in the business community

Integrity of an Object: Definition

- [An **object** has integrity when it is whole and complete
 - Any diminution in whole and complete results in a diminution in workability
 - Think of a wheel with missing spokes, it is not whole, complete. It will become out-of-round, work less well and eventually stop working entirely.
- [Likewise, a **system** has integrity when it is whole and complete

The Integrity-Workability-Performance Cascade

- [When an object is out of integrity it becomes less workable
- [Workability is the bridge to performance
 - As an entity becomes less workable its opportunity set (the available opportunity for performance) declines
- [Thus, integrity becomes a necessary (but not sufficient) condition for maximum performance.
 - Many things affect performance, including competitive, organizational, financial and human strategy

The Law of Integrity

- The **Law of Integrity** states:
 - As integrity (whole and complete) declines, workability declines, and as workability declines, value (or more generally, the opportunity for performance) declines
 - Thus value maximization (or the maximization of whatever performance measure you choose) requires integrity
- And the impact on performance is huge: 100% to 500%
- Put simply (and somewhat overstated) :
 - **“Without integrity nothing works”**
 - We use this as a heuristic
 - If you or your organization operate in life as though this heuristic is true, performance will increase dramatically

If Integrity Is So Important To Productivity and Accomplishment . . .

- [Why are violations of the Law of Integrity so universally observed?
- [You will see the causes when we deal with:
 - The Integrity-Performance Paradox and
 - The seven factors contributing to the Veil of Invisibility

Integrity for A Person

- [In this positive model, integrity for a person is a matter of a person's word, nothing more and nothing less
- Your word includes the speaking of your actions as in "actions speak louder than words"
- Later we will explicitly define what constitutes one's word in matters of integrity
- [You are a man or woman of integrity, and enjoy the benefits thereof, when your word is whole and complete

Integrity Is *Honoring* Your Word

— [While you cannot always ***keep*** your word
(unless you are playing a small game in life)

— [You can always ***honor*** your word

Integrity: Honoring Your Word

— [1. Is **keeping** your word

— OR:

— [2. **Whenever you will not** be keeping your word, just as soon as you become aware that you will not be keeping your word (including not keeping your word on time) saying to everyone impacted:

— [a. that you will not be keeping your word, and

— [b. that you will keep that word in the future, and by when, or that you won't be keeping that word at all, and

— [c. what you will do to deal with the impact on others of the failure to keep your word (or to keep it on time).

The Power Of Honoring Your Word When You Will Not Keep Your Word

— [When the literature on trust talks about “walking the talk”, it says that to be trusted you must keep your word

— [However, unless you give your word to virtually nothing, you will not always keep your word. In fact **leadership** is all about giving your word to something that no one knows how to accomplish.

— [*When it is impossible or inappropriate to keep your word, or even when you just choose not to keep your word, honoring your word allows you to maintain your word as whole and complete*

— Surprising to most people is the fact that you will engender a greater degree of trust (and admiration) when you **do not keep** your word, but

— You **do honor** your word

The Power Of Honoring Your Word When You Will Not Keep Your Word (continued)

— [23.3% of the "... 'memorable satisfactory encounters' involve difficulties attributable to failures in core service delivery. . . From a management perspective, this finding is striking. It suggests that even service delivery system *failures* can be remembered as highly satisfactory encounters if they are handled properly. . . One might expect that dissatisfaction could be mitigated in failure situations if employees are trained to respond, but the fact that such incidents can be remembered as very satisfactory is somewhat surprising." (*Italics* in original.) (Bitner, Booms and Tetreault - "The Service Encounter: Diagnosing Favorable and Unfavorable Incidents," Journal of Marketing, 1990, pp. 80-81).

