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INTEGRITY: A POSITIVE MODEL THAT INCORPORATES THE NORMATIVE PHENOMENA OF MORALITY, ETHICS, AND LEGALITY

WERNER H. ERHARD

Independent

werhard@ssrn.com

MICHAEL C. JENSEN

Jesse Isidor Straus Professor of Business Administration Emeritus, Harvard Business School
Senior Advisor, The Monitor Group,

mjensen@hbs.edu

STEVE ZAFFRON

CEO, Vanto Group

szaffron@vantogroup.com

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Werner H. Erhard
werhard@ssrn.com
Independent

Michael C. Jensen
mjensen@hbs.edu
Jesse Isidor Straus Professor of Business Administration Emeritus, Harvard Business School
Senior Advisor, The Monitor Group

Steve Zaffron
szaffron@vantogroup.com
CEO, Vanto Group

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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

* By "Positive" Model we mean a model that describes the way the world behaves, that is, the way it is, independent of any normative value judgments about its desirability or undesirability, and a model that is empirically testable (falsifiable in the Popperian sense (Popper, 1959, *The Logic of Scientific Discovery*, New York, NY: Basic Books)). By "Normative" we mean establishing, relating to, or deriving from a standard or norm that specifies desirable or undesirable conduct or behavior, that is, what ought to be. See Keynes, 1891, *The Scope and Method of Political Economy*, London: Macmillan 4 Co, pp. 34-35 and 46, pp. 34-35 and 46, and Friedman, 1996, "The Methodology of Positive Economics", in ed. Friedman, *Essays in Positive Economics*, Chicago: U. of Chicago Press, p. 3.

** This paper is based on ideas and materials originally developed by Werner Erhard in 1975 (cf. his presentations on Integrity January 1, 1975 San Francisco, CA, and on Responsibility, Integrity, Happiness February 25, 1976 Denver, Colorado). Those ideas have also been part of the consulting services of the Vanto Group (formerly known as Landmark Education Business Development) and part of the programs of Landmark Education, LLC. Many people have contributed to our thoughts and ideas on this topic and to the execution of this paper – too many to name completely. But we do wish to acknowledge the support, comments and suggestions of Chris Argyris, Lucian Bebchuk, Carl Bergstrom, Frances Cairncross, Sandra Carr, John Clippinger, Anne Coughlin, Xavier Casterner, Josh Cohen, Miriam Diesendruck, Joe DiMaggio, Oliver Goodenough, Ron Heifetz, Bruce Gregory, Brian Hall, Rakesh Khurana, Tony Mayo, Kate Parrot, Hillary Putnam, Allan Scherr, Gonneke Spits, Elaine Sternberg, Sue Strober, Karen Wruck, Richard Zeckhauser, Mark Zupan, and especially Michael Zimmerman.

We thank the Harvard Business School Division of Research for financial support for Jensen.

The authors are responsible for all errors or incompletions in this work.

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 for an individual, group, or organization the available opportunity set 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. Perhaps most importantly, it provides an actionable pathway to being whole and complete with oneself, or in other words to being an integrated person.

We demonstrate that applying 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 conclusion is the following: if when giving your word you announce that you will apply cost-benefit analysis to honoring your word you will maintain your integrity, but you also will have 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 relation 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 relation 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 the individual, organizational and social levels, and 2) empowers the three virtue phenomena of morality, ethics and legality.

Credits:

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werhard@ssrn.com
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mjensen@hbs.edu
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Steve Zaffron
szaffron@vantogroup.com
CEO, Vanto Group

1. INTRODUCTION AND SUMMARY

This document presents a new model of *integrity* that incorporates the phenomena of *morality*, *ethics* and *legality*. For the sake of clarity in this paper we will refer to these four – integrity, morality, ethics, and legality – as the “elements” dealt with in this model.

* By “Positive” Model we mean a model that describes the way the world behaves, that is, the way it is, independent of any normative value judgments about its desirability or undesirability, and a model that is empirically testable (falsifiable in the Popperian sense (Popper, 1959, *The Logic of Scientific Discovery*, New York, NY: Basic Books)). By “Normative” we mean establishing, relating to, or deriving from a standard or norm that specifies desirable or undesirable conduct or behavior, that is, what ought to be. See Keynes, 1891, *The Scope and Method of Political Economy*, London: Macmillan 4 Co, pp. 34-35 and 46, pp. 34-35 and 46, and Friedman, 1996, "The Methodology of Positive Economics", in ed. Friedman, *Essays in Positive Economics*, Chicago: U. of Chicago Press, p. 3.

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We thank the Harvard Business School Division of Research for financial support for Jensen.

I. ***THE CONFUSION, CONFOUNDING AND AMBIGUITY AMONGST THE FOUR ELEMENTS***

Because legality is a somewhat distinct phenomenon from the other three elements,¹ we start our discussion with just integrity, morality and ethics. However, because it is also about standards and is therefore highly complementary with morality and ethics, later, in section 1.B.I we add legality back into the discussion.

In the main, the phenomena of integrity, morality and ethics are commonly understood to provide standards of “correct” behavior. Most of us have an innate sense² that what is pointed to by these three elements is of fundamental importance in human affairs³. At the same time, there is a lack of rigor (a vagueness) in our understanding of the precise nature of each of these phenomena. Attempting to find a consistent and distinct meaning for any of these three terms (integrity, morality or ethics) reveals the major confusion and confounding amongst them. For example, “moral” appears in the

¹ Legal standards differ from integrity, morality and ethics in several ways: 1) they are formally codified, 2) they are formally related to the state whose standards ultimately govern, and 3) under its police powers the state has unique power to use physical coercion and violence on its citizens (given that it maintains its monopoly on the legitimate use of physical coercion and violence) to enforce its laws governing behavior and to impose certain kinds of penalties for behavior that violates the state’s legal code (including death, prison and the breaking up or elimination of companies or other entities).

² Psychologist Mark D. Hauser, 2006, *Moral Minds: How Nature Designed Our Universal Sense Of Right And Wrong*: Harper Collins, postulates an “innate moral faculty”, and presents evidence for a universal morality based on rules about fairness, proportionality and reciprocity. Ridley, 1996, *The Origins of Virtue: Human Instincts and the Evolution of Cooperation*, London: Penguin Books Ltd. “. . . is about the billion-year coagulation of our genes into cooperative teams, the million-year coagulation of our ancestors into cooperative societies, and the thousand-year coagulation of ideas about society and its origins.” p. 7; de Waal, Forthcoming, "How Selfish an Animal? The Case of Primate Cooperation", in ed. Zak, *Moral Markets: The Critical Role of Values in the Economy*, Princeton University Press <http://papers.ssrn.com/abstract=929177>) surveys the evidence on cooperation and helping behavior by primates and concludes “Most of the time, the motivations guiding animal helping behavior are genuinely altruistic. Whether they are also intentionally altruistic is a separate issue, since this would require prediction of behavioral consequences. Only humans and very few other animals seem capable of such prediction.” For discussion of the neurological foundations of values and their interactions with markets see also de Waal, 1996, *Good Natured: The Origins of Right and Wrong in Humans and Other Animals*: Harvard University Press; de Waal, 2006, *Primates and Philosophers: How Morality Evolved*: Princeton University Press; Zak, Forthcoming, "Values and Value: Moral Economics", in ed. Zak, *Moral Markets: The Critical Role of Human Values*, Princeton University Press <http://papers.ssrn.com/abstract=927485>).

³ For example, integrity was the most looked up word in 2005, the latest year available in statistics provided by Merriam-Webster, 2007, "Merriam-Webster On Line Dictionary", <http://www.m-w.com/info/pr/2005-words-of-year.htm>), accessed Mar 10, 2007.

dictionary definition of both integrity and ethics, and “ethics” appears in the definition of morality. In common usage, one of these terms can mean one thing in one instance and something different and even conflicting in another instance. And, as we show in Section 1.I.C, this unclarity extends to the philosophical discussion.

As a result of our immature grasp of these three important elements, their power to actually constructively shape human behavior is shockingly missing. As Chris Argyris perceptively observes, “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.”⁴ In fact, our inability to effectively utilize and manage the phenomena of integrity, morality and ethics is the source of some of the major difficulties and conflicts in our world.

B. CREATING AN EFFECTIVE STRUCTURE FOR ANALYSIS: A CONTEXTUAL FRAMEWORK

Our immature grasp of these three elements and the resultant dysfunctional consequences will persist until there is an effective structure for analysis (a contextual framework, somewhat comparable to a conceptual framework) for these three elements – that is, a contextual framework that enables research and analysis that lead to the development of applications that are effective in producing a constructive impact on behavior.

The widespread public debate, voluminous number of books and articles⁵, and the long-standing philosophical discourse about these three elements, evidence both the

⁴ Argyris, 1991, "Teaching Smart People How to Learn", Harvard Business Review, May-June: pp. 99-109.

⁵ A search for “Integrity”, “Moral” and “Ethical” on Amazon.com books yields the following number of hits: Integrity 200,610, Moral 261,433, Ethical 135,000. Searching for the same terms on Google yields

importance we place on them and the existing lack of clarity necessary for them to produce favorable results in people's lives. This extends to people's roles in and interactions amongst families, organizations, communities, societies, and nations.

Merely resolving the confusion and confounding amongst the terms within the same old structure for analysis (contextual framework) will not reveal and provide access to the unseen and therefore unrealized potential power⁶ of these phenomena. One of our goals in this new model is to provide a contextual framework that does reveal and provide access to the potential power of these phenomena, and within that contextual framework to provide a clarity that eliminates the confusion and confounding amongst them.

I. ***THE THREE PERSPECTIVES UTILIZED IN OUR CONTEXTUAL FRAMEWORK***

Our contextual framework utilizes three distinct perspectives on, or aspects of, the four elements dealt with in this new model (integrity, morality, ethics, legality). Integrity for example, can be examined and dealt with 1) as a *phenomenon*, or 2) as a *concept*, or 3) as a *term*.

Continuing with integrity as an example of any one of the four elements, when integrity is dealt with as a *phenomenon*, one is examining or dealing with integrity as an actual instance or example, or, drawing on the definition of *phenomenon* in Webster's Dictionary: *an event, circumstance, or experience encountered through the senses*.⁷ In

the following hits: Integrity 92,500,000, Moral 124,000,000, Ethical 51,600,000. Accessed February 16 2007.

⁶ By "power" we mean anything across a spectrum from the wherewithal to produce results, through competitive advantage or value creation, to enhanced quality of life. We distinguish between power and force. And in the way we use power, the use of force is the negation of power, that is, force displaces the opportunity for the exercise of power.

⁷ Webster's, 1995, Webster's New World Dictionary on PowerCD version 2.1, based on Webster's New World Dictionary®, Third College Edition 1994: Zane Publishing, Inc.

our contextual framework, as we will see below, we establish specific *realms* for integrity, morality, ethics, and legality as phenomena.

When integrity is dealt with as a *concept*⁸, one is not dealing with an actual instance of integrity. Rather, one is examining or dealing with a generalized idea of integrity, the class or domain⁹ to which integrity belongs. Again, as we will see below, taken as concepts, we establish distinct, non-overlapping *domains* of interest or concern for each of integrity, morality, ethics, and legality.

When integrity is dealt with as a *term*, one is neither dealing with an actual instance of integrity, nor the domain of integrity. Rather, one is dealing with a definition of integrity. As we will see below, taken as terms (while using existing dictionary definitions but avoiding those statements in the definitions that overlap), we establish unique *definitions* for each of integrity, morality, ethics, and legality. Thus:

- 1) In our contextual framework, we begin by assigning each of the four phenomena to one of two distinct realms, namely a *positive realm* devoid of normative values, and a *normative realm* of virtues¹⁰. In our new model, integrity exists in the positive realm, whereas morality, ethics and legality exist in the normative virtue realm.
- 2) Next, within their respective realms, the second aspect of our contextual framework is created by distinguishing non-overlapping, distinct and separate domains for each of the four concepts. We distinguish the domain of morality as a *social* virtue domain, the domain of ethics as a *group* virtue domain, and the domain of legality as a *governmental* virtue domain. We distinguish the domain

⁸ Ibid.

⁹ “field or sphere of activity or influence”, Ibid.

¹⁰ What we mean by the term “virtue” in the phrases “realm of virtues”, “virtue concepts” or “virtue phenomena” are realms, concepts or phenomena that deal with the normative standards of right and wrong, desirable and undesirable, and good and bad.

- of integrity as the *objective state or condition*¹¹ of an object, system, person, group, organization or society.
- 3) And finally, within their respective domains, the last aspect of our contextual framework is created by providing unique definitions for each of the four terms so that there is no confusion, confounding or ambiguity amongst them. We provide these definitions below in Section 2.

In summary, our contextual framework has three perspectives or aspects to it, namely, a *realm* for each element as a phenomenon, a *domain* for each element as a concept, and a *definition* for each element as a term. Thus we view each element as a phenomenon that exists in a certain *realm*, as a concept that distinguishes a certain *domain* of interest or concern, and as a term that is *defined* in a unique way.

This contextual framework, consisting of the foregoing cascade of three aspects in which to examine integrity, morality, ethics and legality, is the first critical factor in our new model.

For example, we will see that when integrity, morality, ethics and legality, *as they are currently viewed*, are examined from the perspective of our contextual framework:

- 1) As phenomena, all four are collapsed into the normative realm, thereby:
 - a) forfeiting the power of integrity as the foundation of performance that is revealed when integrity is treated as a purely positive phenomenon, as it is in this new model of integrity, and
 - b) forfeiting the power of integrity, when treated as a positive phenomenon, to increase the actual impact on behavior of the normative virtue phenomena of morality, ethics and legality.

¹¹ By the “*objective state or condition*” we mean the state or condition of a phenomenon as apprehended through direct experience, including when accomplished through scientifically sound sensing or measuring tools.

- 2) As concepts, the overlapping of the extent of the domains amongst the four elements blurs and leaves indistinct the specific domain of interest or concern dealt with in each, undermining the potency of each as a concept, and
- 3) As terms, using one of the terms in the definition of another results in confusion and confounding amongst all four terms.

In summary, the collapsing of all four phenomena into the normative realm, and the overlapping of the domains of each as concepts, and the confusing and confounding of the definitions of each as terms, forfeits the potential power specific to each of the elements. Collectively, this leads to sloppy and ineffective analysis, vacuous slogans, and policies and values that are espoused but not honored.¹²

C. THE CONFUSION, CONFOUNDING AND AMBIGUITY EXTENDS TO THE PHILOSOPHICAL DISCOURSE

To illustrate the confusion and confounding of these concepts, not only in the dictionary's definitions and everyday use, but also in the extensive philosophical discourse on the subject, we quote from the introduction to the excellent survey on the topic of integrity by Cox, La Caze, and Levine (2005) in the Stanford Encyclopedia of Philosophy:

“Integrity is one of the most important and oft-cited of virtue terms. It is also perhaps the most puzzling. For example, while it is sometimes used virtually synonymously with ‘moral,’ we also at times distinguish acting morally from acting with integrity. Persons of integrity may in fact act immorally – though they would usually not know they are acting immorally. Thus one may acknowledge a person to have integrity even though that person may hold importantly mistaken moral views.

¹² Consistent with this, Loughran, McDonald and Yun, 2007, "A Wolf in Sheep's Clothing: The Use of Ethics-Related Terms in 10 K Reports", in Unpublished Working Paper, University of Notre Dame, July 5, offer some “empirical observations on our conceptual framework” and show statistically significant evidence that “. . . firms using ethics-related terms [in their annual SEC 10K reports] are more likely to be “sin” stocks, are more likely to have class action lawsuits filed against them, and are more likely to score poorly on measures of corporate governance”.

When used as a virtue term, 'integrity' refers to a quality of a person's character; however, there are other uses of the term. One may speak of the integrity of a wilderness region or an ecosystem, a computerized database, a defense system, a work of art, and so on. When it is applied to objects, integrity refers to the wholeness, intactness or purity of a thing – meanings that are sometimes carried over when it is applied to people. A wilderness region has integrity when it has not been corrupted by development or by the side-effects of development, when it remains intact as wilderness. A database maintains its integrity as long as it remains uncorrupted by error; a defense system as long as it is not breached. A musical work might be said to have integrity when its musical structure has a certain completeness that is not intruded upon by uncoordinated, unrelated musical ideas; that is, when it possesses a kind of musical wholeness, intactness and purity.

Integrity is also attributed to various parts or aspects of a person's life. We speak of attributes such as professional, intellectual and artistic integrity. However, the most philosophically important sense of the term 'integrity' relates to general character. Philosophers have been particularly concerned to understand what it is for a person to exhibit integrity throughout life. Acting with integrity on some particularly important occasion will, philosophically speaking, always be explained in terms of broader features of a person's character and life. What is it to be a person of integrity? Ordinary discourse about integrity involves two fundamental intuitions: first, that integrity is primarily a formal relation one has to oneself, or between parts or aspects of one's self; and second, that integrity is connected in an important way to acting morally, in other words, there are some substantive or normative constraints on what it is to act with integrity. How these two intuitions can be incorporated into a consistent theory of integrity is not obvious, and most accounts of integrity tend to focus on one of these intuitions to the detriment of the other. A number of accounts have been advanced, the most important of them being: (i) integrity as the integration of self; (ii) integrity as maintenance of identity; (iii) integrity as standing for something; (iv) integrity as moral purpose; and (v) integrity as a virtue. These accounts are reviewed below. We then examine several issues that have been of central concern to philosophers exploring the concept of integrity: the relations between types of integrity, integrity and moral theory, and integrity and social and political conditions.”

