

The Cost of Integrity

Several years ago, a story emerged about a state politician who deducted \$555 for used clothing he had donated to the Salvation Army. He included six pairs of used socks --- which he valued at \$3 each, and three pairs of used underwear --- which he valued at \$2 each. This was, according to IRS guidelines, a completely legal transaction. However, the press took exception and pointed it out to question this politician's ethics.

There wouldn't seem to be anything unethical about getting a legal tax break for donating to charity. But when we do, we are asked to place a fair-market value on our donations, and history has shown that the items will rarely represent such value for the charity. You cross an ethical line when you place a preposterous fair-market value on something --- knowing full well that the chances are minimal that the Internal Revenue Service will ask you to explain what's so special about, say, your used underwear.

So do most people give to charities because they like the work the organizations do and want to help them? Or are they only looking for ways to take a bite out of their income-tax bills? The U.S. General Accounting Office reviewed one donation of a 1983 truck that its donor had valued at \$2,400, and found that the charity received only \$31.50 from the sale of the truck after administrative and advertising costs were deducted. Its donor received a tax deduction of the full \$2,400!

Situations like this are often entirely legal, but are they ethical? That is our dilemma. Certainly there are examples in the media every day of public figures who give us cause to pause and reflect on what integrity does or doesn't look like. In fact, it seems that the newspapers are replete with questions of integrity and situations where people may have crossed ethical boundaries. From Enron to corporate executives with piggish compensation packages, we're besieged daily with troubling dilemmas.

For example, the CEO of a global technology services firm made his mark in corporate history at an annual stockholders meeting a few years ago. His compensation that year was tens of millions of dollars, and he had taken home well over one hundred times what the average employee in the firm made. One of the shareholders asked about his compensation perhaps being excessive. His reply? "I need to make that much money, I have an expensive wife!" Now he may have been a very qualified executive, and his compensation package may even have been within the range of the market for his position. However, his answer earned him an integrity quotient that is right up there with some of the worst illustrations we can find.

Another example of what I'm talking about is what happens in American politics during an election year. We are besieged with political mudslinging, as each candidate tries to point out the despicable behaviors of his or her opponent. Some of the stories may seem shocking. But most won't leave us questioning. We don't have to wonder whether they're right or wrong. Usually only the people that benefit from them or own them will debate that. They'll spend extraordinary amounts of time slinging mud at each other. The rest of us know inherently what wrong looks like. We smugly think we have a good handle on what right looks like too.

However, aside from the most blatant examples of integrity failures in our society, most of us are being confronted with ethical and integrity questions today that our forefathers never had. In fact, I'd venture to say that my grandfather, even my father, couldn't have dreamed of some of the scenarios that confront our society today. The lines between right and wrong have become much too blurred



for simple discretion or “playing by the rules” to be effective measures of integrity. Simply put, wrong looks more right than it ever did, and right is finding new ways to go wrong.

Where did it begin? Where did our society begin to leap off the charts in terms of integrity and ethics breaches? Was it the rise of the “me generation?” Was it the age of rock-and-roll? Is it a natural, and therefore unavoidable, consequence of our affluent society? I don’t think so. You see, integrity, for all its publicity, is still very much a personal matter. It exists across groups of people and even across entire cultures. But it is a matter of personal behavior that gets interpreted as integrity. Let’s look at what role leadership plays in this game.

Organizational Integrity

Bookstores are overrun these days with leadership topics. Industry conferences are chock full of some excellent sessions on leadership. To be sure, there is no shortage of information available to help us understand what great leadership is and how we can aspire to it. I believe that just about every approach I’ve ever seen taken on leadership assigns integrity as one of its most important characteristics. Oddly enough, much less is written about organizational integrity. Most companies have ethics statements as a matter of policy, and will be able to tell you about their written policies regarding ethics, diversity, fairness, etc. on a moment’s notice.

I’ve always been one that subscribes to the theory that people don’t always do what they say --- but they will always do what they believe. So while I see organizations talking a good talk in this area of integrity, I’m not convinced that many of them are walking that talk. In fact, I may as well just tell you that I’ve observed behaviors, had personal experiences, or read accounts that I believed were true --- which suggested those organizations weren’t walking their talk. You have had those experiences too. Here’s a challenge for you.

- Look for companies that consistently give their customers good service and fair prices.
- Look for employers that hire fairly, train regularly, and empower their staff to do their jobs.
- Look for employees who give their employers an honest day’s work.
- Look for teachers who take their work seriously --- and are always conscious of the fact that they’re building the fabric of tomorrow’s society.
- Look for leaders who are truly accountable.
- Look for governments that are good stewards of the tax dollars they receive.
- Look for non-profit organizations that are good stewards, making the most effective use of the donations they receive.

Did you find them? Or, like me, did you find yourself struggling to name them? I’ve made it my business to look for these things as I walk through this life. If my own experience is even a remote indicator, what we’re looking for here is scarce, to say the least. The vast majority of organizations, regardless of their type, are falling far short of meeting expectations in the area of integrity. But we shouldn’t be surprised.