Integrity of an Organization: Definition

- An organization (or any human *system*) is in integrity when:
 - 1. It is whole and complete with respect to its word
 - This includes that nothing is hidden, no deception, no untruths, no violation of contracts or property rights, etc.
 - 2. That is to say: An organization honors its word:
 - **Internally**, between members of the organization, and
 - **Externally**, between the organization and outsiders
 - That includes what is said by or on behalf of the organization to its members as well as outsiders

Integrity of A Person

— [Your Word Defined:

— [**W1. What You Said:** Whatever you said you will do, or will not do (and in the case of do, doing it on time). (Note: Requests of you become your word unless you have responded to them in a timely fashion.)

— [**W2. What You Know:** Whatever you know to do, or know not to do, and if it is do, doing it as you know it is meant to be done (and doing it on time), unless you have explicitly said to the contrary.

— [**W3. What Is Expected:** Whatever you are expected to do or not do (and in the case of do, doing it on time), unless you have explicitly said to the contrary. (Note: What you expect of others is not for you their word.)

— [**W4. What You Say Is So:** Whenever you have given your word to others as to the existence of some thing or some state of the world, your word includes being willing to be held accountable that the others would find your evidence makes what you have asserted valid for themselves.

— [**NOTE: This is your Word, not Integrity**

Keeping Your Word

— [You keep your word by:

— [doing what you **said** you would do and on time

— [doing what you **know** to do and doing it the way it was meant to be done, and on time, unless you have said you would not do so

— [doing what others would **expect** you to do even if you have never said you would do it, and doing it on time, unless you have said you would not do it

— and you have made your expectations of others clear to them by making explicit requests

— [being willing to be held **accountable** (when you assert something) that others would accept your evidence on the issue as valid

Relation Between My Word and Morality, Ethics, and Legality

- [Getting ahead of ourselves a little:
 - We will define precisely what is meant by Morality, Ethics and Legality later, but for now . . .
- [The **Social Moral Standards**, the **Group Ethical Standards** and the **Governmental Legal Standards** of right and wrong, good and bad behavior in the society, groups and state in which I enjoy the benefits of membership
 - **Are also part of my word** (what I am expected to do)
 - Unless I have explicitly and publicly expressed my intention to not keep one or more of them and
 - I am willing to bear the costs of refusing to conform to these Standards (rules of the game I am in)
 - In fact I have honored my word with respect to these standards

Morality, Ethics and Legality and Your Word

- In summary, Morality, Ethics and Legality are part of your word by your mere presence – unless you explicitly say that you do not give your word to one or more of those “rules”.
- Converts the word of others that is imposed on you to your word
- Gandhi is an example. He was explicit about the rules he would not follow and was willing to bear the consequences

The Costs of Dealing with an Object, Person, Group, or Entity that is Out of Integrity

- [Consider the experience of dealing with an object that lacks integrity.
- [Say a car or bicycle or air conditioning system
 - When one or more of its components is missing or malfunctioning it becomes unreliable, unpredictable, and it creates those characteristics in our lives
 - The car fails in traffic, we create a traffic jam, we are late for appointments, fail to perform, disappoint our partners, associates, and firms
 - In effect, the out-of-integrity car **creates** a lack of integrity in our life with all sorts unworkability fallout
- [And this is true of **all** our associations with persons, groups or organizations that are out of integrity. The effects are huge, but generally unrecognized.

Examples of Out-Of-Integrity Behavior are Legion

— We list but a few examples. As individuals we regularly:

- make promises and commitments we do not keep, late or non-delivery of tasks
- show up late and/or not prepared for meetings, or don't show up at all,
- surreptitiously read documents, answer emails, work on other matters while in meetings,
- fail to return telephone calls when promised,
- violate or play games with negotiated agreements,
- lie to others including our spouses, children, partners, friends, organizations (including not being straight when it is merely uncomfortable to do so),
- cheat on spouses,
- cheat on taxes,
- steal (e.g., keep the excess change mistakenly given at the checkout counter, or padding expense reports),
- fail to return found items even when the identity of the owner is clear,
- using the web for personal reasons while working, including shopping on line,
- and on and on.