[The remaining sections of this entry are entitled: 1. Integrity as Self-Integration, 2. The Identity View of Integrity, 3. Integrity as Standing for Something, 4. Integrity as Moral Purpose, 5. Integrity as a Virtue, 6. Types of Integrity, 7. Integrity and Moral Theory, 8. Integrity in Relation to Social and Political Conditions”]

Source: Cox, La Caze, and Levine (2005)¹³

D. INTEGRITY AS A RELATION ONE HAS TO ONESELF VERSUS INTEGRITY AS ACTING MORALLY: A CONSISTENT THEORY

As we said earlier, our new model resolves the confusion and confounding of the concepts that is clearly illustrated in the foregoing passage. The following excerpt from

¹³ Cox, La Caze and Levine, Integrity. The Stanford Encyclopedia of Philosophy (Fall 2005 Edition), Edward N. Zalta (ed.) Accessed April 9, 2006 <http://plato.stanford.edu/archives/fall2005/entries/integrity/>

the passage highlights the existing ambiguity regarding what it means to be a person of integrity:

“What is it to be a person of integrity? Ordinary discourse about integrity involves two fundamental intuitions: first, that integrity is primarily a formal relation one has to oneself, or between parts or aspects of one's self; and second, that integrity is connected in an important way to acting morally, in other words, there are some substantive or normative constraints on what it is to act with integrity. How these two intuitions can be incorporated into a consistent theory of integrity is not obvious, and most accounts of integrity tend to focus on one of these intuitions to the detriment of the other.”

Cox, et al's summary of “What is it to be a person of integrity?” in this brief passage provides an effective way to summarize three additional contributions of our new model:

1. In Appendix A, Section 15.I **Error! Reference source not found.** we precisely define Cox et al's phrase “integrity is primarily a formal relation one has to oneself”, and in the matter of integrity show in our new model exactly what this relationship to oneself is.
2. In Appendix A, Section 15.II we show in our model exactly how integrity is “connected in an important way to acting morally.”
3. Finally, in Appendix A, Section 15.III we also resolve the philosophical dilemma highlighted by Cox, et al by demonstrating “How these two intuitions can be incorporated into a consistent theory of integrity ...”

These propositions taken as a whole are the second critical factor in our new model.

Our model not only deals with integrity for persons, but also for groups, organizations, societies and nations. For the sake of being complete, we extend the model to include the integrity of objects and systems. However, we agree with Cox, et al. that the most important application of integrity is in the realm of human beings; and therefore we don't deal in depth with objects and systems in this document.

E. INTEGRITY AS THE INTEGRATION OF SELF

Reflecting Cox et al's phrase "integrity is primarily a formal relation one has to oneself", an important theme that runs through the philosophical discourse on integrity, relates to integrity as being whole and complete as a person. We extract the various following phrases that relate to being personally whole and complete from the long quotation above from the Stanford Encyclopedia of Philosophy by Cox, La Caze and Levine (2005) in Section 1.I.I:

- "... 'integrity' refers to the quality of a person's character ..."
- "... 'integrity' refers to the wholeness, intactness or purity of a thing – meanings that are sometimes ... applied to people."
- "... maintains its integrity as long as it remains uncorrupted ..."
- "However, the most philosophically important sense of the term 'integrity' relates to general character."
- "Philosophers have been particularly concerned to understand what it is for a person to exhibit integrity throughout life."
- "Acting with integrity on some particularly important occasion will, philosophically speaking, always be explained in terms of broader features of a person's character and life."
- "... the most important of them being: (i) integrity as the integration of self; (ii) integrity as maintenance of identity; (iii) integrity as standing for something ..."
- "... Integrity as Self–Integration ..."

Hereafter, we will sometimes use the phrase "being personally whole and complete" or "being whole and complete as a person" to represent the idea pointed to by the quotes above.

How integrity determines being whole and complete as a person and how it relates to the quality of one's life is dealt with in Section 4.

F. INTEGRITY AS A FACTOR OF PRODUCTION: THE CAUSAL LINK BETWEEN INTEGRITY AND THE OPPORTUNITY SET FOR PERFORMANCE

The third, and in our minds, the most important factor in our new model of integrity is the powerful access it provides to increased performance (in whatever way one wishes to define performance) for individuals, families, groups, organizations, societies and nations.¹⁴ We mean the word “performance” in its broadest sense and leave the choice of definition and measures of performance up to individuals or organizational entities. For example for organizations: profits or value creation; or for societies: concerns about environment, peace, or quality of life; or for individuals: being whole and complete as a person, the quality of one’s life, happiness, or the welfare of one’s children.

In effect, integrity as we distinguish and define it is an important factor of production (using the language of economists) comparable to knowledge and technology. Our model reveals the causal link between integrity and the available opportunity for performance (the opportunity set) for individuals, groups and organizations. And, our model provides actionable access to that causal link to individuals, families, executives, economists, philosophers, policy makers, leaders, and legal and governmental authorities. Revealing the causal link between integrity and performance makes clear what is currently obscured, namely, as integrity declines the available opportunity for

¹⁴ Given the performance benefit of integrity, consequentialist thinkers might argue that our model of integrity is consequentialist. "Consequentialism" relates to determining the rightness of normative virtue phenomena. Consequentialism would assess an action as morally right if it produced good consequences. In our model, integrity is a purely positive phenomenon, that is, describing the way an aspect of the world works, rather than an attempt to assess the goodness of the way the world works. When one is dealing with a positive phenomenon there is no issue of “consequentialism”, any more than the desirable consequences of aligning one's actions with the law of gravity make gravity “consequentialist”. Because aligning one's actions with a given positive phenomenon produces good consequences, one could, using the consequentialist approach, choose to label those actions as virtuous. However, in our model we argue that treating integrity as a virtue actually reduces the likelihood of one acting with integrity.

performance declines – however one wishes to define performance¹⁵. As we will see below, this is an empirically testable proposition.

G. INTEGRITY DISTINGUISHED AND DEFINED

As we have said, in our new model the three phenomena of morality, ethics, and legality are normative virtue phenomena, and integrity is not. Integrity as we distinguish it is a purely positive phenomenon, independent of normative value judgments. Integrity is thus not about good or bad, or right or wrong, or even about what should be or what should not be.

We distinguish integrity as a positive phenomenon belonging to the domain of the *objective*¹⁶ *state or condition* of an object, system, person, group, or organizational entity. We define integrity as: *a state or condition of being whole, complete, unbroken, unimpaired, sound, perfect condition*. (Hereafter we generally use the term “whole and complete” to represent this entire definition.) In Section 2.E we discuss our rationale for selecting this definition of integrity.

¹⁵ It should be noted that operating with integrity increases the available opportunity set for performance without regard to the objective of one’s performance. This leads to the uncomfortable conclusion that behaving with integrity will allow one to more effectively accomplish ends that others may consider inappropriate or undesirable. However, given the relation between integrity and the virtue elements of morality, ethics, and legality, this holds only if one is acting morally, ethically, and legally. This last requires a broader discussion. For example, does the context of the morals, ethics and legality of a larger group trump the context of the morals, ethics and legality of a significantly smaller or less powerful group?

¹⁶ “Determined by and emphasizing the features and characteristics of the object, or thing dealt with ...; Of or having to do with a known or perceived object as distinguished from something existing only in the mind ...” (Webster’s, 1998, Webster’s New Word Dictionary & Thesaurus)

H. INTEGRITY: AN ONTOLOGICAL LAW OF HUMAN NATURE

As is the case with the physical laws of nature (such as gravity), integrity as we have distinguished and defined it operates as it does regardless of whether one likes it or not. Something is objectively whole, complete, unbroken, sound, perfect condition, or it is not.¹⁷ If it is, it has maximum workability. If it is not, to the degree that it is not, workability is diminished. And, to the degree that workability is diminished, the opportunity for performance is diminished. This yields what we have termed:

“THE ONTOLOGICAL LAW OF INTEGRITY”: *To the degree that integrity is diminished, the opportunity for performance (the opportunity set) is diminished.*

And this includes the opportunity for being whole and complete as a person, thus enriching the quality of one’s life.

In order to reach the standard of being a law, a proposition must describe the workings or behavior of something, the stated workings or behavior of which are observed with unvarying uniformity under the same conditions. We believe that our Ontological Law of Integrity meets this standard, while recognizing that the required formal empirical evidence has yet to be generated.

Our use of the word *ontological*¹⁸ is meant to indicate a particular perspective on human beings, namely, a perspective on the *being* of human beings¹⁹ (as contrasted with,

¹⁷ The question regarding how one might know something is whole and complete or not is entirely separable from its being so or not, and separable from the impact on performance of its being so or not.

¹⁸ For those with a philosophical bent, we use *ontological* in its Heideggerian sense. See Heidegger, 1962, *Being And Time* Oxford UK: Blackwell. We do not use *ontological* in its ontotheological (metaphysical) sense, as in an “a priori argument for the existence of God” or in the “ultimate substance” sense (and also not as a synonym for “noumenon”).

¹⁹ While ontology as a general subject is concerned with the being of anything, here we are concerned specifically with the ontology of human beings, that is the being of human beings.

for example, a psychological, sociological, neurological, or economic perspective).²⁰ For an extended discussion of the meaning of ontology as we use it here and an introduction to the ontological laws of human nature see “The Ontological Laws Of Human Nature: An Introduction”.²¹

We note that our proposition of the effect of integrity on the opportunity for performance is but one of a wide range of these Ontological Laws of Human Nature. In that light, this paper is but one of many that we and our colleagues intend to develop to make these ontological laws available to the intellectual, professional and practicing worlds who are continually dealing with problems and puzzles associated with human behavior that are not otherwise accessible. These are the so-called “people problems” that bedevil all organizations, nations, families, and personal relationships.

Discovering the physical laws of nature has given humankind powerful access to dealing with the consequences of that which is physical in nature. Discovering the ontological laws of human nature will provide humankind powerful access to dealing with the consequences of the ontological structure of being for human beings.

²⁰ While one perspective may give greater access to that with which one is concerned and this needs to be taken into account, the various perspectives on human beings are for the most part complementary. When all these perspectives are taken into account, their complementarity results in a more complete understanding of the nature of human beings.

²¹ Erhard and Jensen, 2007, "The Ontological Laws of Human Nature: An Introduction": Harvard Business School, Negotiation, Organizations and Markets Working Paper #08-01: Barbados Group Working Paper #07-07 <http://papers.ssrn.com/abstract=1077250>).

I. A CAUTIONARY NOTE

Just as there are Physical Laws of Nature that describe the way the physical world operates, there are Ontological Laws of Human Nature²² that describe the way the being of human beings operates. Both the Physical Laws of Nature and the Ontological Laws of Being for Human Beings enable predictions of the consequences of certain actions and behaviors.

As we have said, an ontological perspective on human beings is but one perspective amongst many. In order to make a contribution to the understanding of human beings, or to provide access to their functioning, each of these perspectives, requires a methodology appropriate to its focus and to the objective of its focus. In short, to be effective the methodology of one perspective cannot be employed whole cloth in another perspective.

In addition, and more importantly, the laws discovered in one perspective are not entirely reducible to the laws of another perspective. In particular for our purposes, the ontological laws of human nature cannot be entirely reduced to the economic laws of human systems or any subset of them, or indeed reduced to the laws of any other perspective.

J. INTEGRITY OF AN OBJECT OR SYSTEM

In this new model, we distinguish integrity for objects and systems as being a matter of the components that make up the object or system and the relationship between those components, and their design, the implementation of the design, and the use to

²² There are also ontological structures and laws regarding the being of things, people and situations, which given the language-enabling ontological structure of human beings, allow certain aspects of those things, people and situations to show up for human beings.

which they are put. For an object or system to have integrity all of the foregoing must fit our definition of integrity (be whole, complete, unbroken, unimpaired, sound, perfect condition).

K. INTEGRITY FOR PERSONS, GROUPS AND ORGANIZATIONS

We distinguish integrity for an individual as being solely a matter of that person's word, and for a group or organizational entity as being comprised solely of what is said by or on behalf of the group or organization (the group or organization's word). (In the body of the paper below we define explicitly and completely what constitutes "one's word.") For a person, group or organizational entity to have integrity, the word of the person, group or organizational entity must be whole, complete, unbroken, unimpaired, sound, perfect condition. In our new model this is achieved by: *Honoring One's Word*.

L. HONORING ONE'S WORD

Oversimplifying somewhat here, honoring your word as we define it means you either keep your word (do what you said you would do and by the time you said you would do it); or, as soon as you know that you will not, you say that you will not and clean up any mess caused for those who were counting on your word. (Our use of the word "honoring" is not meant in its virtue sense; rather it is meant in the "being good for one's word" sense.)

M. ONE'S WORD INCLUDES ONE'S WORD TO ONE'S SELF

When giving our word to others, one would think that it would be obvious to us that we have in fact given our word (although later we will argue that for most people even when giving their word to others they are often unaware that they have given their word). At the same time, when we give our word to ourselves, we seldom recognize that we have in fact given our word. For an example of this failure, think of occasions when the issue of self-discipline comes up, and the ease with which we often dismiss it – of course, always “just this one time.” In such self-discipline cases, we fail to recognize that we are not honoring our word to ourselves; and, that in doing so, we have undermined ourselves as a person of integrity.

As we have said, integrity for a person is a matter of that person's word, nothing more and nothing less; and one's word to one's self is a critical part of one's word. By not being serious when we give our word to ourselves, we forfeit the opportunity to maintain our integrity by honoring our word to ourselves. We take the conversations we have with ourselves as merely “thinking”. And when in those conversations we give our word, giving our word occurs to us as just more thinking, rather than having just committed ourselves (given our word) to ourselves. For example, thinking to myself that I will exercise tomorrow. But, when tomorrow comes, I have either simply forgotten my word to myself, or if remembered, I easily dismiss my word as nothing more than a thought (a good idea) I had yesterday.

An important aspect of my word to myself is my word to others. For example, when I give my word to someone to meet them at a given time tomorrow, in effect I have also given my word to myself to be there tomorrow at the appointed time and place.

If I hold myself up as a person of integrity and do not honor my word to myself, it is highly unlikely that I will be able to be in integrity with others.

Most of us hold ourselves to be a “man of integrity” or a “woman of integrity”, but if one does not treat one’s word to oneself as a matter of integrity, being a person of integrity is simply not possible. Unfortunately, most of us human beings believe that we are people of integrity, but as Chris Argyris concludes after 40 years of studying human beings, we humans consistently act inconsistently with our view of ourselves. More specifically, and said in the language of our model, we consistently hold ourselves up as people of integrity but do not honor our word to ourselves, and moreover are blind to this contradiction.

Referring back to what was said in Section 1.I.E about the philosophical discourse of integrity’s relation to being whole and complete as a person – “integrity as the integration of self,” “quality of character,” “uncorrupted,” “exhibiting integrity throughout life,” “maintenance of identity” – one’s word to oneself can be said to be central in being personally whole and complete.

When I am not serious about my word to myself, it will show up consistently as various problems and difficulties in my life, the actual source of which I will obscure with various explanations and justifications. Moreover, I will show up for others variously as inconsistent, unfocused, scattered, unreliable, undependable, unpredictable, and generally unsatisfied as a person.

In conclusion, honoring your word to yourself provides a solid foundation for self discipline. When an occasion for self-discipline shows up for you as an occasion for honoring your word to yourself, and you see that as a way to maintain yourself whole and complete as a person, that empowers you to deal with the matter with integrity.

N. MAINTAINING ONE’S INTEGRITY WHEN NOT KEEPING ONE’S WORD – PARADOX RESOLVED

Unless we give our word to virtually nothing, it is impossible in practice to always be able to keep our word, and certainly to keep our word on time. If integrity is understood to be *keeping* one’s word (as it often is), this creates a paradox for a person of integrity when confronted with instances where it is impossible or inappropriate for that person to keep his or her word. Faced with this paradox even people committed to integrity often wind up engaging in out-of-integrity behavior such as avoiding the issue, or engaging in long-winded explanations in an attempt to somehow counter-balance not keeping their word. And such efforts sometimes extend to what turns out to be highly counter productive out-of-integrity behavior, e.g., lying, covering up, or laying the blame on others.

There is a high personal cost to oneself from such out of integrity behavior – that is, the cost of being less than whole and complete as a person (a disintegration of self) – combined with an inevitable decline in quality of life, not to mention the loss of trust. However, that the out-of-integrity behavior is the source of this cost is inevitably hidden. In Section 3.A we discuss more fully the debilitating personal impact of out-of-integrity behavior, and in Section 8 we discuss the factors contributing to the “veil of invisibility”²³ that conceal that such impact is a product of out-of-integrity behavior.

By defining integrity for persons, groups and entities as honoring one’s word, the paradox is resolved, and a pathway is established for handling not keeping one’s word with integrity.

²³ To use a variant of the term “veil of ignorance” originally used by John Rawls, *A Theory Of Justice*, Harvard University Press, 1971, Chapter 3

Later we discuss the situation in which it was impossible for Johnson and Johnson to keep its word (as we define an organization's word) that its products were safe. Because cyanide had been put in some Tylenol capsules and then replaced on retailer's shelves, it was impossible for J&J to keep its word that its Tylenol capsules were safe. In fact, a number of Tylenol consumers died. By simply honoring its word when it could not keep its word, J&J was able to maintain its integrity and thereby maintain its customers' trust in J&J and Tylenol. As a consequence it resurrected Tylenol as a leading pain killer in a remarkably short period of time, and did so under circumstances in which experts predicted it could not be done.

