

# Why Integrity Matters

## Has integrity and leadership parted ways?

By Rick Gilbert

I'd like to reflect on integrity and the role it plays in your organization. There are so many companies today that have a vision or mission statement that includes the word *integrity*, yet it's unclear what that means to the people in those organizations.

Take, for instance, Goldman Sachs who has recently been accused of benefiting from both sides of a deal (heads I win, tails you lose).

Goldman Sachs Business Principles:

**"Integrity and honesty are at the heart of our business.** We expect our people to maintain high ethical standards in everything they do, both in their work for the firm and in their personal lives."

Is a **"win at all costs" strategy consistent with this business principle?** How about Toyota's recent recall of more than 8 million vehicles worldwide because of acceleration problems? The company issued a statement that said it:

"has and will continue to practice its philosophy of satisfying consumers with high quality vehicles that are safe and reliable, and responding to consumer feedback with honesty and **integrity**."

Yet according to the New York Times article "[Toyota E-Mail Noted Pedal Trouble](#)," an email conversation between two of their employees suggest they may be hiding something.

"We are not protecting our customers by keeping this quiet," Mr. Miller told his colleague, Katsuhiko Konagei, a communications coordinator who served as a liaison with Toyota's Japanese operations. "The time to hide on this one is over. We need to come clean," said Mr. Miller, Group Vice President for Environmental and Public Affairs."

He went on to say, "We better just hope that they can get N.H.T.S.A. to work with us" on a solution "that does not put us out of business."

Mr. Konagei's response to Mr. Miller was, "We should not mention about the mechanical failures of the accelerator pedals", Mr. Konagei said, because the company had not clarified the cause of the problem or settled on a remedy.

The National Highway Traffic Safety Administration (N.H.T.S.A.) is now seeking a \$16.4 million fine against Toyota because it failed to report the sticking pedal problem for at least four months before it told authorities.



These inconsistencies between what we say and what we do are at the very heart of what integrity is all about.

I wonder if the Toyota organization was conducting some sort of cost benefit analysis to determine if they should own up to the problem. If a company's integrity and ethics are contingent upon a cost benefit analysis, what are they really saying? Are they saying we'll keep our word depending on how much it costs?

## What is integrity? What does it really mean?

Integrity has three definitions according to the Webster's New Collegiate Dictionary: 1) an unimpaired condition: soundness; 2) firm adherence to a code of especially moral or artistic values: incorruptibility; 3) the quality or state of being complete or undivided: completeness. I like the following definition:

"We distinguish the *domain* of integrity as the objective state or condition of an object, system, person, group, or organizational entity, and, consistent with 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." From "[Integrity: A Positive Model that Incorporates the Normative Phenomena of Morality, Ethics and Legality](#)" by Erhard, Jensen, and Zaffron.

In Toyota's case, was the pedal and braking system unbroken, unimpaired, and in perfect condition? Or did the system lack integrity? What about the integrity of the two Toyota employees?

An individual has integrity when their word is whole, complete, unbroken, and sound. When we break our word with others by not living up to our commitments, we leave the situation incomplete and divided. Integrity on a personal level is simply doing what we say we are going to do.

What is the impact on your organization when employees and leaders don't do what they say they are going to do?

We live in a world that is constantly changing and there are times when we can't keep our word. It's important to take this into consideration when defining integrity. When we know we are not going to keep our word, we need to "own up" by admitting that we will no longer be able to honor our commitments. Without this culture of openness and accountability in honoring one's word, we really don't have integrity.

It's difficult for most of us to think of integrity without thinking right/wrong, good/bad, true/false. Ethics and morals are important to groups we belong to like Legal Ethics, Engineering Standards, or Societal Codes of Conduct where there needs to be clear boundaries of what is right and what is wrong. Integrity for our purposes is more like the Law of Gravity. It just is. It's more like a law of human nature.

"**Integrity: Without it Nothing Works**" by Mike Jensen, Harvard Business School.

Integrity in your organization happens at various levels.

- » Personal – individuals either keep their word or not.
- » Interpersonal – teams of people working together to achieve common goals.
- » Organizational – processes, systems, culture.

Think of the conversations that people have in your organizations. The conversations that happen in meetings and at the water cooler are full of decisions and commitments. What happens when people in your organization fail in keeping those commitments? Is it possible to create conversations that foster integrity? Conversations in which:

- » People are honest with themselves and truthful with others.
- » People complete work on time and as promised – doing work to the best of their abilities without cutting corners.
- » People act ethically according to an agreed-upon code of conduct. They work to deliver at a level higher than what is expected of them.

What role does integrity play in your organization's performance and what impact does it have on your bottom-line results?

"The Japanese automaker (Toyota) was still weighing its options Tuesday about whether to accept or contest the fine. It has also been named in 138 potential class-action lawsuits over falling vehicle values and nearly 100 personal injury and wrongful death cases in federal courts."

Integrity is a virtue of human nature and when it's not present, triggers mistrust among people and drives organizations towards chaos.



"Well, it's a Fortune 500 company with excellent stock options and a record of very modest jail terms for senior executives."