Examples of Out-Of-Integrity Behavior are Legion (continued)

Raising the ante to more serious levels, one only has to peruse the pages of any recent newspaper to find examples of violations of integrity of the following kinds:

- students cheating in their undergraduate and graduate courses
- corporate officers not enforcing their stated ethical codes
- corporate managers not honoring their word
- corporate managers not honoring their company's word
- corporate officers stealing from their companies
- corporate officers secretly backdating their options award so that the exercise prices were the lowest for the quarter or the year
- individuals, brokers and corporate officers engaging in insider trading
- corporate officers knowingly lying to shareholders, creditors, customers and others about their financial status
- millions of people stealing music and movies over the internet in violation of copyright law while denying those violations
- Catholic priests sexually abusing children
- doctors abusing their patients and defrauding Medicare and other insurance companies
- lawyers committing fraud in their practice of law
- scholars, news reporters and writers committing plagiarism or other fraud

Common Violations of Integrity in Governance Systems

- [Failure to establish and monitor integrity of the organization
- [Undiscussables in the board room
 - No system, especially a governance system can be in integrity if there are issues that cannot be discussed.
 - Yet undiscussables are rampant in virtually all board rooms
 - And it is undiscussable that there are undiscussables

The Lack of Integrity In CEO Compensation Systems

Prevalence of “for cause” definitions

Definition of “Cause”	Percent of Companies
Conviction of a crime or felony	62%
Dishonesty, fraud, or embezzlement	56%
Willful failure or refusal to perform duties	54%
Commission of an act of moral turpitude	36%
Willful or gross misconduct	35%
Breach of contract	35%
Violation of company policy	23%
Gross negligence	20%
Breach of restrictive clauses	18%
Malfeasance	9%
Use (or abuse) of drugs or alcohol	6%
Unsatisfactory performance	6%
Breach of fiduciary duty	4%

Source: Robert Salwen and Gail McGowan, *Guide to Executive Employment Contracts*. Third Edition, Executive Compensation Advisory Services, 2001. Percentages are based on 100 employment agreements from 100 companies analyzed by ECAS. The companies are sampled from the top 1,000 U.S. corporations, and include employment agreements filed with the Securities and Exchange Commission and signed during 1999 or 2000.

Some Clues to Out of Integrity Behavior in Organizations

- [Win at any cost
- [Everyone else is doing it.
- [We've always done it. This is the way this business works.
- [If we don't do it, somebody else will.
- [Nobody's hurt by it.
- [It doesn't matter how it gets done, as long as it gets done.
- [It works, so lets not ask too many questions.
- [No one's going to notice.
- [It's legal, but . . .
- [It's too expensive

Source: Peter Forstmoser, Integrity in Finance (speech given to Swiss Banking Institute, 11-15-2006)

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Costs of Lack of Integrity and The Veil of Invisibility

- [Almost all people, and organizations fail to see the costs imposed by violations of the Law of Integrity.

- The unworkability generated by the lack of integrity occurs to people and organizations as the consequence of something other than violations of the Law of Integrity

- [If we stop and take an honest look at the general level of unworkability in our lives and in our organizations:

- it becomes clear that we survive by keeping ourselves inured to the degree of conflict, misery, and lack of passion or joy that pervades a good deal of our personal and professional lives

- [For most of us this is just the way life is —Like water to the fish or air to the birds.

- This state of affairs is an example of:

- “You cannot manage what is undistinguished. Therefore it will run you.”

Costs of Lack of Integrity and The Veil of Invisibility

— [*The “Integrity-Performance” Paradox*

- People & organizations while committed to performance systematically sacrifice integrity in the name of increasing performance and thereby reduce performance.

— **How can this occur?**

— [*If Operating With Integrity Is So Productive, Why Do People Systematically Sacrifice their Integrity and Suffer the Consequences? And, why are they blind to these effects?*

Seven Causes of the Veil of Invisibility-1

1. Integrity Is A Virtue

For most people and organizations integrity exists as a *virtue* rather than as a *necessary* condition for performance. **As a virtue, integrity is easily sacrificed when it appears a person or organization must do so to succeed.**

For many people virtue is valued only to the degree that it engenders the admiration of others, and as such it is easily sacrificed when it would not be noticed.