There will also be cases where an entity will *choose* not to keep its word. For example, one of the functions of a governmental authority in a well-developed society is to maintain a monopoly over the legitimate use of violence to protect the rights of citizens, in particular to protect them from violent acts by their fellow citizens including bodily harm or theft of or damage to their property. The commitment to use the government's monopoly on violence to maintain peace by preventing the private use of violence by citizens on each other can be understood as the state's word. Yet, in some cases it pays both the state and its citizens for the state to use its monopoly on violence on citizens in cases where violence of others is not being prevented. Consider cases like mad cow and avian flu diseases where it is considered appropriate for the governmental authority to use its powers to destroy herds or flocks in order to stamp out local infections so as to prevent the spread of disease and the loss of human life. In some, but not all, cases the rules of the game will provide for compensation for the loss of property by such actions (as for example in cases of eminent domain where a public taking is ruled to be in the overall public interest).

There will also be cases in which we simply make a choice to not keep our word. For example, in a situation where when it comes time to keep our word, we are faced with two conflicting commitments and must choose one over the other. In such cases, whether as an individual, group or organizational entity, maintaining integrity always requires one to clean up the mess one has caused for those depending on one's word.

The above examples help us see that a great deal of the mischief that surrounds integrity is a product of the paradox created by limiting the definition of integrity to *keeping* one's word in a reality in which it is not always possible or appropriate to keep one's word. By defining integrity for individuals, groups and organizations as honoring one's word we resolve this paradox that undermines the power of integrity. Honoring our word provides the opportunity to maintain our integrity when it turns out that it is not possible or appropriate to keep our word, or we simply choose not to keep our word.²⁴

In his early insightful work Simons (1999) quite rightly emphasizes "behavioral integrity" as "... the perceived degree of congruence between the values expressed by words and those expressed through action," (p. 90) and points to the importance of what he terms "word-action" misfit. Simons' paper "... proposes that the divergence between words and deeds has profound costs as it renders managers untrustworthy and undermines their credibility and their ability to use their words to influence the actions of their subordinates." (p. 89).²⁵ We agree, and find his statement a clear illustration of what we said earlier, namely, that as the integrity of one's word declines, the available opportunity for performance declines.

²⁴ There is a useful parallel/application of this principle in the law. Lucian Bebchuk points out to us that "The idea that integrity does not require keeping one's word no matter what [relates] to Oliver Wendell Holmes' notion that a contract is not a promise to execute it no matter what, but rather to execute it or bear the financial consequences stipulated by the law".

²⁵ See also Simons, 2002, "Behavioral Integrity: The Perceived Alignment Between Manager's Words and Deeds as a Research Focus", *Organization Science*, V. 13, No. 1: pp. 18-35

Simons points at the critical distinction that integrity for a person is a matter of that person's word. However, as an example of the almost universal treatment of integrity, Simons defines integrity as keeping one's word, but our model does not. In order for "... the perceived degree of congruence between the values expressed by words and those expressed through action,"²⁶ to be an effective model of integrity, the model must provide an opportunity to maintain one's integrity in situations in which one cannot keep one's word or makes a choice to not keep one's word (a condition that Simons also implies is necessary but does not state in his discussion). As we said above, there are cases where because of the complexities of the situation or external factors, it is not always optimal or appropriate for managers (indeed all individuals) to keep their word.

Our concept of integrity as Honoring One's Word provides a complete model that includes a way to maintain integrity when one is for any reason not going to keep one's word. When one honors one's word exactly as we define it in Sections 4.E and 5.B (including dealing with the consequences to others of not keeping one's word) there are none of the "profound costs" that Simons rightly associates with not being able to keep one's word.

In fact failing to keep one's word but fully honoring that word can generate substantial benefits in that such behavior provides a vivid signal to others that one takes one's word seriously. In their *Journal of Marketing* study of favorable and unfavorable incidents in service encounters in the airline, restaurant and hotel businesses, Bitner, Booms, and Tetreault (1990, pp. 80-81) were surprised to find, (using our language) the power of honoring one's word when one does not keep one's word. Their study revealed that 23.3% of the

²⁶ Simons, 1999, "Behavioral Integrity as a Critical Ingredient for Transformational Leadership", *Journal of Organizational Change Management*, V. 12, No. 2: pp. 89-104, p. 90.

“ . . . ‘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.)

We are not surprised by the favorable response of customers to such “properly handled” service failures; in fact, from the perspective of our new model such outcomes are predictable. While apparently counter intuitive, customers are frequently surprised and delighted when individuals or organizations honor their word when they have failed to keep their word. Indeed, such occasions are often viewed by customers as extraordinary performance. In fact, when the failure is newsworthy, the actions the organization takes to honor its word are also newsworthy. Thus, the results of the Bitner, Booms, and Tetreault study illustrate our postulated relation between integrity and performance – in this case performance as viewed by the organization’s customers. And the results imply (counter to the arguments of Simons and others) that one will create trust by others more quickly when one fails to *keep* one’s word, but *honors* one’s word.

O. INTEGRITY’S IMPACT ON RELATIONSHIPS AND TRUST

As we will show, honoring your word (integrity for individuals, groups and organizations) is also a route to creating whole and complete social and working relationships – a critical contribution to the available opportunity set for performance. In addition, honoring your word provides an actionable pathway to earning and maintaining the trust of others – an important element of workability and therefore a further contribution to performance. And, perhaps even more critically, the contribution to

performance of honoring your word extends to being able to trust yourself. As we have said, honoring your word includes honoring your word to yourself.

P. THE INTEGRITY-WORKABILITY-PERFORMANCE CASCADE, AND AN EMPIRICALLY REFUTABLE PROPOSITION

In this new model, the way we treat integrity provides an unambiguous and actionable access to superior performance for individuals, groups and organizations (however one wishes to define performance). We postulate that as integrity (whole and complete) declines, workability declines, whether for an object, system, individual's life, family, group, organization, or even society. And, as workability declines, the opportunity for performance declines.

Our logical argument goes as follows:

- 1) because maximum workability is a necessary (although not sufficient) condition for maximum performance, and
- 2) because integrity as we distinguish and define it is a necessary and sufficient condition for maximum workability,
- 3) it follows that integrity is a necessary (although not sufficient) condition for maximum performance, and
- 4) it follows that as integrity declines, the opportunity for performance declines.

This leads to the empirically refutable proposition that, *ceteris paribus*, as integrity declines, performance declines.

Q. INTEGRITY, THE PLATFORM FOR SUCCESSFUL PERFORMANCE

As we argue in full in a later section, when people or entities are out of integrity we cannot rely on what they say. We don't know at any given time what of their word they will deliver on time (and, if not on time, by when they will), or what of their word they will not deliver at all. Consequently, there is no platform on which maximum performance can be sustained. We emphasize that, while integrity by itself is not a guarantee of successful performance (that is, not a sufficient condition), integrity is the platform on which to build successful performance.

In the presence of integrity, the other factors required for building successful performance can be added. For example, in a business enterprise those other factors (which must themselves be in integrity for maximum performance) will include competitive, organizational, human and financial strategies.

In the absence of integrity the platform for achieving maximum performance is broken; and, while adding those other factors can increase performance, they will not *substitute* for the broken platform in attaining maximum performance. We see again, integrity is the *precondition* (that is, a necessary condition) for maximum performance. When integrity is broken, the opportunity for a person, group, or entity to perform is broken.

R. EMPOWERING THE MORAL COMPASSES AVAILABLE IN THE VIRTUE ELEMENTS

As we have said, our new model encompasses all four elements (integrity, morality, ethics and legality) in one consistent theory. We show that, by establishing the element of integrity in a positive realm, while leaving the elements of morality, ethics and

legality in the normative realm, and by giving each as a concept a distinct domain, and as a term a unique definition, the “moral compasses” available in each of the three virtue elements become clear and unambiguous. In Section 7 we discuss in depth how integrity and the three virtue-based elements are interrelated, in particular: 1) how integrity affects what of the existing moral, ethical, and legal standards individuals, groups and organizations have given their word to, 2) the role that integrity plays in supporting individuals, groups and organizations in actually honoring the existing moral, ethical and legal standards, and in turn 3) how morality, ethics and legality can support individuals, groups, organizations and societies in maintaining their integrity.

Another of the critical factors in the efficacy of our new model is making clear the relationship between honoring moral, ethical and legal standards, and the opportunity for performance (however one wishes to define performance, including being whole and complete as a person and the quality of one’s life).

S. THOUGHTS ON OPTIMAL NORMATIVE STANDARDS

We believe that our new model deals with integrity and the three virtue elements of morality, ethics and legality in a way that will support greater clarity in determining effective and workable (in effect, optimal) normative moral, ethical and legal standards for groups (including families and professional entities), and for organizations, cultural communities, societies, and nations. The clarity provided by our new model will also support greater effectiveness in resolving moral, ethical and legal conflicts, between and amongst individuals, families, groups, organizations, cultural communities, societies, and nations.

The explicit design, choice, and implementation of an integrated and powerful set of normative standards corresponding to our clarified concepts of morality, ethics and legality are important tasks. With some rare exceptions (for example the extensive scholarship on effective legal principles and codes²⁷), what currently exists in this design domain seldom stems from analysis and instead represents little more than ill-thought-out expressions of opinion, belief, and inherited norms that at one time may have been entirely appropriate to the then-current environment. This process can (and does) result in normative standards which may or may not be even close to optimal as measured by their effects on individuals, families, groups, organizations, cultural communities, societies, and nations. In this already long paper we do not deal in depth with these important design and implementation issues.

Without getting into the details of the design and analysis of the effects of alternative choices regarding these normative standards, the following is a brief overview of how we would approach the design of such normative systems. The foregoing design would involve an analysis of the workability of the entire normative complex. That analysis will involve a clarification and optimization of the integrity (wholeness and completeness as we define it in this new model of integrity) of the entire system of the normative moral, ethical and legal standards. This includes 1) their intended standard of performance (intended outcome), 2) the integrity of the normative standards themselves (the wholeness and completeness of their design), 3) the integrity of the implementation of the design, and 4) the integrity of their use. Such analysis will also involve close consideration of the integrity of all the involved entities²⁸.

²⁷ For example, the total number of papers in SSRN's Legal Scholarship Network as of 17 February 2007 is 43,285.

²⁸ Including individuals, families, groups, organizations, sub-societies, societies, and nations.

T. CONCLUSION: AN ACTIONABLE PATHWAY

In conclusion, in our new model, the way in which integrity is distinguished and defined for individuals, groups and organizations reveals the impact of integrity on workability and trustworthiness, and consequently on performance. Even more importantly, our new model provides an actionable pathway (that is, direct access²⁹) to integrity and therefore to workability and trustworthiness, and, consequently, to elevating performance itself.

2. A NEW MODEL OF INTEGRITY THAT INCORPORATES MORALITY, ETHICS, AND LEGALITY

A. THE REALMS OF THE FOUR ELEMENTS DEALT WITH AS PHENOMENA

What we mean by the term “virtue” in the phrases “virtue concepts” and “virtue phenomena” are concepts and phenomena that deal with the normative standards of right and wrong, desirable and undesirable, and good and bad.

A fundamental basis for this new model is the assignment of appropriate *realms* for each of the four phenomena (integrity, morality, ethics, and legality). For us the appropriate realms are those that make them effective tools for understanding and affecting human behavior. We assign each of the four phenomena to one of two realms, namely a *normative realm* of virtues, and a *positive realm* devoid of normative values. In our model, morality, ethics and legality exist in the normative virtue realm, whereas integrity exists in the positive realm.

²⁹ What Chris Argyris defines as “actionable research”. See Argyris, 1993, Knowledge for Action: A Guide to Overcoming Barriers to Organizational Change, San Francisco, CA: Jossey-Bass, Inc.

B. MORALITY

In *Webster's New World Dictionary*³⁰ “morality” is variously defined 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; ethics”. In this dictionary the synonym comparison section dealing with “moral and ethical” states: “moral implies conformity with the generally accepted standards of goodness or rightness in conduct or character ...”.

Including ethics in the dictionary definition of morality (not to mention in most discourse on the subject) confounds and confuses the distinction between these two phenomena.

I. MORALITY: DEFINITION

In this new model of integrity, “morality” exists in the normative realm, and within that realm is in the *social virtue domain*, and within that domain we define morality as a term as: *In a given society, in a given era of that society, morality is the generally accepted standards of what is desirable and undesirable; 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.*

C. ETHICS

In *Webster's New World Dictionary* “ethical” is variously defined as: “having to do with ethics or morality; of or conforming to moral standards; conforming to the

³⁰ Webster's, Webster's New World Dictionary on PowerCD version 2.1, based on Webster's New World Dictionary®, Third College Edition 1994

standards of conduct of a given profession or group”. In this dictionary the synonym comparison section dealing with “moral and ethical” states: “ethical implies conformity with an elaborated, ideal code of moral principles, sometimes, specifically, with the code of a particular profession”.

Similarly, as with the definition of morality, including morality in the dictionary definition of ethical (not to mention in most discourse on the subject) again confounds and confuses the distinction between these two phenomena.

I. ***ETHICS: DEFINITION***

In this new model of integrity, “ethics” exists in the normative realm, and within that realm is in the ***group virtue domain*** (where a group is defined as a subclass of a given entity), and within that domain we define ethics as a term 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 what is desirable and undesirable; of right and wrong conduct; of 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.*

D. LEGALITY

In *Webster’s New World Dictionary* “legality” is defined as: “quality, condition, or instance of being legal or lawful”. “Lawful” is defined first as: “in conformity with the principles of the law; permitted by law”. “Law” is defined first as: “all the rules of conduct established and enforced by the authority, legislation, or custom of a given community, state, or other group”. The synonym comparison section in this dictionary

states: “law, in its specific application, implies prescription and enforcement by a ruling authority”.

I. **LEGALITY: DEFINITION**

In this new model of integrity, “legality” exists in the normative realm, and within that realm is in the ***governmental virtue domain***, and within that domain we define legality as a term as: *the system of laws and regulations of right and wrong behavior 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, including its monopoly on the right to use physical violence.*³¹

E. A NEW MODEL OF INTEGRITY

I. **INTEGRITY: PROLOGUE**

What follows is our new model of integrity. We began our effort to clarify the nature of integrity by researching its common usage as it appears in dictionaries, and by examining the philosophical discussion on integrity. In both cases, as we will later show, we found confusion and confounding between *integrity*, *morality*, and *ethics*. We chose first to see if it was possible to eliminate the confusion and confounding amongst those three terms, while accounting for the essence of the common usage definitions and the important elements of what philosophy says about integrity. At the same time we avoided inventing any new definitions.

³¹ What lies behind the policing and judicial powers of any entity called the “state” is the state’s use of its formal monopoly on the right to physical violence through the exercise of the police powers of the state. This means the right to confiscate property or put one in jail, including even the right to kill a person or to destroy a group or organization. Other entities and phenomena in the culture (including morality and ethics) do not have the property of the legitimate right to violence to enforce their rules. Indeed, the monopoly on the right to the legitimate use of violence is the characteristic that distinguishes the state from all other entities.

Our aim in settling on our definitions of each of the three terms was to honor the general common usage and philosophical meaning of each of the terms, while at the same time eliminating the confusion and confounding amongst them.

In defining integrity in our model, we honor common usage by using the first two definitions that appear in Webster's Dictionary. We eliminate the third and final definition that includes "morality" and therefore generates the confusion and confounding between integrity and the virtue terms of morality and ethics ("ethics" being found in the definition of "morality"). However, in our new model we have honored the commonly held philosophical idea reflected in common usage that morality and ethics are somehow related to integrity by showing exactly how the virtue phenomena of morality and ethics are related to integrity as a positive phenomenon.

In mathematics and symbolic logic, all definitions are tautologies, and from that perspective our definition is as well.³² One definition is no more *true* than another, but one may be more useful or powerful than others in describing the characteristics of what is being defined in a way that provides greater access to whatever in the world is being dealt with.

The usefulness of any definition (tautology) is in the end an empirical question, and we look forward to thorough investigation and testing of this new model of integrity by both scholars and practitioners.

³² In a rhetorical sense, a definition would be tautological if it used the word or phrase being defined in its definition. In rhetoric, to claim that a definition is tautological is meant pejoratively. However, in mathematics and symbolic logic, to say that a definition is a tautology is simply to indicate the nature of a definition. A formula of propositional logic is a tautology if the formula itself is always true regardless of which valuation is used for the propositional variables.

II. ***INTEGRITY: DEFINITION***

In *Webster's New World Dictionary* "integrity" is defined as: "1. the quality or state of being complete; unbroken condition; wholeness; entirety; 2. the quality or state of being unimpaired; perfect condition; soundness; and 3. the quality or state of being of sound moral principle; uprightness, honesty, and sincerity".

Again, as with the definitions of morality and ethics, including "sound moral principle in the definition of integrity (definition 3 in *Webster's* definition above) confounds and confuses the distinction between each of these three phenomena. In our new model, the definition of integrity specifically does not include Webster's definition 3, "the quality or state of being of sound moral principle; uprightness, honesty, and sincerity". While the virtue phenomena mentioned in definition 3 are not included in our definition of integrity, the way integrity is treated in our new model does prohibit false statements.

In this new model of integrity, "integrity" exists in the positive realm, and within that realm its *domain* is one of the **objective state or condition**, and within that domain we define "integrity" as: *a state or condition of being whole, complete, unbroken, unimpaired, sound, perfect condition.*

Hereafter we sometimes use the term "whole and complete" to represent this entire definition.