USA Today, our nation's largest newspaper, conducts surveys on various subjects. They report some sobering statistics when it comes to organizational integrity in business. Here's what they had to say in a recent report.

- Despite corporate scandals and regulatory action to force integrity into financial and governance reporting, only 28% of workers in the U.S. say their employers gave them any sort of ethics training or even specific ethics direction in the past 12 months.
- Forty-six percent (46%) of all workers would cover for their boss if the boss did something wrong. Men, who statistically tend to dominate the executive suite, were more likely to say they would do so, than women (51% vs. 40%).

Let's think about this for a minute. Fifty one percent of men, and 40% of women admit that they would be likely to cover for their boss if he or she did something wrong. We aren't even differentiating between a normal lie and the proverbial "white lie" here! We're not even testing their ability to discern between right and wrong.

With barely more than a quarter of employers --- including governments, schools and religious organizations, many of whom have ethics policies well documented --- giving employees training or specific direction in this area, is it any wonder?

Remember my theory that people always do what they believe? It holds just as true for organizations. They too always do what they believe. And I'll submit that if ethics were important to organizations, they'd have a better record in this area.

More than once I've heard a speaker challenge his audience to look at their calendars and their checkbooks as mirrors that reflect their true values in life. The same is true of any organization. Look at how the organization spends its time and money. That's where you'll find its priorities. So if a company, for example, says that "people are the most important asset," there should be tangible evidence in their behavior to support such a claim.

Corporate Ethics

So if I haven't bought any of their stock, and don't work for them, do I really need to be all that concerned about corporate ethics and integrity? Is it really harmful to overlook the fact that these organizations just "aren't all that bad?" Well, let's look at an example, and you be the judge.

Despite its free trade with the west, the government of China continues to hold one of the world's worst records in the area of human rights. Simply put, they're notorious for treating people badly. Moreover, this country continues to stubbornly resist the world's exhortation to change its behavior in this area.

One of the issues identified is the fact that the Communist government of China owns most of the business enterprises in the country. Further, it imprisons political and religious dissidents and enslaves them to work in government-owned factories --- which bid on contracts to produce goods and services that are bought and sold in, amongst other places --- the United States.!



I recently challenged a group I was speaking to, asking them to visit their local discount store and keep track of the number of goods they could find that had a “Made in China” label. They were stunned. In fact, when the topic first came up, I asked everyone in this casually dressed group to take off their sneakers and see where they were made. The vast majority were surprised to see the “Made in China” label on their shoes --- whether they had been purchased at a discount store or not.

So are corporate ethics the retailer’s problem? Let’s face it, there’s more than a strong likelihood that our purchases of these goods are empowering the abuse of human rights by the Chinese government. Should the executives of the retailers be ashamed of themselves? Or is it the suppliers that they deal with who should be held responsible? Or do we, as consumers, have a role to play in this scandal? (And lest you think I’m bashing discount stores, I’ll just confess right now that they’re my favorite places to shop!)

Another lesser-known abuser in human rights is the government of India. We typically think of India as a friendly country, with democratic policies. After all, it was Mother Theresa’s home. How bad could it be? Well, there’s been escalating violence, especially in the northern states, against what the government defines as “religious dissidents” (anyone who isn’t a Hindu). We’re talking about physical attacks, murders, torture and arson of church facilities. And five of India’s states have passed laws that require individuals to get government permission before converting to any religion that isn’t Hindu. So this seems like an Indian problem doesn’t it? It seems the Indian government is able to facilitate its mushrooming economy, but it can’t or won’t give its citizens freedom of religion (amongst other things).

Is this our problem? Isn’t the Indian government the one with the ethical problem? That might seem to be the case --- at least until you see that most of us are using credit cards, airlines, rental car agencies, financial services firms and other goods and services that are being supported in India. The software to facilitate them was possibly written there by programmers who are paid one tenth of what we think they should be paid. Or the call center that helps us get them or use them might be located there, staffed with people who again make less than one tenth what we think a proper wage should be.

You and I are users of these services. We make conscious choices to buy Chinese-made merchandise from the discount stores. We get help from our computer manufacturer’s Indian call center, or carry a credit card that’s serviced in India. Do you feel guilty? Do you feel like you’ve made an ethical blunder, or had a breach of personal integrity?

Cultural Relevance

Let’s be fair here. I’m not here to condemn anyone or their buying habits. But my life journey has given me a perspective which may be a bit unique. You see, I’ve spent a lot of time traveling the globe, working with people in very different cultures.

In my work as a consultant and futurist, I’ve gotten to work with banking organizations and examined the merits of service charges and union-busting relocations of job centers. I’ve worked with funeral home aggregators on applications of e-commerce when it comes to selling coffins and funeral services. I’ve worked with technology manufacturers as they struggle with shifts in buyer patterns and moving their own jobs to lower cost markets.