Sacrificing integrity as virtue seems no different than sacrificing courteousness.

Seven Causes of the Veil of Invisibility-2

- **2. Self Deception** about being out of integrity

- People generally do not see when they are out of integrity.

- In fact, people systematically deceive (lie to) themselves about who they have been and what they have done. As Chris Argyris, after four decades of studying human nature, concludes:

- “Put simply, people consistently act inconsistently, unaware of the contradiction between their espoused theory and their theory-in-use, between the way they think they are acting and the way they really act.” (Argyris, Teaching Smart People How to Learn, Harvard Business Review, 1991)

- **Therefore, because people cannot see their out-of-integrity behavior, it is impossible for them to see the cause of the unworkability in their lives and organizations — the direct result of their own violations of the law of integrity .**

Seven Causes of the Veil of Invisibility-3

3. Integrity Is Keeping One's Word

The belief that integrity is keeping one's word – period – leaves no way to maintain integrity when it is not possible, or when it is inappropriate, or one simply chooses not to keep one's word.

And that leads to concealing not keeping one's word which adds to the veil of invisibility about the impact of violations of the Law of Integrity

Seven Causes of the Veil of Invisibility-4

4. **FEAR** of acknowledging you are not going to keep your word

When maintaining your integrity (acknowledging that you are not going to keep your word and cleaning up the mess that results) occurs for you as a **threat** to be avoided (like it was when you were a child), rather than simply a **challenge** to be dealt with, then you will find it difficult to maintain your integrity.

When not keeping their word, most people fear the possibility of looking bad and the consequent loss of power and respect. They choose the apparent short-term gain of avoiding the fear by hiding that they will not keep their word. This conceals the long-term loss caused by violations of the Law of Integrity

Thus out of fear we are blinded to (and therefore mistakenly forfeit) the power and respect that accrues from acknowledging that one will not keep one's word

Seven Causes of the Veil of Invisibility-5

- **5. Integrity is not seen as a factor of production.**
 - Leading people to make up false causes and unfounded rationalizations as the source(s) of failure
 - Which in turn conceals the violations of the Law of Integrity as the source of the reduction of the opportunity for performance that results in failure

Seven Causes of the Veil of Invisibility-6

6. NOT Doing Cost/Benefit Analysis on GIVING One's Word

When giving their word, most people do not consider fully what it will take to keep that word. That is, people do not do a cost/benefit analysis on giving their word.

In effect, when giving their word, most people are merely **SINCERE** (well-meaning) or placating someone, and don't even think about what it will take to keep their word. This failure to do a cost/benefit analysis on giving one's word is **IRRESPONSIBLE**.

Such irresponsible giving of one's word is a major source of the mess left in the lives of people and organizations. Indeed people often do not even **KNOW** they **HAVE** given their word.

People generally do not see the giving of their word as:

- “I AM going to **MAKE** this happen”

- If you are not doing this you will be out of integrity

- Generally people give their word **INTENDING** to keep it. That is, they are merely sincere.

- If anything makes it difficult or even inconvenient to deliver, then they provide **REASONS** instead of results.

Seven Causes of the Veil of Invisibility-7

— [**7. DOING Cost/Benefit Analysis on HONORING One's Word**

— [People almost universally apply cost/benefit analysis to honoring their word.

— **Treating integrity as a matter of cost/benefit analysis guarantees you will not be a trustworthy person, or with a small exception, a person of integrity.**

Integrity, Trust and the Economic Principle of Cost/Benefit Analysis

- [If I apply cost/benefit analysis to honoring my word, I am either out of integrity to start with because I have not stated the cost/benefit contingency that is in fact part of my word (I lied), or to have integrity when I give my word, I must say something like the following:
- [“I will honor my word when it comes time for me to honor my word if the costs of doing so are less than the benefits.”
- Such a statement, while leaving me with integrity is unlikely to engender trust.
- **In effect I just told you that I am an unmitigated opportunist.**

Cost/Benefit Analysis and Integrity (continued)

- [In a sense, I have given you my word that you cannot trust me to honor my word.
- [At best you are left guessing what costs and benefits I will be facing when it comes time for me to honor my word.
- And if the costs are greater than the benefits (as I see them) I will not honor my word
- Therefore I would be for you an untrustworthy person.
- The Bottom Line: If you choose to be a person of integrity, **you have no choice** when it comes time to honor your word.