3. THE INTEGRITY OF OBJECTS AND SYSTEMS, AND THE UNIVERSAL CONSEQUENCES OF DIMINISHED INTEGRITY

A. INTEGRITY OF AN OBJECT

Consider a bicycle wheel as an example of an object and its integrity. As we remove spokes from the bicycle wheel, the wheel is no longer whole and complete. Because the wheel is no longer whole and complete, the integrity of the wheel is diminished.

B. WORKABILITY

As a consequence of the diminution of the integrity of the wheel (a diminution of whole and complete), there is an obvious corresponding diminution in the workability of the wheel. The Oxford Dictionary³³ defines workable as: “Capable of producing the desired effect or result.”

I. *WORKABILITY: DEFINITION:*

In this new model of integrity, we define workability as: *the state or condition that determines the available opportunity for performance (the “opportunity set”).*

As we remove spokes from the wheel, integrity is more and more diminished, and as integrity is more and more diminished, the wheel becomes less and less workable. Indeed, when we have removed enough spokes the wheel has no integrity and therefore the wheel collapses into complete failure and will not work at all.

³³ Oxford American Dictionaries, 2005, Dictionary and Thesaurus, Version 1.0.1: Apple Computer, Inc.

In short we assert the following simple, general rule: As integrity declines, workability declines, and when workability declines the opportunity for performance (the opportunity set) declines.

C. PERFORMANCE

The relevant entries in the *Encarta Dictionary*³⁴ define performance as: “the manner in which something or somebody functions, operates, or behaves; the effectiveness of the way somebody does his or her job”.

I. THE RELATIONSHIP BETWEEN INTEGRITY AND PERFORMANCE:

We can now extend and thereby complete our definition of workability to include the definition of “performance” (the final word used in the definition of workability). We define “workability” as: *the state or condition that constitutes the available opportunity for something or somebody or a group or an organization to function, operate or behave to produce an intended outcome, i.e., to be effective; or the state or condition that determines the opportunity set from which someone or a group or an organization can choose outcomes, or design or construct for outcomes.*

In our bicycle wheel example, we saw that as a consequence of the diminution of integrity there is a diminution in the workability of the wheel. Now we see that as a consequence of the diminution of the workability of the wheel, there is a corresponding diminution in the opportunity for performance. As spokes are removed the integrity of the wheel is diminished. And, as the integrity of the wheel is diminished the workability of the wheel is diminished. And, as the workability of the wheel is diminished, the opportunity for performance is diminished.

³⁴ Encarta, 2004, Microsoft® Encarta® Reference Library 2004: Microsoft Corporation

Thus, there is a cascade beginning with integrity, flowing to workability, and from workability to performance. As a result of this cascade, any diminution of whole and complete (a diminution of integrity) is a diminution of workability, and any diminution of workability is a diminution in the opportunity for performance. Integrity is thus a requisite condition for maximum performance.

There is a clear and unambiguous relationship between integrity and performance. It is not that performance is caused by integrity, rather integrity is a necessary condition for performance. More rigorously, as integrity declines so too does the opportunity set for performance available to the actor or decision maker. Hence we speak about the *available opportunity set* for performance. Integrity is thus a necessary (although not sufficient) condition for performance. Some level of integrity is required for any level of performance. For example, as we said, when enough spokes are removed from the bicycle wheel, the wheel collapses and there is no opportunity for performance.

In short, we assert the following simple, general rule: *ceteris paribus*, as integrity declines, the opportunity for performance declines.

The impact on performance of the integrity of the design (hereafter sometimes, “integrity-of-design”), the integrity of the execution or implementation of the design (integrity of implementation), and the integrity of the use, both the use to which it is put and its operation (hereafter sometimes, “integrity-of-use), of an object is discussed just below in the section on systems.

We include in the domain of objects, objects that are wholly human, for example a person’s body. If the condition of a person’s body is less than whole, complete, unbroken, unimpaired, sound, perfect condition, then that person’s body is diminished in physical integrity. As a body, this individual will have a diminished available opportunity

for performance. However, the person, while diminished in physical integrity and therefore diminished in the available opportunity for physical performance, may at the same time be in full integrity as a person, as we will see in the unique way we distinguish integrity for a person.³⁵

D. SYSTEMS

All of the foregoing is also true for systems. The opportunity for performance of a system to any standard of performance for which the system is designed diminishes as the integrity of any component, or relationship between components, necessary to the designed standard of performance is diminished, i.e., is less than whole and complete. We see a repeat of the cascade from integrity to performance. When the integrity of any necessary component or necessary relationship between components of a system diminishes (that is, becomes less whole and complete, including being absent entirely), the workability of the system diminishes, and as the workability of the system diminishes, the opportunity for performance to the designed standard of performance of that system diminishes. Thus again we see that, *ceteris paribus*, as the integrity of a system declines, the available opportunity for performance of that system declines – an empirically testable proposition.

Another of the ways that the integrity of a system (or object) can be compromised and thereby result in diminished performance is when the design itself lacks integrity. When the design of a system lacks any component, or relationship between components, required to perform at the designed-for available opportunity for performance, the design is less than whole and complete and that violates the definition of integrity.

³⁵ Of course there are certain physical components required for someone to exist as a person. If these are lacking, there is no opportunity for integrity as a person.

Finally, the integrity of a system (or object) can be compromised and thereby result in diminished performance when the operation (use) of the system by the user lacks integrity. When a system is used to produce performance where the design does not allow for such performance, the system is being used other than as it is meant to be used and such use is unsound, and that violates the definition of integrity.³⁶ We note that the likelihood of an out-of-integrity use of a system rises in proportion to the degree that the user of the system is out of integrity as a person.

In summary, the available opportunity set for performance of a system is conditional on the integrity of the components and relationship between components necessary to the designed standard of performance, and the integrity-of-design, and the integrity-of-use.

Our model says nothing about the standard of performance to which a system is designed; that definition is left totally to the discretion of the designer or to the design standard specified by, or agreed to by, the user (be it a person, group or organization).

Designers of systems will use their own cost/benefit calculations in the specification of the available opportunity for performance of the system and the manner in which that performance is to be produced.

We include in the domain of objects, objects that are wholly human, for example a person's body. If the condition of a person's body is less than whole, complete, unbroken, unimpaired, sound, perfect condition, then that person's body is diminished in physical integrity. As a body, this individual will have a diminished available opportunity for performance. However, the person, while diminished in physical integrity and

³⁶ For example, if a user, a man of 300 pounds, attempts to save his life with a life preserver flotation device designed to be used by a man of 300 pounds, but he ties it around his ankles, the user's operation of the system is unsound, and even if he can swim, he will die.

therefore diminished in the available opportunity for physical performance, may at the same time be in full integrity as a person, as we will see in the unique way we distinguish integrity for a person

In Section 3.A on the integrity of objects, we included in the domain of objects, objects that are wholly human, for example a person's body. We do likewise with systems. We include in the domain of systems (including what we have said about the integrity of systems), 1) aspects of systems that are used by people (for example operating instructions or manufacturing protocols), 2) systems that impact people (for example corporate human resource strategies), and 3) systems that utilize people (for example business processes and manufacturing processes). As with human objects, if such systems that include people in some way are less than whole, complete, unbroken, unimpaired, sound, perfect condition, then that human-including-system is diminished in integrity. As a system, the system will have a diminished available opportunity for performance. However, the people using the system, or impacted by the system, or utilized by the system, while confronted with a system diminished in system integrity and therefore diminished in the available opportunity for system performance, may at the same time be in full integrity as people, as will be clear in the way we distinguish integrity for persons, groups, and organizational entities.

E. INTEGRITY OF OBJECTS AND SYSTEMS: SUMMARY

In summary, when the integrity of an object or system declines, i.e., as the object or system becomes less whole and complete, becomes broken or impaired, less sound, or no longer in perfect condition, the workability of the object or system declines. And as

the workability of the object or system declines, the available opportunity set for performance declines. And, as we shall see, this also holds true for a person and for groups, and for organizational entities.

4. INTEGRITY FOR A PERSON

A. INTEGRITY FOR A PERSON IS A MATTER OF THAT PERSON'S WORD

In this new model, integrity for a person is a matter of that person's word, nothing more and nothing less. Be it my word to myself (e.g., making a promise to myself, or a comment to myself about myself), or my word to others, in fact it is my word through which I *define* and *express* myself, both for myself and for others.

Even in the case where my "actions speak louder than words", it is what is *said* by my actions (the *speaking* of the actions, rather than the actions per se) that constitutes and expresses me, for myself and for others. It is as my word that others encounter me. And, while less obvious, it is also as my word (to others as well as to myself) that I encounter myself.³⁷ Indeed, in this new model, who I *am* is my word, at least in the matter of integrity. Because of its importance we discuss this proposition in some detail.

I. THE ROLE OF ONE'S BODY

While in everyday speaking we might say that a person identifies with their body, on closer examination it is not their body per se with which they identify, that is, it is not

³⁷ I encounter myself either authentically or inauthentically. If you believe the earlier Chris Argyris quote (as we do), we human beings almost universally encounter ourselves in many respects inauthentically, that is ". . . people consistently act inconsistently, unaware of the contradiction . . . between the way they think they are acting and the way they really act" (Argyris, "Teaching Smart People How to Learn",). When we encounter ourselves inauthentically we are not whole and complete and thus are out of integrity.

their body per se that they are for themselves. Rather it is what they say to themselves and to others about their body, their interpretation of their body, with which they identify.

For example, two different people lose both legs. One of the two says to herself, “I am less of a person”, and as a result may contemplate suicide, or perhaps experience depression. The other of the two says to herself “I have lost my legs, but I am no less of a person”, and as a result goes on to live a productive and fulfilled life, and does so despite having an impaired body. It is what I say, i.e., my word, with which I identify, rather than my body per se.

Indeed, to emphasize the point, it is never one’s body per se that one is for oneself; rather, it is what one says about one’s body – one’s judgments, evaluations, e.g., the pride or shame about one’s body with which one identifies. This further clarifies why in Section 3.C.I we made the distinction between the integrity of a person and the integrity of that person’s body. As we said, at least for purposes of integrity, we treat a person’s body as an object or system, and distinguish a person’s body from the person. The integrity of a person’s body has to do with the wholeness and completeness of that person’s body. The integrity of a person has to do with the wholeness and completeness of that person’s word.

II. *THE ROLE OF ONE’S FEELINGS*

Similarly, some of us think we are our feelings, i.e., we identify with our feelings. However, with a deeper examination of ourselves it becomes clear that it is not our feelings per se (what is happening in our brain and endocrine system, or even any resultant sensations or feelings about which we become aware) that we are for ourselves. Rather it is what I say I am feeling, and what I say about what I am feeling (that is to say, my interpretation of those sensations and feelings) that I am for myself.

If you experience an emotion, let's say annoyance, that you interpret as inappropriate to the circumstances in which you find yourself, with incredulity you might say, "Why am I feeling annoyed?" In your questioning of the appropriateness of the feeling, you have identified your self with what you say about the feeling (your interpretation of the feeling), not with the feeling itself. On the other hand, if you experience annoyance that you interpret as appropriate to the circumstances, with definiteness you might say, "I am annoyed!" In your conclusion of the appropriateness of the feeling, again, you have identified your self with what you say about (your interpretation of) the feeling, not with the feeling itself. Moreover, unless one is in some way mentally deficient, one acts consistent with one's interpretation, rather than acting consistent with the emotion itself.³⁸

III. *THE ROLE OF ONE'S THINKING*

Finally, some might argue that we identify with our thinking. If we pay attention to our thought process, it is clear that we have different kinds of thinking.

In one kind of thinking, a good many of our thoughts are thoughts that we just *have*. That is, many thoughts just seem to come into mind willy-nilly. In fact, we sometimes reject the thought that we just had as being inaccurate or inappropriate to the situation, rather than identifying with it. Again, as with the emotions we experience, it is our interpretation of the thoughts we *have* – that is, what we say to ourselves about those thoughts – with which we identify.

³⁸ For the human animal the action (or inaction) response to emotion is mediated by interpretation which occurs in language. For an animal without language, the animal's action (or inaction) response to emotion is not mediated by interpretation. (That animal's brain may sort through stored neuronal patterns in "selecting" the particular action or inaction it triggers in reaction to the emotion. An observer might ascribe interpretation to such selecting, but the selecting of the stored neuronal pattern is triggered by the emotion, not by any interpretation.) For an animal without language, there is nothing present like the interpretation experienced by the human animal.

Another kind of thinking is when we generate thoughts intentionally, when we *are* thinking rather than *having* thoughts. This includes when we think creatively; commonly we call this “having a new idea about something”. In this creative thinking, we are speaking to ourselves about something – in words or symbols or images. We also go on to speak to ourselves about our new idea – that is, what we said when we were thinking creatively. In this speaking to ourselves about our new idea, we reject certain statements we made in the new idea, modify others and accept yet others. Whether it be what we say to ourselves in formulating the original idea, or what we say to ourselves about the original idea, it is what we say to ourselves with which we identify.

Of course we have all experienced situations in which we later discover that what we said in our interpretation was in fact erroneous or was inappropriate to the situation. Nevertheless, accurate or inaccurate, it is with what we say in our interpretations with which we identify. And, this includes when we discover an error in an earlier statement of interpretation that leads to a new interpretation.

IV. *ONE’S WORD TO ONESELF: THE FOUNDATION OF INTEGRITY*

Being a person of integrity begins with my word to myself that *I am* a person of integrity. If I attempt to start with my word to others to be a person of integrity without having given my word to myself to be a person of integrity, I will fail to be a person of integrity. Once I have given my word to myself that I am a person of integrity, I am likely to first notice opportunities to act with integrity with my word to others. (One may first notice more caution and care in giving one’s word.) However, if in this process one does not attend to dealing with one’s word to one’s self with integrity, one will fail to be a person of integrity. Ultimately, when one’s word to one’s self is whole, complete,

unbroken, unimpaired, sound, perfect condition, it serves as a foundation on which one is likely to deal with one's word to others with integrity.

In the end it is honoring what I say to myself when I say I am a person of integrity that is the beginning and end of being a person of integrity.

V. *SUMMARY*

Whether it be one's body, or one's emotions, or one's thoughts, it is our interpretation, that is what we say to ourselves, our word to ourselves, that ultimately defines who we are for ourselves.

In the Introduction we promised to clarify what is meant by each of the two separate philosophical intuitions of integrity, and to combine them into one consistent theory. We have here laid the foundation for this clarification and integration of the two interpretations of integrity by establishing that in the matter of integrity who one is is one's word, nothing more, nothing less. Our detailed discussion of the issues and the proofs of these propositions is contained in Appendix A, "Clarifying the Two Philosophical Intuitions of Integrity, and Integrating the Two Intuitions Into One Consistent Theory".

B. ONE'S RELATIONSHIPS ARE CONSTITUTED BY ONE'S WORD

In Section 4.A we looked at a person's integrity from the perspective of what it takes for that person to be whole and complete, and now we look at integrity from the perspective of what it takes for the relationship created by the person's word to be whole and complete.

The power of taking one's self to be constituted by one's word becomes even clearer when examined in light of the fact that giving one's word to another creates a relationship (or a new aspect of an existing relationship). When I give my word, I have a new relationship not only to the other, but, less obviously, with myself as well. Therefore it is important to hold one's word in a context that includes both one's word as itself and the relationships that it creates.

Simply put, when I give my word to another, that act creates various conditions of "counting on" or "reliance on", in the relationship between me and the other. Given that one's word creates the relationship, it follows that when one's word is whole and complete, the aspect of the relationship it creates is whole and complete. In a critical sense, who I am for another is my word,³⁹ i.e., my expression of my self. For a relationship to have integrity (to be whole and complete), one's word must be whole and complete. As Shakespeare said, "This above all: to thine own self be true, it must follow, as the night the day, Thou canst not be false to any man."⁴⁰ When one is true to one's word (which is being true to one's self), one cannot be but true to any man.

Of course, there are at least two sides to a relationship. If one side has integrity and the other does not (when the word of the other is not whole and complete), to the degree it does not, there is a diminution of integrity in the relationship and a resultant diminution of the available opportunity for performance in, or resulting from the relationship (however performance is defined).

³⁹ My word is constituted not only literally in words, but in the "speaking" of my actions (including facial countenance, body language, and the like), i.e., what these actions say to others. To be clear, "my word" includes what my word literally says in words and what my actions say. Therefore, my word includes what I say literally in words and what my actions say. Of course, as is the case with what I say in words, what is said by my actions will often be interpreted by the other. And, therefore who I ultimately am for the other is a product of my word including what is said by my actions, as the other interprets my word. Being aware of this opens up the opportunity to do something to ensure that the other has not misinterpreted my word, including what is said by my actions.

⁴⁰ Shakespeare, Hamlet, Act II. (Underlining added for emphasis.)

C. ONE'S WORD DEFINED

In this new model of integrity, we define a person's word as consisting of each of the following:

Word-1. **What You Said:** Whatever you have said you will do or will not do, and in the case of do, by when you said you would do it.

Note A – Requests Of You Become Your Word Unless You Have Timely Responded To Them: When you have received a request, you may accept, decline, make a counter offer, or promise to respond at some specific later time. If you do not timely respond to a request with a decline, counter offer, or promise to respond at some specific later time (which promise you timely honor), you have in effect accepted (given your word to) that request.

Note B – In Contrast, Your Requests Of Others Do Not For You Become Their Word When They Have Not Responded In A Timely Fashion: The efficacy of this asymmetry is explained below in Section D, Clarification of One's Word-1.