I've learned that people aren't so much unethical, or lacking in integrity --- as they are just plain confused. That's right. Confused. Why? Because ethics and integrity are confusing. This is no simple concept. It can't be relegated to a set of index cards or a framed statement on the wall.

You see, there is a tangled web of ethical issues that puzzle and confuse us. Most of us are taught that integrity is a simple "black and white" issue. I've always found comfort in the fact that ethics are a proposition of absolutes. I've always believed that integrity is never relative. Everything is either right or wrong. Simple as that.

I thought my only challenge was to discern which things were wrong --- and then just avoid them. I considered for much of my life that integrity issues were just for people who were ignorant or evil. But I've learned that it goes farther than that. It may have been that simple at some time in our history. I'm afraid that time has long passed though.

Whether you're in New Delhi, London, Johannesburg, Sao Paulo, Amsterdam, New York or Dallas, your culture is facing and responding to a dizzying dilemma in the area of ethics and integrity.

Even when you commit yourself to do right, you're finding that what's right isn't always as easy as you'd like it to be.

What's right isn't even as clear as it used to be. In fact, I don't think we're even talking about the so-called "situational ethics here." Rather, we are talking about ethics that seem to want to play hide-and-seek with us.

We once thought that right or wrong could possibly differ from one society to another. Then globalization came along and showed us that it doesn't really differ all that much. But it showed us that right and wrong like to play games with us, are masters of disguise, and can take on forms that we haven't yet learned to comprehend.

Righteous Perspective

I once heard someone speak of the calling of leaders to walk with integrity. He explained it this way. "I must be careful to live a blameless life. I will lead a life of integrity!" He continued, "Integrity doesn't look at anything vile or vulgar. Integrity hates all crooked dealings --- and has nothing to do with them. Integrity rejects perverse ideas and stays away from every evil. Integrity doesn't tolerate people who slander their neighbors. Integrity doesn't endure conceit or pride. Integrity watches out for the righteous, and doesn't even allow deceivers to enter its presence, much less serve it."

That seems pretty simple, doesn't it? So aren't all leaders walking with integrity? Some of you are smugly thinking to yourselves, "Well I certainly am, but it's those other leaders who fall short in this area." Or you may simply be saying to yourself, "Certainly I know the difference between right and wrong!" But let's face it, if that were true, you wouldn't be reading about integrity right now --- you'd be telling someone else about it!

So, why do we find integrity so hard, so elusive? Is society spiraling into a moral cesspool --- and taking some capable leaders with it? In order to cope, do we need an updated vision of what integrity looks like?



What's A Leader To Do?

This issue of getting and keeping integrity is a disturbing challenge, especially for leaders. We can easily nod our heads and agree that today's society --- that awful world which we live in --- is in ethical ruins. But frankly, I believe we are called to do considerably more than that. In fact, in my view, it's not an option. It's imperative that we take bold action on this front. Simply put, leaders are different. It's up to us to define integrity --- with our own behaviors and the organizational behaviors that we drive.

It doesn't matter what kind of organization you're in, or what type of organization you represent, the challenges just aren't all that different. We're each looking at the same types of integrity challenges that the rest of the world is confronted with. Tragically, we don't seem to be doing much better at wading through those integrity challenges either. That may simply be because we don't really value it all that much. (Remember my theory: People do what they believe.) So the first step for today's leaders will be to own the mission of integrity. That means you have to believe, from the core of your being, that integrity really matters.

Why do today's ethics dilemmas seem so much harder to answer than the ones that confronted generations before us? Why do the breaches of integrity seem so much worse than anything we've seen before? I think it's to intimidate us. When right and wrong are at war with each other, deception and intimidation seem like good tactics for wrong to employ. However, leaders are called to see through that noise. And the second step for today's leaders will be to believe that integrity isn't impossible. Put another way, you have to believe that integrity can win.

After you take those first two steps, the third step is an ongoing process that never gets finished. You can't simply have an "ethics policy" or two hours of "ethics training" for each of your employees. Instead, you must go on a personal quest and mission aimed at rooting out truth in every situation. People have to be taught to ask the hard questions. People must be taught that asking those hard questions is a worthwhile effort. You must look for opportunities to illustrate integrity in front of your staff. You must hire executives that share your values, and are willing to be held accountable for living the values they claim to own. You must also be willing to release those who are not.

Today's leaders can't refer to Sarbanes-Oxley or some other playbook to determine where integrity lies. In fact, the charge for today's leaders is to become the playbook themselves. I'm reminded of a bumper sticker I've seen that asks the proverbial question, "WWJD." It asks people to consider what Jesus would do --- in any situation. As leaders, we each need to get to that point, where our followers can reasonably and reliably ask, "WW-our-leader-D." When your team can face any situation, and simply think, "What would our leader do?" and then feel confident and comfortable with the answer, you'll have defined and achieved integrity in its highest form.

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