Cost/Benefit Analysis and Integrity (continued)

- [Nevertheless, the economic prediction that as the apparent or immediate costs of being in integrity rise, more people or organizations will be out of integrity (and vice versa)
 - Is highly likely to be consistent with observed behavior.
- [The problems in education and business thinking arise when we do not hammer home the personal and organizational dangers of applying cost/benefit thinking to honoring one's word.
- [We then inadvertently teach or induce students, employees and managers to NOT see the costly consequences of out of integrity behavior

Cost/Benefit Analysis and Integrity (continued)

- [To Repeat: In order to be in integrity you **must** apply cost/benefit analysis to **giving** your word
- [If I take on integrity as who I am, then I should and will think carefully before I give my word, and I will recognize I am putting myself at risk when I do so
- [And I will never give my word to two or more things that are mutually inconsistent.

Cost/Benefit Analysis and Integrity (continued)

- [In a very real sense being a person of integrity starts with me giving my word to myself: My word to myself that I am a person of integrity.
- [And when I do that I say to myself:
 - “I am going to make this happen.”
 - Not: “I am going to try to make this happen” or “I hope this will happen”
 - As the Zen Master in “The Karate Kid” says: “There is no TRY. Only DO or NOT DO.”

One's Integrity and One's Relationship to One's Self, and Others

- [It is my word through which I *define* and *express* myself, both
 - For myself, and For Others
- [Who I **am** is my word, both who I am for myself and who I am for others
- [But there is a problem: people systematically do not honor their word:
 - Remember Chris Argyris's eloquent statement about humans:
 - "Put simply, people consistently act inconsistently, unaware of the contradiction between their espoused theory and their theory-in-use, between the way they think they are acting and the way they really act." (Argyris, Teaching Smart People How to Learn, Harvard Business Review, 1991)
- [Behaving consistent with the Law of Integrity starts with being authentic with oneself and others about one's inauthenticities
 - Once you say it to others they cannot use it against you.

Self Integration or Self Disintegration

- [Self disintegration is a consequence of violating the law of integrity,

- That is, behaving in ways that do not honor your word to yourself or others

- [In order to be whole and complete as a person your word to **yourself** and **others** must be whole and complete

What Is It Like To Be Whole and Complete As A Person?

When you honor your word to yourself and others:

- You are at peace with yourself, and therefore act from a place where you are at peace with others and the world, even those who disagree with or threaten you
- You live without fear for your selfhood, that is who you are as a person.
- No fear of losing the admiration of others
- You do not have to be right; you act with humility
- Everything or anything that someone else might say is ok for consideration, no need to defend or explain yourself, or rationalize yourself, you are able to learn

Often mistaken as mere self confidence rather than the true courage that comes from being whole and complete

An important element of being a leader

Empirical Evidence on the General Failure of Keeping One's Word

Study of business values

- By Oakley and Lynch (2000) finds (in a choice situation performed by 708 undergraduate and graduate business students and executives) that "Promise-Keeping" comes in 5th (last) in competition with "overcoming adversity", "competency", "work ethic", and "loyalty/seniority" (in that order).
- And this is independent of age, supervisory experience, gender, or self-reported importance of religion.
- See: Oakley, Ellwood F. and Patricia Lynch. 2000. "Promise-keeping: A Low Priority in a Hierarchy of Workplace Values." *Journal of Business Ethics*, V. 27, No. 4: Oct, pp. 377-92.

Integrity Is The Pathway To Trust

- [Trust is not something you can do.

- [It is the result of your actions in honoring your word.