Word-2. **What You Know:** Whatever you know to do or know not to do, and in the case of 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.

Word-3. **What Is Expected:** Whatever you are expected to do or not do (even when not explicitly expressed), and in the case of do, doing it on time, unless you have explicitly said to the contrary.

Note – In Contrast, Your Expectations Of Others Are Not For You The Word Of Others: What you expect of others and have not explicitly expressed to them is not part of their word as defined in this new model. Only those expectations you have of others that you have made clear to them by a request is part of their word (unless they decline or counter-propose your request).

Word-4. **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 for what you have asserted also makes what you have asserted valid for themselves.⁴¹

Word-5. **What You Say You Stand For:** What you stand for, whether expressed in the form of a declaration made to one or more people, or even to yourself, as well as what you hold yourself out to others as standing for (formally declared or not), is a part of your word. The importance of this aspect of one's word in the matter of integrity is pointed to by Cox et al in the Stanford Encyclopedia of Philosophy devoting an entire section to "Integrity as Standing for Something".

Word-6. **Moral, Ethical And Legal Standards:** 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 one enjoys the benefits of membership are also part of one's

⁴¹ See: Searle, 1969, *Speech Acts: An Essay in the Philosophy of Language*, Cambridge, UK: Cambridge University Press, especially for his discussion of assertions.

word (what one is expected to do) unless a) one has explicitly and publicly expressed an intention to not keep one or more of these standards, and b) one is willing to bear the costs of refusing to conform to these standards (the rules of the game one is in).

Note that what we have defined here is what constitutes a “*person’s word*” – not what constitutes integrity for a person, which is explicitly defined below.

D. CLARIFICATIONS OF “ONE’S WORD” AS DEFINED ABOVE

Word-1. Most people will not have a problem with Word-1 (*their word being constituted by that to which they have given their word*).

Many people will have a problem in Word-1 with Note B: Your Requests Of Others Do Not For You Become Their Word When They Have Not Responded In A Timely Fashion. Assuming that the non-response of another to your request is an acceptance on their part invites a breakdown in workability and a consequential decline in the opportunity for performance. Where another has not timely responded to your request, you avoid the chance of such a breakdown if you hold yourself accountable for obtaining a response. [More to come here.]

Word-2. Some people may have a problem with Word-2 (their word also being constituted by what they *know to do and doing it as it was meant to be done*), because there might be situations in which they don’t know what to do, or may not know how it is meant to be done. If one does not know what to do, and one *does not know* that one does not know what to do, that does not fit the definition of one’s word as stated in Word-2, (*doing what you know to do*). However, if one does not know what to do and one *knows* that one does not know, that does fit the definition of one’s Word-2, and explicitly saying that one does not know what to do would be a part of one’s word, otherwise the other would be left with the belief that one does know what to do. Likewise with knowing how it is meant to be done.

Word-3. Many people will have a problem with their word being constituted by Word-3 (*whatever would be expected of them unless they had said to the contrary*). Of course if someone has expressed his or her expectation of me, I can accept, decline or counteroffer that expectation – no problem with that. It is being obligated by expectations that have not been expressed explicitly, and certainly those about which one is unaware, with which many people will have a problem. When these are also considered as being part of one’s word, it occurs for many as wrongful that one should be burdened by the unexpressed expectations that others have of one. There are six points to be considered.

1. Suppose someone has an expectation of another. Even if one is unaware of the expectation, if that expectation is not met, like it or not, the outcome is much the same as having given one’s word and not kept

that word; specifically, workability declines, and consequently the opportunity for performance declines.

2. For better or for worse, what is expected of one is expected of one; in life there is no escaping expectation. And if there is an expectation (even if you are unaware of that expectation), and you do not either meet that expectation or uncover it and explicitly declare that you will not meet it, there will be a breakdown and workability will decline. As with an object or system, when a relationship is less than whole and complete, workability declines, and consequently the opportunity for performance declines.
3. The notion of it being wrong or right (or bad or good, or unfair or fair) that you are affected by the unannounced expectations of others is a normative value judgment, and in this new model of integrity, integrity is devoid of such normative value judgments. Whether you like it or not is irrelevant from the standpoint of integrity, workability, and performance. Given the obvious impact of unmet expectations on the workability of relationships, when you recognize that the expectations of others matter and you take all expectations of others as part of your word unless you have explicitly declared you will not meet them, your integrity will increase, the workability of your life will increase, and your opportunity for performance will be greater. It all follows, willy-nilly (i.e. willingly or unwillingly).
4. In light of the above three points, it follows that for a person's word to be whole and complete and to thereby create a life with high workability and high performance, one has to be "cause in the matter" of what is expected of one. By taking the position (a declaration, not an assertion⁴²) that I am cause in the matter of what people expect of me, I am then led to be highly sensitive, and motivated to ferret out those expectations and to take action to manage them. And if I am straight with those who have expectations that I will not fulfill, my word will be intact, life will have higher workability, and my performance (however defined) will be greater.
5. While we are still defining a person's word and have not yet gotten to defining integrity for a person, as you will see below when we do, when declining an expectation of you, you do not have to deal with any mess that arises as a result of your decline, given that expectations of you are your word only if you have failed to decline them. Note that there may well be a mess as a result of your decline. You may well choose to do something to deal with the mess that results from the decline but this is not a matter of keeping your word whole and complete and is therefore not a matter of your integrity to do so.
6. In summary, one's word as we have defined it in this new model is not a matter of being obligated or not (or even of being willing or not

⁴² See: Ibid. .

willing) to fulfill the expectations of others; if there is an expectation, there is an expectation, and if you do not fulfill the expectation and have not said that you will not fulfill the expectation the consequence on workability and performance is the same as that to which you have explicitly given your word. And this is true even though you do have a justification for not fulfilling the expectation. For example, like it or not a person's performance is often judged against expectations, even if that person has never agreed to, or was not even aware of, those expectations. Thus, to create workability with those with whom you desire to have a relationship you must clean up any mess created in their lives that result from their expectations of you that you do not meet and that you have not explicitly declined. This is what it means to take yourself to be cause in the matter of expectations of you. [More to come here.]

Word-3 Note. Your Expectations Are Not The Word Of Others: There is an asymmetry here: As we said above, your word *includes* the unexpressed expectations of others unless you formally decline them; yet your unexpressed expectations are *not* the word of others. Thus you cannot hold others accountable for fulfilling your unexpressed expectations. Indeed, holding others accountable for fulfilling your unexpressed expectations will result in a diminution of workability and performance, a consequence of your being out of integrity. This asymmetry – in effect an instance of “what’s good for the goose is not good for the gander” – is required to be whole and complete with oneself and with others.

Word-4. With respect to Word-4, some people will have a problem that one's word as to the existence of some thing or some state of the world includes being accountable that the other would find valid for themselves the evidence that one had for asserting something to be the case. Of course there are times when one says that this or that is so, or not so, but one would not be willing to be held to account for having evidence that the other would find valid. In such cases, one's word would include acknowledging that, and perhaps saying what level of evidence one does have: for example when one “believes” that something is the case.

Word-5. [To Come]

Word-6. In Section 7.B we explicate in detail the arguments that lead to the proposition that moral, ethical and legal standards are a part of one's word. It suffices here to recognize that Word-6 re-contextualizes the moral, ethical and legal standards of the society, group and governmental entities in which one enjoys membership 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 accepting the consequences.

E. INTEGRITY IS HONORING ONE'S WORD

In this new model of integrity, we define integrity for a person as: *honoring one's word* (as one's word is defined in Section 4.C and 4.D above).

Notice that we did not say that integrity is a matter of *keeping* one's word; we said that integrity is *honoring* one's word.

In this new model of integrity we define honoring your word as:

1. Keeping your word (and on time).

And, whenever you will not be keeping your word:

2. 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).

Notice that "honoring your word" includes two conditions, where the second condition comes into play whenever the first condition is not met. Integrity is an "*and*" proposition. In other words, to be a person of integrity all you have to do is "honor your word", which means you keep your word (1 above), and when you will not, then you say you will not and clean up any consequences (2. a, b and c above).

However, we have found it useful for discussions regarding the impact of integrity to sometimes use "honoring your word" in another way. While we want to emphasize that strictly speaking integrity for human entities is honoring their word as specified above, when speaking about the consequences of integrity we will sometimes speak as though integrity is an "*either/or*" proposition where you *either* "keep your word" (1 above), *or* you "honor your word" (2. a, b and c above). We have not yet found a situation, where in context, the way we are using "honor your word" is ambiguous.

F. THE IMPOSSIBILITY OF ALWAYS KEEPING ONE'S WORD

A person who always keeps their word is almost certainly living a life that is too small. Thus, unless you are playing a small game in life, you will not always keep your word. However, it is always possible to honor your word. Integrity is honoring your word.

While always keeping your word may not be possible, honoring your word as we have defined *honoring* in our new model of integrity is always possible. Therefore, it is always possible to have integrity, that is to be whole and complete as a person. Having integrity is a simple although not always easy matter of honoring your word.

The state of being whole, complete, unbroken, unimpaired, sound, perfect condition is our definition of integrity, but that definition says nothing about the pathway, or what one can or must do to create, maintain or restore integrity. Because honoring your word is the pathway to integrity it gives us access to integrity; it is actionable. In other words, you can't "do" whole and complete, you can "do" honor your word, and honoring your word leaves you whole and complete. This is what we mean when we say a proposition is "actionable".

It is worth repeating that integrity, as distinguished in this new model, is independent of normative value judgments. While one can have a normative value judgment regarding whether or not one likes integrity as distinguished in this new model (as one can have a normative value judgment about whether or not one likes gravity), the effect of integrity on performance is a positive (empirical) proposition. We mean by this, that *ceteris paribus* (all other things held constant), the closer a person, group, or entity is to integrity, the larger will be the opportunity set for performance available to the entity.

Moreover, since we have said nothing about how performance is defined or measured, our model of integrity is free of value judgments regarding what performance is. Integrity has no virtue value as we are defining it. Indeed, some might choose to give their word to what we might judge to be dishonorable activities or goals – “honor amongst thieves” for example.

Our proposition is that whatever it is you are committed to, you maximize the opportunity for success if you honor your word. We discuss below the role that ethics and morality and legality play in affecting to what individuals, groups or organizations have given their word. And, we also discuss how individuals’ efforts to behave with integrity support morality, ethics and legality in their lives (in the way in which we have defined morality, ethics and legality in our new model).

5. INTEGRITY OF A GROUP, OR AN ORGANIZATIONAL ENTITY

As for a person, the integrity of a group or organizational entity is a matter of the group or entity honoring its word. The definition of the word of a group or organizational entity is defined exactly parallel to our definition of the word of an individual in Section 4.C and 4.D above. While a group or entity has a word, we must take care not to anthropomorphize groups or organizations. They do not have brains. They have behavior, but that behavior is the equilibrium behavior of a complex system made up of human beings, each of whom has their own word.

The word of an organization is that which is given by the persons authorized to do so by the organization, for example, its officers, board of directors, etc. for formally

organized entities like corporations, partnerships, non-profits. For groups there will often be a formal or informally appointed “spokesperson”.

As with the word of an individual, an organization’s word is also given by its actions (that is, the speaking of those actions), and by its agreements, its formal contracts, and its communications through annual reports, policies, slogans, advertising, and the interaction of its personnel with customers, employees, suppliers of all types (including materials, parts, services, and capital).

As was the case with integrity for a person, as you will see in Section 7.B, the moral, ethical and legal standards which a group or organizational entity has not explicitly declined are a part of its word. If an organization is to behave with integrity it must take care to monitor and control all those who are authorized to speak for the organization (give its word), and to ensure that its word is honored.

A. THE MEANING OF THE WORD OF AN ENTITY – A GROUP OR ENTERPRISE OF ANY KIND

In this new model of integrity, an entity’s word consists of all of the following:

Entity Word 1. **What Was Said:** Whatever has been said by, or in the name of an entity, that it will do or will not do, and in the case of do, doing it by when it said it would be done. [More to come.]

Note – Requests Of An Entity: When an entity has received a request, it may accept, decline, make a counter offer, or promise to respond at some specific later time. By the same token, if the entity does not timely respond to a request with a decline, counter offer, or promise to respond at some specific later time (which promise it timely honors), it has in effect accepted (given its word to) that request. This clarification of the efficacy of this is the same as the clarification In Word-1 for a person. [More to come.]

Entity Word 2. **What Is Known:** Whatever the entity knows to do or knows not to do, and in the case of do, doing it as the entity knows it

is meant to be done and doing it on time, unless the group or entity has explicitly said to the contrary.⁴³

⁴³ The uproar over Hewlett Packard's invasion of privacy of Hewlett Packard's board members and as many as nine news reporters is a vivid example of the lack of workability caused by not doing what one knows not to do or of not doing what one is expected not to do. The fallout of the events has been substantial, including: Congressional Hearings on the spying activities at H.P., the resignation of the Chairman of H-P's Board of Directors who supervised the investigation into the source of board leaks (and has pleaded not-guilty to four felony counts in a California criminal prosecution of the case) and two board members (one of whom was identified as leaking information to the press, and both of whom were angry at the spying), the retirement of H.P.'s long-time CFO and board member, and the firing of the H.P. Board's outside legal counsel, Larry Sonsini and his firm Wilson Sonsini, the resignations of H.P.'s General Counsel, H.P.'s Senior Counsel and Director of Ethics, (who when advised that the pretexting procedures to obtain private telephone records were "on the edge" replied in an email, "I shouldn't have asked", and who has also pleaded not-guilty to the four California criminal charges along with three outside consultants who carried out the investigations of board members and media), H.P.'s Senior Counsel and Manager of Global Investigations, and H.P.'s Global Security Manager. HP has also agreed to pay \$14.5 million to settle civil claims brought by the California Attorney General's office arising from the spying scandal.

See Darlin and Richtel, 2006, "Chairwoman Leaves Hewlett in Spying Furor", New York Times, Sept. 23, Darlin, 2006a, "H.P. Board Cuts Its Ties With Lawyer", New York Times, Dec. 14, Kessler, Swartz and Kirchhoff, 2006, "HP Execs on Spying: It wasn't me", USA Today, Sept. 29, p. B1, Darlin, 2006c, "Hewlett-Packard's Longtime Financial Chief Is Set to Retire", New York Times, Dec. 12, Waldman, Clark and Stecklow, 2006, "Leak Proof: H.P.'s Hurd Admits 'Disturbing' Tactics Were Used in Probe", Wall Street Journal, Sept. 23, Carey, 2006, "Ex-HP Board chair pleads not guilty in leak case: Dunn charged with felony counts of deception", The Mercury News, Nov. 15 <http://www.mercurynews.com/mld/mercurynews/business/16019169.htm>), Poletti and Blitstein, 2006, "HP agrees to pay \$14.5 million to settle civil claims in board-spying case", Mercury News, Dec. 7 <http://www.mercurynews.com/mld/mercurynews/business/16187146.htm>) Waldman and Lublin, 2006, "Boardroom Fallout: Dunn Resigns as H-P Chairman Amid Furor Over Phone Probes", Wall Street Journal Online, Sept. 13. <http://online.wsj.com/article/SB115806247632360511.html?mod=djemalert>) The Mercury News provides excellent expanded and historical coverage of the scandal at [SiliconValley.com](http://www.siliconvalley.com), 2006, "Expanded coverage of the HP scandal", Mercury News, <http://www.siliconvalley.com/mld/siliconvalley/15500749.htm>). For a summary of the events, including the early resignation of a prominent board member, misreporting to the SEC, accusations of illegality and basic documents relative to the events see: Kaplan, 2006, "Intrigue in High Places: To catch a leaker, Hewlett-Packard's chairwoman spied on the home-phone records of its board of directors", Newsweek Business, Sept. 6. <http://www.msnbc.msn.com/id/14687677/site/newsweek/>) and Wall Street Journal, 2006a, "Key H-P Documents", Wall Street Journal Online, Sept. 7, <http://online.wsj.com/article/SB115765724949256644.html?mod=djemalert> http://online.wsj.com/public/resources/documents/HP06_sonsini.pdf <http://online.wsj.com/public/resources/documents/HP06-minutes.pdf> http://online.wsj.com/public/resources/documents/WSJ_Perkins-to-HP.pdf <http://online.wsj.com/public/resources/documents/HP06-affidavit.pdf> <http://online.wsj.com/public/resources/documents/HPSEC09062006.pdf>) California Attorney General Bill Lockyer, who launched a criminal investigation of the events, characterized H-Ps actions as follows: "Could it be galactically stupid? It doesn't get much worse." Nakashima, 2006, "Tension Escalates Over HP Scandal: Board Calls Emergency Meeting Sunday", Washingtonpost.com, Sept. 9. <http://www.washingtonpost.com/wp-dyn/content/article/2006/09/08/AR2006090801857.html>) See also, Darlin, 2006b, "Hewlett-Packard Is Still Pondering Chairwoman's Fate", New York Times, Sept. 11, 2006. <http://www.nytimes.com/2006/09/11/technology/11hp.html?th&emc=th>)

Entity Word 3. **What Is Expected:** Whatever the entity would be expected to do or not do, and in the case of do, doing it on time, unless the entity has explicitly said to the contrary.

Note – The Entity’s Expectations Are Not The Word Of Others: What the entity expects of others and has not explicitly expressed to them are not part of their word as defined in this new model. Only those expectations the entity has of others that it has made clear to them by a request are part of their word (unless they decline or counter-propose the entity’s request).