- [Is not the same as likability, we all know people who we like, but we do not trust

- [To Be Trusted by others is incredibly valuable, and the path to it is honoring your word

- Integrity is something you can do

- When you honor your word, trust becomes almost instantly available

The Bad News on Integrity

- [It's easy to honor your word when it doesn't cost you anything
 - The rubber meets the road when honoring your word costs you something
 - Then you have to choose between honoring your word and bearing the cost
 - The cost could range from personal or to organizational
- [Why choose to honor your word?
 - Because that's all you have that makes a difference in life
 - In economists language, the long-run costs of out of integrity behavior is huge relative to the benefits, and yet people systematically underestimate these costs

Bad News on Integrity

- Yet it is exactly those times where we must bear costs to stay in integrity that we forgive ourselves this duty
- However, when it costs us something to behave with integrity is exactly when it is valuable to others that we be in integrity
- What is surprising is how little the costs need be to push us out of integrity
- We sacrifice integrity to avoid imposing costs on friends, lovers, bosses
- What's more, we sacrifice our integrity "to protect" the reputations of the institutions we serve, and damage them severely in the not-too-long term.

Morality: Definition

— [Webster's New World Dictionary variously defines morality as: moral quality or character; rightness or wrongness as of an action; the character of being in accord with the principles or standards of right conduct; principles of right and wrong in conduct. The synonym comparison section in this dictionary states: moral implies conformity with the generally accepted standards of goodness or rightness in conduct or character

— [In this new model of integrity we distinguish morality specifically as a social phenomenon and define it as: In a given society, in a given era of that society, morality is the generally accepted standards of right and wrong conduct, and what is considered by that society as good behavior and what is considered bad behavior of a person, group, or entity.

Ethics: Definition

- [Webster's New World Dictionary variously defines "ethical" as: having to do with ethics or morality; of or conforming to moral standards; conforming to the standards of conduct of a given profession or group. The synonym comparison section states: ethical implies conformity with an elaborated, ideal code of moral principles, sometimes specifically, with the code of a particular profession.
- [In this new model of integrity we distinguish ethics specifically as a group phenomenon, and define it as: In a given group (the benefits of inclusion in which group a person, sub-group, or entity enjoys), ethics is the agreed on standards of right and wrong conduct; what is considered by that group as good and bad behavior of a person, sub-group, or entity that is a member of the group, and may include defined bases for discipline, including exclusion.

Legality: Definition

— [The Oxford American Dictionary defines “legality” as the quality or state of being in accordance with the law, and defines law as the system of rules that a particular country or community recognizes as regulating the actions of its members and may enforce by the imposition of penalties.

— [In this new model of integrity we distinguish legality specifically as a governmental phenomenon, and define it as: the system of laws and regulations that are enforceable by the state (federal, state, or local governmental body in the U.S.) through the exercise of its policing powers and judicial process, with the threat and use of penalties.

— The state’s formal monopoly on violence through its police powers gives the state the right/power to put one in jail, and even to kill a person or to destroy an organization. Other rules and regulations in the social system do not have the property of legitimate use of violence, including morality and ethics.

Relation Between My Word and Ethics, Morality, and Legality

- [My membership in a group, or organization, and presence in a city, state, country or society means that, unless I have declared to the contrary, my word includes what I know to do or not do and what is expected of me to do or not do that are given by these entities. And these include:
 - The standards of right and wrong conduct, good and bad behavior given by the moral and ethical codes and the systems of laws of the groups, organizations, society, and governmental entities to which I belong or in which I am present.

Morality, Ethics and Legality and Your Word

- Thus Morality, Ethics and Legality are part of your word by your mere presence – unless you explicitly say that you do not give your word to one or more of those “rules”.

The Power in Recontextualizing the Virtue Concepts to My Word

- [The standards and policies of society, groups, organizations, and state are converted from
 - something inflicted on me (someone else's will or in the language of this new model "someone else's word"),
 - to my word – thus, leaving me with the power to honor my word, either by keeping it, or saying I will not and dealing with the consequences.