Entity Word 4. **What Is Said To Be So:** Whenever an entity has given its word to others as to the existence of some thing or some state of the world, the entity’s word includes being willing to be held accountable that the others would find the entity’s evidence for what the entity has asserted also makes what the entity has asserted valid for themselves.⁴⁴

Entity Word 5. **Moral, Ethical And Legal Standards:** As you will see in Section 7.B, the moral, ethical and legal standards which the entity has not explicitly declined is a part of its word.

Note: What we have defined here is “*an entity’s word*” – not integrity, which is explicitly defined below.

B. HONORING THE WORD OF A GROUP OR ORGANIZATIONAL ENTITY

As we documented above with an individual, a group or organizational entity similarly honors its word by:

1. Keeping it’s word (and on time).

Or,

2. Whenever the group or organizational entity will not be keeping it’s word, just as soon as it becomes aware that it will not be keeping it’s word (including not keeping it’s word on time) it says to everyone impacted
- that it will not be keeping it’s word, and
 - that it will keep that word in the future, and by when, or that it won’t be keeping that word at all, and
 - it says what it will do to deal with the impact on others of the failure to keep it’s word (or to keep it on time).

⁴⁴ See Searle’s discussion of an assertion: Searle, *Speech Acts: An Essay in the Philosophy of Language*

In short, for an entity, honoring its word means either keeping its word or being responsible for not doing so by restoring integrity (a and b above) and “cleaning up the mess” it has imposed on others who were depending on that word being kept (c above).

[More to come.]

6. INTEGRITY VERSUS THE GOLDEN RULE

We argue that behaving with integrity is privately beneficial, even if the behavior of those around you is out of integrity. As we’ve seen, your behaving with integrity engenders trust in you, and that trust of you by others is independent of whether the others are behaving with integrity or not. Note that behaving with integrity does not mean that one takes the promises of those who are out of integrity as credible – that would be nonsensical. However, when I view my actions from the context of our ontological law of integrity, I see that even when others are not acting with integrity my opportunity for performance is greater when I honor my word.

The inevitable benefit derived from the existence and application of our ontological law of integrity contrasts with the lack-of-benefit track record from the existence and application of the Golden Rule, “Do unto others as you would have them do unto you.” Of course, if all of us reciprocated when others acted consistent with the Golden Rule, its track record would be different and the world would be a more wonderful place to live. The current track record of the Golden Rule is most likely the result of people’s reluctance to apply it without some assurance that it will be reciprocated. By contrast, the benefit of applying the ontological law of integrity clearly

requires no reciprocation. In addition, the Golden Rule is easily misapplied leaving one a “patsy,” whereas, there is virtually no way to misapply the ontological law of integrity.

For example, a strict application of the Golden Rule requires me to trust you, even if you have repeatedly demonstrated that you are untrustworthy; and this application of the rule will almost certainly lead to my disappointment in your behavior. By contrast, because I am allowed to act consistent with your not being trustworthy, my application of the ontological law of integrity cannot possibly leave me being a “patsy.” My behavior (honoring my word with you) will lead you to trust me, and I realize the benefit of your trust without my needing to trust you.

While it is true that when others act with integrity my opportunity for performance also increases, note that application of the ontological law of integrity is privately beneficial to each actor with no downside. And because of this, although subject to proof, integrity as we define it will be contagious in that it will propagate itself in any system into which it is introduced.

7. DISTINGUISHING BETWEEN INTEGRITY AND MORALITY, ETHICS, LEGALITY AND SINCERITY

A. HOW INTEGRITY AFFECTS WHAT INDIVIDUALS, GROUPS AND ORGANIZATIONS GIVE THEIR WORD TO

In Section 4 we establish that integrity for human entities is a matter of their word, and that expectations of one by others are part of one’s word. Here we show that as a logical consequence the mere membership or presence in a society, culture, group,

organization or governmental area, makes the moral, ethical or legal standards of those groupings part of the human entity's word.

In the way integrity is currently viewed, moral, ethical, and legal virtue standards, whether I see them as valid or not, occur as the word of others that constrain me. They do not belong to me; they are not my word. Our clarification of the nature of integrity reveals that as a matter of integrity those standards are a part of my word. As is the case with any of my word, for me to be a person of integrity and enjoy the benefits of being so, when I am not going to keep those standards (my word), I must honor my word. As such, these standards, while seen by me as valid or not, are transformed from something imposed on me, and as a mere matter of virtue, to a matter of my integrity.

When I am not going to play by the rules of the game I'm in I to be in integrity I must inform all others in the game who are counting on me to follow those rules about which of those rules I'm not going to follow and be willing to bear the consequences of such announcements.

[More to come.]

B. THE RELATIONS BETWEEN INTEGRITY AND MORALITY, ETHICS, AND LEGALITY

As we have already illustrated, the dictionary definitions and common usage, and the current state of philosophical discourse (see Sections 1.A, 2 and 3.A), leave a massive unclarity between and amongst integrity, morality, ethics, and legality. In this new model, integrity is a positive phenomenon, and morality, ethics, and legality are normative phenomena. Within the normative realm, the domains of morality, ethics, and legality are respectively social, group, and governmental. Within their respective domains, we have

defined each term such that there is no confusion or confounding amongst them. Within the positive realm the domain of integrity is that of the objective state of something, and it is defined so as to leave no confusion with the definitions of those in the normative realm.

I. ***HOW INTEGRITY AFFECTS WHAT INDIVIDUALS, GROUPS AND ORGANIZATIONS GIVE THEIR WORD TO REGARDING THE EXISTING NORMATIVE STANDARDS IN THE MORAL, ETHICAL, AND LEGAL DOMAINS***

Being part of a society creates an expectation that you will conform to the standards of that society, likewise with being part of a group, organization, or a governmental state (e.g., a city, county, state, or nation). The expectation exists, whether one wishes it or not, i.e., willingly or unwillingly. In the way one's word is defined in this new model of integrity (see Word-3 above) I have given my word to what is expected of me unless I have announced my decline of it to those who will be impacted by my not keeping that word.

The power here is revealed by our new structure for analysis, which re-contextualizes the standards (including cultural standards) and policies of society (moral domain), group or organization (ethical domain), and state (legal domain) 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 accepting the consequences. Gandhi is the perfect example of making a difference by not keeping one's word but honoring one's word. In his case, he demonstrated the power of disobeying the rules of a society, but doing so with integrity.

II. *THE ROLE THAT INTEGRITY PLAYS IN SUPPORTING INDIVIDUALS, GROUPS, ORGANIZATIONS AND SOCIETIES IN ACTUALLY HONORING THE EXISTING MORAL, ETHICAL AND LEGAL STANDARDS*

By seeing the relationship between the opportunity for performance and honoring my word, even when my word exists only as a moral, ethical, or legal standard, there is an increased likelihood of those standards being honored in practice. When conforming to the moral, ethical, and legal standards requires me to forgo an advantage, and conforming is seen solely as making me virtuous, I have an incentive to sacrifice virtue. In contrast, in seeing that honoring those standards is linked to my performance, I have an incentive to honor my word.

As we now see, given what is meant by a person's, group's, or entity's word in this new purely positive model of integrity, integrity deals with the normative values incorporated in morality, ethics, and legality. But integrity as distinguished in this new model (honoring one's word) does so from a different perspective. Rather than from the perspective of good or bad, or right or wrong, integrity covers the standards of society, groups and governments in which one enjoys the benefits of inclusion only to the extent that a person, group, or entity has given their word as defined in sections 4.C, 4.D and 5. As a consequence, the moral compass available in the phenomena of morality, legality and ethics is empowered and its use made more likely by dealing with morality, legality and ethics as a matter of one's word.

For example, note that you can operate with integrity even while breaking the law of the state in which you are present. Gandhi was a citizen of India when under British rule and therefore, from the perspective of this new model, had given his word to its laws. Nevertheless, when he broke the law, he was operating with integrity because he was clear and open about those laws he would not be keeping, and was clearly willing to

accept the consequences. He did honor his word, and was therefore operating with integrity. As we said above, if you are not going to play by the rules of the game you are in, operating with integrity obligates you to inform those who are dealing with you that you are not playing by those rules.⁴⁵ Keeping secret your refusal to conform to the rules of the game you are in is a major violation of integrity and will certainly reduce your opportunity for performance as well as for all those who are interacting with you.

This principle also applies to organizations in a society (with respect to that society's legal, moral and ethical codes), and it applies to individuals in their dealings with the legal, moral, and ethical codes of the society in which they exist and the moral and ethical codes of the organizations and subgroups of which they are a member.

One important aspect of the relationships of organizations and individuals to these legal, moral and ethical codes that often goes unnoticed is the increase in workability that comes from giving organizations and people a framework that guides them in how to think about and deal with situations of personal conflict or disagreement with legal, moral or ethical codes. In Section 17 Appendix B– How To Disobey A Legal Order With Integrity: A Case Study From the Navy, Dan Struble summarizes the framework that the U.S. Navy gives its officers and enlisted men and women that structures the rules for how they are to think about and how they are to behave when resolving conflicts they see between elements of the Naval code of ethics. We assert that integrity and therefore the workability of life in societies, organizations and subgroups would increase dramatically if organizations and subgroups would establish or at least give formal consideration to

⁴⁵ Deceiving or gaming your opponents where the rules of the game you are in call for it, for example in playing poker, is not a violation of integrity. "Gaming the system" is another matter, and is always out of integrity. "Gaming the system is defined as using the rules, policies and procedures of a system against itself for purposes outside what these rules were intended for." (Wikitruth, "Gaming the system" page, http://www.wikitruth.info/index.php?title=Gaming_the_system 17 February 2007).

creating such frameworks for procedures to be followed for disobeying any legal, moral, or ethical code.

III. *HOW MORALITY, ETHICS AND LEGALITY CAN SUPPORT INDIVIDUALS, GROUPS, ORGANIZATIONS AND SOCIETIES IN MAINTAINING THEIR INTEGRITY*

When integrity is adopted as a cultural moral standard of a society, or as an ethical standard of a group or organization, or is reflected in the legal code of a state, it contributes to individuals, groups, organizations, and citizens maintaining their integrity. It makes violations of integrity less likely because, in addition to the cost in performance, it makes violating one's integrity costly in other ways. These legal codes exist across a spectrum from penalties for perjury, through exclusion from a profession or organization for violations of their ethical standards or policies, to loss of face for not conforming to the cultural practices or customs of a society. In short, interestingly the normative virtue realm can empower the positive integrity realm.

In the next section we turn to a discussion of how sincerity is generally used to conceal or avoid confronting one's lack of integrity.

C. SINCERITY

In *Webster's New World Dictionary* "sincere" is variously defined as: "without deceit, pretense, or hypocrisy; truthful; straightforward; honest; being the same in actual character as in outward appearance; genuine; real". In actual practice a person's claim of sincerity is often not consistent with how *Webster's* defines sincerity.

I. *SINCERITY: DEFINITION*

In this new model of integrity we distinguish sincerity specifically as a human *internal state virtue phenomenon* regarding what an individual says, or in the case of a

group or entity, what is said for or in the name of the group or entity, and define sincerity as: *The degree to which a person, group or entity is well-meaning regarding that to which they are giving their word.*

We choose to define sincerity as well-meaning in part to avoid any confusion between sincerity (being well-meaning) and integrity (honoring your word) as it is defined in our new model.

In Webster's New World Dictionary "well-meaning" is variously defined as: "having good or kindly intentions; said or done with good intentions, but often unwisely or ineffectually". What we mean by defining sincerity as "well-meaning" is reflected in the spirit of weakness inherent in Webster's definition of "well-meaning". While acknowledging that sincerity is a virtue, i.e., that sincerity is preferable to insincerity, sincerity and integrity are two different and distinct phenomena. Given the way integrity is defined in our new model, if I give my word and lack the intention to keep that word I am lying, and by definition I lack integrity.

Sincerity is not relevant to integrity. When an individual, group or entity fails to deliver on their word and pleads sincerity, doing so is often an attempt to avoid confronting that the real issue is that they did not keep their word. They are saying "I was sincere" or "I really meant it" as a substitute for saying "I did not keep my word". They are attempting to substitute the virtue of sincerity for integrity. Integrity is a matter of my word, not my state of mind when I give my word. When I give my word, I have given my word, period. Substituting the virtue of sincerity for integrity is often a subconscious (and sometimes effective) ruse to avoid taking responsibility for a failure to keep my word and the mess that has created. This is fundamentally inauthentic. Claiming sincerity in the

face of my failure attempts to shift the issue from one of not honoring my word to the fact that I am a good person.

8. THE ROLE OF THE “VEIL OF INVISIBILITY” IN THE LIVES OF INDIVIDUALS, GROUPS AND ORGANIZATIONS

Somewhat puzzling is the fact that left to their own devices, individuals, groups and organizations behave as though they systematically underestimate the impact of integrity on performance. To put it more bluntly, given the profoundly negative impact on performance from lapses of integrity – performance measured not only as results, but as joy, well-being, the admiration of others, and just about anything else in life that one values – this “underestimation” is better understood as blindness.

In fact, this blindness is so extensive that many people and many organizations have no sense of the degree to which they operate with compromised integrity and its cost to them. Even when they are aware of their lack of integrity, they are almost certainly blind to the true costs they bear from that lack of integrity.

A. THE INTEGRITY-PERFORMANCE PARADOX: IF OPERATING WITH INTEGRITY IS SO PRODUCTIVE, WHY DO PEOPLE SYSTEMATICALLY SACRIFICE THEIR INTEGRITY AND SUFFER THE CONSEQUENCES?

There must be an explanation for the paradox of the widespread occurrences of individuals, groups, and organizations compromising their performance by operating in ways that violate their integrity, while at the same time being committed to high performance. We call this the “integrity-performance paradox”. Indeed, many readers

who have gotten to this point in this paper have already formulated (or are now formulating) arguments as to why this new model of integrity must be wrong; because if this new model is correct and the costs of the lack of integrity are so high, how could so many people and organizations be out of integrity and be blind to the costs?

First we list some common examples of the widespread occurrence of out-of-integrity behavior by individuals and organizations, and then evidence from three studies of the issue.

Examples of out-of-integrity behavior are legion; we list but a few. As individuals we regularly:

- make promises and commitments we do not keep,
- 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,⁴⁶
- and on and on.

⁴⁶ See McWilliams, 2005, "Businesses tighten up on personal use of Web", Knight Ridder Tribune Business News, Aug 19, 2005, p. 1.
<http://ezpl.harvard.edu/login?url=http://proquest.umi.com.ezpl.harvard.edu/pqdweb?did=884507321&sid=2&Fmt=3&clientId=11201&RQT=309&VName=POD>) and Adams, Weinberg, Masztal and Surette, 2005, "This time it is personal: Employee online shopping at work", *Interactive Marketing*, V. 6, No. 4, Apr-Jun 2005: pp. 326-336 (an electronic version is available at: <http://www.theidm.com/index.cfm?fuseaction=contentDisplay.&chn=3&tpc=18&stp=53&pge=24749>)

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

- students cheating in their undergraduate and graduate courses⁴⁷
- individuals and organizational entities cheating on their taxes
- politicians and lobbyists intentionally misleading their constituencies
- corporate officers not enforcing their stated ethical codes⁴⁸
- corporate managers not keeping their word⁴⁹
- corporate managers not keeping their company's word⁵⁰

⁴⁷ Donald McCabe, founder and President of the Center for Academic Integrity (CAI) at Duke University summarizes his research and that of others on the CAI website at McCabe, Center For Academic Integrity Website Summary of Research on Cheating. Accessed Jan. 21, 2007, http://www.academicintegrity.org/cai_research.asp . That research indicates cheating by students is widespread at U.S. and Canadian Universities: Studies of 50,000 students on over 60 campuses indicate that “. . . on most campuses 70% of [undergraduate] students admit to some cheating” and “. . . 44% of [faculty] who were aware of student cheating in their course in the last three years, have never reported a student for cheating . . .” High school student self-reported cheating is about the same. 54% of MBA students admit to cheating, 54% of engineering students, 54% of communications students, 50% of science students, 48% of education students, 45% of law students, 39% of social science and humanities students also admitted to cheating. See Lewis, 2006, "Wily MBA Students Lead Cheating", Denver Post, Oct. 2 http://www.denverpost.com/business/ci_4433207), McCabe, Butterfield and Trevino, 2006, "Academic Dishonesty in Graduate Business Programs: Prevalence, Causes, and Proposed Action", The Academy of Management Learning and Education, V. 5, No. 3: pp. 294-305, Mangan, 2006, "Survey Finds Widespread Cheating in MBA Programs", Chronicle of Higher Education, Sept. 19 <http://chronicle.com/daily/2006/09/2006091902n.htm>) and University of Guelph Communications and Public Affairs, Academic Misconduct Major Problem in Canada, Study Find. Accessed Jan. 22, 2007, http://www.uoguelph.ca/mediarel/2006/09/academic_miscon.html) .

⁴⁸ “About one out of three employees say their company is not practicing its stated corporate values, according to a study out today from Discovery Surveys Inc. . . . Employees often view corporate values as 'words on the wall,' company propaganda that have little or no bearing on how day-to-day business is conducted . . .” See Reidy, 2006, "Survey: Many Employees Cynical About 'Corporate Values'", Boston Globe, Nov. 29 http://www.boston.com/business/ticker/2006/11/survey_many_emp.html).

⁴⁹ A study of 700 employees found: “Nearly two of five bosses don't keep their word and more than a fourth bad mouth those they supervise to co-workers . . . And those all-too-common poor managers create plenty of problems for companies as well, leading to poor morale, less production and higher turnover. . . The findings include:

- 39 percent of workers said their supervisor failed to keep promises.
- 37 percent said their supervisor failed to give credit when due.
- 31 percent said their supervisor gave them the "silent treatment" in the past year.
- 27 percent said their supervisor made negative comments about them to other employees or managers.
- 24 percent said their supervisor invaded their privacy.
- 23 percent said their supervisor blamed others to cover up mistakes or to minimize embarrassment.

See Kallestad, 2007, "2 in 5 bosses don't keep their word, Florida State University survey shows", Minneapolis Star and Tribune, Jan. 1 <http://www.startribune.com/535/story/909351.html>).

⁵⁰ A dramatic example of a company not honoring its word is the case of Beech-Nut Nutrition Corp. in the early 1980s. Two-years after joining the company the CEO of Beech-Nut (which sold “100% Pure” apple juice for babies under its brand name) found evidence that the supplier of concentrate was shipping

- corporate officers stealing from their companies⁵¹
- corporate officers systematically backdating their options award so that the exercise prices were the lowest for the quarter or the year⁵²

concentrate that contained no apple juice but only sugar water and chemicals. Under pressure to increase profits he chose to continue to use the supplier whose prices were 25% below competitors. And when presented with convincing evidence they were supplying adulterated “juice” the company denied it and rather than destroying the current inventory the company shipped it for sale overseas. “In 1987 Beech-Nut pleaded guilty to [215 counts of] selling adulterated and misbranded juice. Two years and two criminal trials later, the CEO pleaded guilty to ten counts of mislabeling. The total cost to the company—including fines, legal expenses, and lost sales—was an estimated \$25 million.” (Paine, 1994, "Managing for Organizational Integrity", Harvard Business Review, No. March-April, March-April: pp. 106-117. See also Paine, 2003, "Beech-Nut Nutrition Corporation (A-1)", Harvard Business School Case 9-392-084, September and Answers.com, Beech-Nut Nutrition Corporation. . Answers.com. Encyclopedia of Company Histories, Answers Corporation, Accessed Jan. 4, 2007, <http://www.answers.com/topic/beech-nut-nutrition-corporation>).

⁵¹ See Van Voris and Boulden, 2006, "Wal-Mart Ex-Vice Chairman Coughlin Gets House Arrest (Update4)", Bloomberg.com, <http://www.bloomberg.com/apps/news?pid=20601087&sid=ax.KfXM.jG9o&refer=home>), Farzad, 2005, "Wal-Mart Sues Ex-Executive, Saying He Stole \$500,000", New York Times, July 28 (Vice Chairman of Wal-Mart was accused of misappropriating as much as “500,000 from the company and plead guilty to “falsified expense reports to buy liquor, care for his dogs and upgrade his truck;” Coughlin was in charge of investigating employee theft and abuse at Wal-Mart’s Sam’s Club from 1986 and 1992. The Wal-Mart complaint (See Bandler and Zimmerman, 2005, "A Wal-Mart Legend's Trail of Deceit", Wall Street Journal, April 8 , who report that Coughlin’s pay was in the \$6 million range. He was quoted by the Cleveland Plain Dealer in 2002 as saying: ““Anyone who is taking money from associates and shareholders ought to be shot . . . That greed will catch up to you.”

As a result of his role in forming and administering off-the-books partnerships from which he directly benefited at the expense of Enron, Andrew Fastow, CFO of Enron, was indicted on 78 counts including fraud, money laundering and conspiracy and accepted a plea agreement in Jan., 2004 and was sentenced to 10 years in prison and forfeiture of \$23.8 million. Enron CEO Jeff Skilling and Chairman Ken Lay were convicted of securities fraud and wire fraud and Skilling was sentenced to 24 years and 4 months in prison. Lay died before being sentenced. See Wikipedia contributors, Enron. Wikipedia, The Free Encyclopedia, Accessed Jan. 31, 2007, <http://en.wikipedia.org/w/index.php?title=Enron&oldid=104466420>). In all, “Sixteen people pleaded guilty for crimes committed at the company, and five others, including four former Merrill Lynch employees, were found guilty at trial.” Pasha and Seid, May 25, Lay and Skilling's day of reckoning: Enron ex-CEO and founder convicted on fraud and conspiracy charges; sentencing slated for September. CNNMoney.com, Accessed Jan. 30, 2007, http://money.cnn.com/2006/05/25/news/newsmakers/enron_verdict/index.htm).

The founder of Adelphia Communications, John Rigas, and his son, Timothy, former CFO, received prison sentences of 15 and 20 years respectively for their roles in the “multibillion fraud that led to the collapse of the nation's fifth-largest cable company, and . . . a New York state jury convicted former Tyco CEO Dennis Kozlowski and CFO Mark Swartz on charges that they looted the manufacturing conglomerate of \$600 million. In March, a federal jury in New York found former WorldCom CEO and co-founder Bernard Ebbers guilty on charges related to an \$11 billion accounting scandal at the telecommunications giant, now known as MCI. CNNMoney.com, June 20, Adelphia founder sentenced to 15 years: John and Timothy Rigas are sentenced to prison nearly a year after their convictions. CNNMoney.com, Accessed Jan. 31, 2007, http://money.cnn.com/2005/06/20/news/newsmakers/rigas_sentencing/index.htm)

Calisto Tanzi, former chairman and founder of Parmalat, a large (Italian dairy firm with sales of 7.6 billion euros “ . . . has admitted siphoning off around €500 million from the company to finance other family businesses.” Parmalat suffered bankruptcy as a result. Gumbel, Jan. 4, Autumn Of The Patriarch Sunday, Jan. 04, 2004. Time, Accessed Jan. 30, 2007, <http://www.time.com/time/magazine/article/0,9171,570235-2,00.html>).

- individuals, brokers and corporate officers engaging in insider trading⁵³
- corporate officers knowingly lying to shareholders, creditors, analysts, customers and others about their financial status⁵⁴
- millions of people stealing music and movies over the internet in violation of copyright law while denying those violations⁵⁵
- Catholic priests sexually abusing children⁵⁶
- doctors abusing their patients and defrauding Medicare and other insurance companies⁵⁷

⁵² Recent estimates put the cost of these activities at over \$10 billion, and Cablevision pushed the limits when it used the practice to award stock options (usually awarded for incentive purposes) to a dead CEO. Currently over 140 companies are under investigations for improper backdating practices and 55 CEOs and other officers have resigned, retired, stepped down, been fired, or suspended as a result of these activities. See Poletti, 2006, "Toting up options scandal. Study: Fallout Trims \$10.3 Billion from 152 Firms", Mercury News, Oct. 25 <http://www.siliconvalley.com/mld/siliconvalley/15844534.htm>), Bandler and Forelle, 2006, "CEO to Leave Under Pressure at UnitedHealth", Wall Street Journal, Oct. 15, Grant, Bandler and Forelle, 2006, "Cablevision Gave Backdated Grant To Dead Official", Wall Street Journal, Sept. 22, Wall Street Journal, 2006b, "Perfect Payday: Options Scorecard", The Wall Street Journal., Dec. 19 <http://online.wsj.com/public/resources/documents/info-optionsscore06-full.html>), and Freed, 2006, "Scandals: Stock Options Behind Many Recent Oustings", Miami Herald, Oct. 17 <http://www.miami.com:80/mld/miamiherald/news/15776019.htm>).

⁵³ Examples are widespread. Particularly visible were the insider trades in ImClone by, founder and CEO Samuel D. Waksal and his friend Martha Stewart. Her broker Peter Bacanovic went to jail over these events as well as Stewart and Waksal. For a description of how this has affected Bacanovic's life see Thomas Jr., 2006, "The Broker Who Fell to Earth", New York Times, Oct. 13. See also CNNMoney, Oct. 15, Waksal Pleads Guilty. CNNMoney, Accessed Mar 14, 2007, <http://money.cnn.com/2002/10/15/news/companies/waksal/index.htm>) and Associated Press, 'I will be back,' Stewart vows after sentencing: Celebrity homemaker's ex-broker also gets 5-month sentence. CNNMoney, Accessed Mar 14, 2007, <http://www.msnbc.msn.com/id/5444565>)

⁵⁴ For an explanation of how top-level managers and boards of directors regularly mislead investors and the capital markets by "managing earnings", "smoothing earnings", and "managing analysts" by lying, omitting important facts and manipulating financial reports and financial analysts, see Jensen, 2006, "Putting Integrity Into Finance Theory and Practice: A Positive Approach (pdf of Keynote slides)", Harvard NOM Working Paper No. 06-06, March (available from the Social Science Research Network eLibrary at: <http://ssrn.com/abstract=876312>), and Chapter 9 of Jensen, Murphy and Wruck, 2004, "Remuneration: Where We've Been, How We Got to Here, What are the Problems, and How to Fix Them", Harvard NOM Working Paper No. 04-28; ECGI - Finance Working Paper No. 44/2004, July 12 (available from the Social Science Research Network eLibrary at: <http://ssrn.com/abstract=561305>)

⁵⁵ See Waldmeir, 2003, "There is no nobility in music theft", Financial Times, Sep 29, p. 14 <http://ezp1.harvard.edu/login?url=http://proquest.umi.com.ezp1.harvard.edu/pqdweb?did=414781071&sid=8&Fmt=3&clientId=11201&RQT=309&VName=PQD>)

⁵⁶ See Los Angeles Times, 2006, "Scandal Could Prompt Church to Sell Property", Los Angeles Times, December 3 for a description of some of the effects on the Catholic Church of widespread clergy abuse of children by priests that were protected by the church hierarchy. The "Los Angeles Archdiocese agrees to pay an initial settlement of \$40 million for its share of 45 clergy sexual abuse settlements," "while the 485 remaining molestation lawsuits could cost hundreds of millions more" up to \$500 million for the archdiocese and its insurers. The Boston Archdiocese shut about 80 parishes — in part to help offset millions of molestation settlements. Four dioceses have filed for bankruptcy protection from molestation lawsuits, including the Portland, OR and Spokane, WA archdioceses.

⁵⁷ For the details of the arrest, conviction, and disbarment from medical practice of a dermatologist who performed unnecessary "cancer" surgery on patients who had no cancer so that he could bill Medicare

- lawyers committing fraud in their practice of law⁵⁸
- scholars and writers committing plagiarism or other fraud⁵⁹

Some of our examples in the two lists above are examples of people or entities not honoring the word that they had given directly. And other examples involve not honoring the word that they had given indirectly. In the second case, people or entities were violating the moral, ethical or legal standards to which they had given their word by virtue of their membership in a group, profession, organization, or society (when they had not previously stated the standards they would not meet).

To many it will be obvious from casual observation of the behavior of individuals that honoring one's word is not generally observed. Oakley and Lynch (2000) produce formal evidence on the issue in their study of promise-keeping as a "core ethical value in

millions of dollars for their treatment see Martin, 2005, "Dermatologist barred from surgery: An emergency order against Dr. Michael A. Rosin takes effect immediately", June 16, 2005. http://www.sptimes.com/2005/06/16/State/Dermatologist_barred_.shtml); Ruger, 2006, "Rosin guilty of defrauding Medicare", Herald Tribune, <http://www.heraldtribune.com/apps/pbcs.dll/article?AID=/20060304/NEWS/603040644>)

⁵⁸ Weinberg, Turning on Their Own: A group of former prosecutors cites a colleague's pattern of misconduct. Accessed June 26, 2003 <http://www.publici.org/pm/default.aspx?act=sidebarsa&aid=29#>), Keating, 2005, "US Prosecutors Implicate Milberg Weiss in Kickback Case", (an electronic version is available at: <http://www.freerepublic.com/focus/f-news/1430323/posts>). For more in depth analysis of the out-of-integrity behavior of Milberg Weiss and its slide into oblivion see Elkind, 2006, "The Law Firm of Hubris, Hypocrisy & Greed", Fortune, Nov. 13, pp. 155-176.

⁵⁹ For fraud and dishonesty in reporting, writing at the New York Times, Boston Globe, The New Republic, major literary figures, and Harvard University see: Barry, Barstow, Glater, Liptak and Steinberg., 2003, "Times Reporter Who Resigned Leaves Long Trail of Deception", NYTimes.com, May 11, 2003. <http://www.nytimes.com/2003/05/11/national/11PAPE.html?ex=1367985600&en=d6f511319c259463&ei=5007&partner=USERLAND>); Mashberg, 1998, "Boston Globe columnist Mike Barnicle's active imagination finally brings him down", (an electronic version is available at: <http://www.salon.com/media/1998/08/20media.html>); McClintick, 2006, "How Harvard Lost Russia", Institutional Investor, V. 40, No. 1, January 2006 (an electronic version is available at: <http://plinks.ebscohost.com.ezp1.harvard.edu/ehost/detail?vid=5&hid=1&sid=952e9686-a5db-4e2a-b2bf-f03962ccae95%40sessionmgr4>); Opinion, 2002, "Purloined letters", USA Today.com, V. February 27, 2002 (an electronic version is available at: <http://www.usatoday.com/news/opinion/2002/02/27/edtwof2.htm>); Warsh, 2006, "The Tick-Tock", V. January 22, 2006, (an electronic version is available at: <http://www.economicprincipals.com/issues/06.01.22.html>), Wall Street Journal, 2006c, "Sock Puppet Bites Man", New York Times, Sep 13. <http://www.nytimes.com/2006/09/13/opinion/13wed4.html?th&emc=th>), For descriptions of the plagiarism of best selling historian Stephen Ambrose see Rosenblatt, 2002, "When The Hero Takes A Fall", Time Magazine, Jan. 21 <http://www.time.com/time/magazine/article/0,9171,1001647,00.html>),

the workplace”. They find (in a choice situation performed by 708 undergraduate and graduate business students and executives) that “Promise-Keeping” comes in 5th (last) in competition with four other workplace values they define as “overcoming adversity”, “competency”, “work ethic”, and “loyalty/seniority” (and their subjects ranked in that order). Somewhat surprisingly, the importance of promise-keeping by subjects in their study is independent of age, supervisory experience, gender, or self-reported importance of religion. In an example of how legality can increase people’s integrity, promise-keeping definitely becomes more important when the subjects believe the promises are legally enforceable – but it does not become dominant. They summarize their results as follows:

“. . . Clearly, promise-keeping does not matter most in the workplace: subjects overwhelmingly ignored their promises even when legally bound to keep them. Further, promise-keeping consistently was found to rank last in a hierarchy of workplace values. The legal system was suggested as a viable mechanism for encouraging promise-keeping in the workplace. Although the possibility of legal sanctions increased the frequency with which promises were kept, overall fewer than one-third (30%) of the subjects kept their word. Of those respondents who expressly were told that the promise was legally enforceable, the number who stated that they would keep their promise increased to 57%.⁶⁰

Clearly, these experimental subjects placed little importance on maintaining their integrity or the integrity of the organization – a commonly observed phenomenon. More than likely they were unaware of the relationship between integrity and the available opportunity for performance for themselves and for their organization. Notice that the researchers did not give the subjects the alternative of honoring their word.

Loughran, McDonald, and Yun (2007) offer some empirical observations on the contextual framework that we have presented in this paper and show statistically

⁶⁰ Oakley and 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

significant evidence that “. . . firms using ethics-related terms [in their annual SEC 10K reports] are more likely to be “sin” stocks, are more likely to have class action lawsuits filed against them, and are more likely to score poorly on measures of corporate governance”. They conclude: “The apparent false signaling is consistent with the integrity-performance paradox of [Erhard, Jensen, Zaffron (this paper)], where firms are willing to sacrifice integrity because of their ‘immature grasp’ of the relation between integrity and performance.” We agree.

While the impact of a lack of integrity on workability and productivity, and therefore on real living standards, is not well understood and has not been well studied, we believe its effect is major. Some evidence of this is becoming available. Evidence from the World Bank indicates that crime in Latin America has reduced economic growth there by 8%, and a 1999 study by the Inter-American Development Bank estimates that crime has lowered GDP in the region by 14.2% although some believe that estimate is too high. See Gould (2006).

It is our opinion that the effects of out-of-integrity behavior are significantly more damaging than most believe. For example, the devastating impact of widespread cheating on the quality of education delivered in universities is clear to most educators. However, there has been remarkably little formal study of the relationship between integrity and performance for individuals and organizations.

We believe that the lack of scientific understanding of the impact of integrity on performance and the absence of research quantifying it is a product of the “veil of invisibility” that obscures the relationship between integrity and performance. This veil of invisibility results in what we call the Integrity-Performance Paradox:

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

B. REVEALING THE VEIL OF INVISIBILITY AND RESOLVING THE INTEGRITY-PERFORMANCE PARADOX

When the veil of invisibility that obscures the impact of integrity on performance is revealed, the integrity-performance paradox (individuals and organizations being committed to performance while simultaneously and continuously compromising performance by operating in ways that violate integrity) can be resolved.

I. *THE SEVEN FACTORS WHICH CONSTITUTE THE VEIL OF INVISIBILITY THAT OBSCURE THE EFFECTS OF INTEGRITY ON PERFORMANCE*

There are seven separate and distinct factors that constitute the veil of invisibility, any one of which, and certainly any combination of which, obscures the relationship between integrity and performance. When any of these factors is at play, the detrimental impact on performance caused by out-of-integrity behavior becomes invisible.

Factor-1. INTEGRITY IS SEEN AS A VIRTUE

The first factor constituting the veil of invisibility is integrity existing as a virtue rather than as a necessary condition for performance.