Sincerity: Definition

- [Webster's New World Dictionary variously defines "sincere" as: without deceit, pretense, or hypocrisy; truthful; straightforward; honest; being the same in actual character as in outward appearance; genuine; real.
- [In this new model of integrity we distinguish sincerity as an internal state phenomenon regarding what one says, and define it as: The degree to which a person, group or organization is well-meaning regarding that to which they give their word.
- Webster's defines "well-meaning" as: having good or kindly intentions; said or done with good intentions, but often unwisely or ineffectually.

Sincerity

- [Sincerity is irrelevant to my word as it relates to integrity.
- [If I gave my word, I gave my word. Period.
 - If I did not intend to keep my word and did not say that when I gave it, I lied. And by definition that puts me out of integrity.
- [In terms of results produced, dealing with someone who is sincere (but does not honor his word) gives exactly the same results as dealing with someone who is an outright liar.
- [Substituting the virtue of sincerity for integrity is often a subconscious (and effective) ruse to avoid being responsible for failing to honor my word when I do not keep it.

The Bottom Line: Relation between the Virtue Concepts and Integrity

- [Integrity is value free (but incredibly important) because it provides access to workability which is the path to performance (however you wish to define it in your life or your organization) and to trust.
- [Morality, Ethics and Legality are the social forces that introduce and influence values (good, bad, right, wrong, etc) in humans as individuals, and in human groups, organizations, societies, and governmental entities.
- [Morality, Ethics and Legality (when designed & implemented properly) improve the ability of individuals and organizations to maintain integrity. *And vice versa.*
- Suppose that the ethics code requires members of the group to act with integrity.

The Bottom Line (continued)

- [Integrity As We Define It:
- [Makes the Moral Compass available in each of the three Virtue phenomena clear and unambiguous, and
- [Does this in a way that increases the likelihood of the now clear moral compass being used in practice
- [Each of these becomes part of *your word*

Where is your word when it comes time to honor it?

- [Without a powerful answer to this question you will be out of integrity.
- And trust will not be present in your life.
- [This takes us to time management, and a system for keeping effective track of our word, and the words of others.
- [The To Do list is a fundamentally corrupt way to manage your life and all there is for you to do and handle
- [Each person must confront the fact that: **you cannot get it all done**

You Must have a Way To Deal with the Fact that You Will Not Get It All Done

- [Everything gets done in a “now”
- [Schedule a now (or series of nows) to do it when you give your word
 - By the way, if you don’t give a date with your word you have only had a social conversation, not a promise.
- [What about the stuff you can’t schedule?
 - Create a “Not Doing It Now” list
 - Can’t be longer than you could schedule in your normal planning horizon
- [Put on the “Never Doing It Now” list the things that as of now you are never doing (now)
 - Notify each person who cares that you are never doing that now. Puts you back in integrity.
- [Now at any moment in life you have nothing to do but what you are doing!

A Picture of Integrity

- [What would your life be like, and what would your performance be, if it were true that:
 - You have done what you said you would do and you did it on time
 - You have done what you know to do, you did it the way it was meant to be done, and you did it on time
 - You have done what others would expect you to do , even if you never said you would do it, and you did it on time, or you have informed them that you will not meet their expectations
 - and you have informed others of your expectations for them and have made explicit requests to those others.

Picture of Integrity: Continued

- [And whenever you realized that you were not going to do any of the foregoing, or not going to do it on time:
 - You have said so to everyone who might be impacted, and you did so as soon as you realized that you wouldn't be doing it, or wouldn't be doing it on time, and
 - If you were going to do it in the future you have said by when you would do it, and
 - You have dealt with the consequences of your not doing it on time, or not doing it at all, for all those who are impacted by your not doing it on time, or not doing it at all
- [In a sentence, you have done what you said you would do, or you have said you are not doing it; you have nothing hidden, you are truthful, forthright, straight and honest. And you have cleaned up any mess you have caused for those depending on your word.

Picture of Integrity: Continued

— [And Almost Unimaginable

— [What if others operated in this way with you?

END

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