When integrity exists as a virtue (a result of the current confusion and confounding amongst integrity and morality and ethics), it becomes a factor contributing to the veil of invisibility that conceals the detrimental impact on performance of out-of-integrity behavior. While people and organizations value virtue, virtue is not seen as related to performance, that is, as a factor of production. When integrity as virtue gets in the way of performance, it appears that integrity can be sacrificed with no negative

impact on performance. When integrity is seen as virtue, sacrificing integrity seems no different than sacrificing some courteousness or charity, or alternatively, some new sinks in the men's room.

In summary, when the name of the game is performance, and integrity is seen as a virtue rather than as a necessary condition for performance, people and organizations will thus paradoxically be willing to sacrifice integrity in the name of performance.

Factor-2. SELF DECEPTION ABOUT BEING OUT OF INTEGRITY

The second factor constituting the veil of invisibility is people and entities not recognizing their out-of-integrity behavior as such. Or, put more bluntly, people and entities lying to themselves about who they have been and what they have actually done in a vain attempt to maintain their self-esteem, and hopefully the esteem of others. As we pointed to in the Introduction above, Chris Argyris perceptively observes in the case of lying to oneself, "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."⁶¹

Obviously if you cannot see that you are out of integrity, it is impossible to see how your out-of-integrity behavior is reducing your performance. If only Burns' request had been granted, "O Wad some Power the giftie gie us To see oursels as ithers see us!" this factor would disappear.⁶²

⁶¹ Argyris, "Teaching Smart People How to Learn", .

⁶² Robert Grosset, ed. 2002, *The Complete Poems and Songs of Robert Burns V.* Grosset, ed. *The Complete Poems and Songs of Robert Burns V.*

Factor-3. **INTEGRITY IS KEEPING ONE’S WORD**

The third factor constituting the veil of invisibility is that even for those who have a sense that integrity is a matter of one’s word, most believe that integrity requires keeping one’s word (see Simons (1990, 2001)). When confronted with not keeping one’s word the consequence looks like a loss of face. This leaves them with the sense that they will lose the admiration, respect and love of others. When there is no way to maintain one’s integrity when not keeping one’s word, it looks like it is better to hope not keeping one’s word will go unnoticed, or even to hide that fact. This ploy is especially appealing if one intends to keep one’s word later.

Factor-4. **FEAR OF ACKNOWLEDGING YOU ARE NOT GOING TO KEEP YOUR WORD**

The fourth factor constituting the veil of invisibility is the fear experienced when confronted by the prospect of acknowledging that one will not keep one’s word. This is even true for those who know that, when they will not keep their word, they can maintain their integrity by honoring their word. When people realize they will not keep their word, the fear of “looking bad” (the loss of being admired) comes up, or they fear getting into trouble (with the prospect of the loss of one’s good name, respect, reputation, position, promotion, or esteem, and in some cases love). If maintaining your integrity by acknowledging that you are not going to keep your word occurs for you as a threat to be avoided, rather than simply a challenge to be dealt with, then you are going to find it difficult to honor your word.

For example, at the personal level, in the case of the corporate officer or manager cheating in the name of “success at any cost”, or the Catholic priest abusing a child from “an overpowering sexual urge”, even if either perpetrator gets away with it, an important

part of the performance cost is in the realm of the loss of oneself. When one violates one's word to oneself, one is no longer whole and complete with oneself – a generally unrecognized very high personal cost. However, people who chronically violate their integrity, even if only in small matters, without noticing it gradually over time erode the experience of the power and peace of mind that goes with being whole and complete with oneself. In such cases, force replaces power, and intolerance, arrogance and anger replace peace of mind. The result of this process is that such intolerance, arrogance and anger also obscure the awareness of any additional loss of self.

A good example of the intolerance, arrogance and anger that comes with being out of integrity with oneself (not being whole and complete with oneself), is the famous 2001 analyst conference call in which Jeff Skilling, then CEO of Enron, surprisingly cursed a hedge fund manager who was pressing Skilling on the details of Enron's finances (which in fact were being manipulated to falsely show that the company was in good shape). Skilling resigned as CEO a few months later. Enron collapsed before year-end, and in 2006 Skilling was convicted of 19 counts of fraud and conspiracy, one count of insider trading, and sentenced to 24 years in jail.⁶³

This loss of self applies not only to persons but also to corporations and other organizational entities. At the corporate level, espoused corporate values are often viewed as mere “words on a wall” by employees. Bruce Katcher's survey of more than 50,000 employees in 65 organizations finds a third of employees “say their company is not practicing its stated corporate values”. He concludes: "Employees often view corporate

⁶³ See Chron.com, Feb. 2, Jury Hears Ex-Enron CEO Curse in Wall Street Call. Houston Chronicle, Accessed Mar 4, 2007, <http://www.chron.com/disp/story.mpl/front/3630836.html>) and Kelemen and Jelter, May 25, Jury Finds Enron's Lay, Skilling Guilty. MarketWatch, Dow Jones, Accessed Mar 4, 2007, <http://www.marketwatch.com/News/Story/Story.aspx?guid={F5D4AD5C-048C-4629-AA8B-06B69A12909E}>).

values as 'words on the wall,' company propaganda that have little or no bearing on how day-to-day business is conducted . . . If employees perceive that the stated company values are not being lived up to by the organization, they will become cynical and less trusting of management."⁶⁴ Even if in the minds of corporate managers those particular values were there merely for appearance's sake and were not there to impact business performance directly, as Katcher says there is a cost in employee cynicism and loss of trust in management – an important loss of opportunity for both management and employee performance. In effect, this creates a lack of wholeness and completeness within the corporation itself.

When corporate officers and managers, no matter what the reason, do not honor their word, they devalue the currency of their word for employees, and other officers and managers, even when speaking about matters they consider critical to corporate performance.

For example, when honoring their word with a public acknowledgment of a discovered defect in a corporation's product occurs for the managers of a corporation as a threat to be avoided, the organization is far more likely to not honor its word and therefore will bear the performance consequences of its inconsistency, lying or other out-of-integrity behavior. When the new CEO of Beech-Nut began to get information that Beechnut's "100% Pure" apple juice for infants might be made from sugar water and chemicals it occurred to the company as a threat rather than a mere challenge to be met. The dramatic increase in costs from dropping its current low cost supplier of "juice" would have a major impact on both earnings and stock price. The result of dealing with it as a threat to be avoided were major damages to Beech-Nut's reputation, guilty pleas by

⁶⁴ Reidy, "Survey: Many Employees Cynical About 'Corporate Values'", Boston Globe.

the company to selling adulterated and misbranded “juice” and guilty pleas by the CEO to 10 counts of mislabeling (as explained in Section A above, footnote 50). The costs in the form of diminished company performance were substantial.

The difficulties associated with honoring one’s word when such honoring occurs as a threat to be avoided rather than a challenge to be met, arises because the human brain retains at its core elements of the reptilian brain⁶⁵, that part of the human brain that when activated responds mindlessly in crude and elementary ways with the fight or flight response. While the design of the human brain evolved over eons to deal effectively with a vast spectrum of environments (situations) far beyond that in which a reptile could survive, the human brain still retains that reptilian design for survival.

When a difficult situation like the challenge of dealing with not keeping your word occurs as a threat to be avoided, the reptilian-like elements of the brain hijack the evolved higher centers of the brain and generate the fight or flight response. We have all observed in others, (not to mention experienced ourselves), the fight response of someone mightily justifying not keeping their word, or outright denying that they did not keep it, and the flight response of someone simply avoiding doing anything about, or even saying anything about, not keeping their word. The fear that provokes the response is very often unnoticed because it gets so quickly buried under the neurological flooding that occurs with the fight or flight response.

Likewise, when the perceived cost of honoring ones’ word is greater than the perceived benefit of doing so, the reptilian elements of the brain will often react with

⁶⁵ For discussions of the reptilian or primitive brain see LeDoux, 1998, *The Emotional Brain: The Mysterious Underpinnings of Emotional Life*, New York: Touchstone, pp. 171-172, Damasio, 1994, *Descartes Error: Emotion, Reason, and the Human Brain*, New York: G.P. Putnam's Sons, and Goldberg, 2001, *The Executive Brain: Frontal Lobes and the Civilized Mind*, New York: Oxford University Press (who discusses the role of the frontal cortex in controlling the primitive brain).

flight by attempting to cover up not keeping one's word, or with the flight of a fancy rationalization.

When unable to keep one's word or choosing to not keep one's word, one retains one's trustworthiness, credibility, and the power of one's word, by simply honoring one's word. The reptilian elements of the brain will tend to be concerned with only the short-term costs no matter how small, with little ability to consider the long-term costs no matter how large. While it can also be perceived as threatening to acknowledge that one will not be keeping one's word or at least not by when promised, and while it can be perceived as threatening to be responsible for dealing with any mess created by not keeping one's word, the long term costs of not doing so are profoundly detrimental, and the benefits of doing so are so ongoingly valuable that it behooves one to transform the sense of threat into the sense of challenge.

Economists often explain or describe this phenomenon as hyper-discounting (that is discounting the future benefits by an exceedingly high rate of interest) by individuals and organizations. While such an approach can be descriptively accurate, it provides no access whatsoever for human beings to overcome this "defect" in the brain. And we are dedicated to devising ways to give human beings access to overcoming these defects and achieving dramatic improvements in performance.

Factor-5. **INTEGRITY IS NOT SEEN AS A FACTOR OF PRODUCTION**

Integrity is not understood to be a factor of production. The second factor constituting the veil of invisibility is people and organizations systematically looking for reasons for why things do not work and almost never considering out-of-integrity behavior as a cause. Faced with the messes resulting from out-of-integrity behavior, people and organizations regularly avoid confronting the role of their out-of-integrity

behavior as cause in the matter. Instead, they supply explanations, rationalizations, justifications, and excuses that masquerade as causes for the messes actually created by out-of-integrity behavior. This masquerade hides the role played by the out-of-integrity behavior's impact on performance. And in addition the players in this game often use sincerity and good intentions to further excuse and cover up their lack of integrity.

This behavior prevents people and organizations from seeing the impact of integrity on performance, while paradoxically being committed to performance.

Factor-6. **NOT DOING A COST BENEFIT ANALAYSIS ON GIVING ONE'S WORD**

The first factor constituting the veil of invisibility is the failure to do a cost/benefit analysis on keeping your word before giving your word.

When giving their word most people are merely well-meaning (sincere) in the sense that they *intend* to keep their word when they give it. The truth about which they are unaware is that they are *irresponsible* in giving their word. People do not generally see the giving of their word as saying to themselves: "I am going to *make* this happen." If you are not telling yourself this when you give your word you will be out of integrity with a high probability.

When something makes it difficult or even inconvenient to deliver on their word most people then provide *reasons* instead of results.

If when you give your word you do not get a tight feeling in the pit of your stomach signaling that you have just put yourself at risk, then you have not thought carefully enough about the fact that you have made a commitment to deliver on that word even if it becomes difficult or even impossible to do so. Your reputation is therefore at risk. And in the case where it becomes impossible to keep your word, as a person of

integrity you have just committed to cleaning up any mess caused in the lives of those to whom you gave your word by your failure to keep your word.

Factor-7. **DOING A COST/BENEFIT ANALYSIS ON HONORING ONE'S WORD**

The seventh and final factor constituting the veil of invisibility is the unawareness of the damaging consequences of applying cost-benefit analysis to *honoring* one's word. This would require applying cost-benefit analysis to cost-benefit analysis. Said more precisely in a way that highlights the conundrum, this aspect of the veil of invisibility arises from the failure to even think about applying cost-benefit analysis to the decision to apply cost-benefit analysis to the honoring of one's word. See Section 11 below on cost-benefit analysis, where we discuss the damaging consequences of the almost universal tendency to automatically apply cost-benefit analysis to whether or not to honor one's word.

9. WITHOUT INTEGRITY NOTHING WORKS

Without being able to rely on what is said, as being what is actually so, there is no foundation on which maximum performance can be sustained. In the presence of integrity the platform on which the other elements for building successful performance can be added is whole and complete; in the absence of integrity the platform for building successful performance is broken, and adding those other elements will not substitute for the broken platform. Integrity is the precondition (in fact a necessary condition) for maximum performance. When integrity is impaired, the ability of a person, group, or entity to perform is impaired. While integrity by itself is not a guarantee of success (that

is, not a sufficient condition), integrity is the foundation on which successful performance can be built.

**A. “WITHOUT INTEGRITY NOTHING WORKS” IS A
HEURISTIC THAT ENSURES THE MAXIMUM
OPPORTUNITY FOR PERFORMANCE**

Encarta’s Dictionary defines heuristic as a “procedure for getting at a solution: a helpful procedure for arriving at a solution but not necessarily a proof.” A heuristic is a proposition that is not provable, but works to arrive at a successful end. Without integrity nothing works is not provable, but works to arrive at a successful result.

"Without integrity nothing works" is the heuristic we offer to give individuals, groups, and organizations the power to access the maximum opportunity for performance. Like any heuristic, our heuristic is not a provable proposition. Like any effective heuristic, our heuristic just works. Our heuristic provides what great coaching provides in that, if one operates as though it is literally true, one sees the world in a new way and experiences a new level of workability. This reveals opportunities that were previously unseen and therefore unavailable.

In summary, our assertion is that if people and entities operate as though “without integrity nothing works,” they will ensure for themselves the maximum opportunity for performance.

For most of us it appears that a little out-integrity is not a problem. Most of us give ourselves credit for having integrity with something like 97% integrity. Given that with just this little bit of out-integrity, we hold ourselves to be a person of integrity, in being a person of integrity, it now appears that we can get away with a little out-integrity. This results in our giving ourselves credit for being a person of integrity with 94%

integrity. Hence, the downward spiral has been established, and along with it the consequent decline of our performance, and this decline is often unnoticed because it becomes business (and life) as usual. Even when the decline in our performance is noticed, in the environment of giving ourselves credit for having integrity, we will have other justifications for the decline. Living by the heuristic “Without integrity nothing works” is the antidote to the downward spiral and pushes aside the veil of invisibility.

As we said at the beginning of this section, the statement “without integrity nothing works” is an obvious overstatement. There appears to be evidence that people have gotten away with a lack of integrity.

Taking the stand, and operating from the premise, that “without integrity nothing works” is a bulwark against the undermining of integrity by people, groups, and organizations. There is always the temptation to believe that we can “get away with” being late for meetings, not doing exactly what we said we would do, justifying our non-performance by providing evidence that it was not our intention to default, it was not our fault we did not deliver, a little lie, a little exaggeration, a little cutting of corners, a little delay in honoring our word, a little undisclosed violation of the rules of the game we are in. Violations of integrity abound in organizational life. They are motivated by the prominent “success at any cost” attitude in organizations and the code words for lying that are common in most organizations (“under promise and over deliver” and “managing expectations”⁶⁶ of peers and superiors that result from many corporate

⁶⁶ Indeed the general acceptance of these out-of-integrity (as well as unethical) practices was the subject of a recent laudatory *Wall Street Journal* full length column whose main purpose seems to be to explain why lying (our words not the author’s) to reduce expectations of one’s performance is an understandable and even desirable activity in organizations and life. Interestingly the article quotes faculty from the Chicago, Stanford and Harvard business schools. See Sandberg, 2007, "Cubicle Culture: Why Preparing Others for an Effort's Failure Can Bring You Success", *Wall Street Journal*, Jan. 16, p. B1 <http://online.wsj.com/article/SB116890855653877159.html>). It is sensible for people to take account of the fact that they often make unrealistically high estimates of how they will perform, as a result of not

promotion, bonus and budgeting systems), as well as the widespread acceptance of lying to capital markets that is engendered by the almost universal practice of “managing earnings” and “smoothing earnings”. For an explanation of a very different system in which people voluntarily commit to creating extraordinary outcomes that no one knows how to accomplish see Scherr and Jensen (2007) and Scherr (2005). Jensen (2001) and Jensen (2003) argue that corporate productivity would rise by 100% if the systems leading to managing expectations and under-promising and over-delivering were eliminated.

The result of out-of-integrity behavior is always some degree of non-workability, even when the rewards for such behavior (say for fraud, lying, theft, dishonesty) in personal or organizational life seem large to an outside observer. What tends to happen is that people and organizations do not perceive the generality and the seriousness of the non-workability that results from such behavior. Indeed, we tend not to connect the gains from the incidents in which we violate the principles of integrity with the current and long run costs of those violations of integrity. Those costs often take on an invisible character (the veil of invisibility), much like the water to a fish or the air to a bird – until there is a crisis or series of crises leading to serious consequences. Examples abound in the current rash of scandals evident in the corporate, political, entertainment, media, medical and personal worlds.⁶⁷ The costs involve ruined reputations, social and

recognizing that they do not know what they do not know about what it will take to accomplish a task. However, this does not justify advocating that people intentionally “underpromise” so that they can “overdeliver”. For other examples of endorsement of underpromising and overdelivering see Hurley, 2006, “The Decision To Trust”, Harvard Business Review, No. September who recommends under-promising and overdelivering in his list of “Practical Ways of Managing Trust”. This is not unusual, see also Guliani, 2002, Leadership: Hyperion who devotes an entire chapter to the topic.

⁶⁷ Including executives who have gone to jail (Ebbers from World Com, Rigas from Adelphi Cable, board members who have had to pay out of personal funds (the Disney board). Even the impression of lack of integrity can have a substantial impact on one’s quality of life: consider the Utah man accused by the SEC of manipulation of financial reporting to defraud investors. See: “A CEO Who Wouldn’t Say ‘I

professional stigma, loss of jobs and other opportunities, loss of health, break in personal and family relationships, legal problems, jail time, and so on.

10. TRUST

Trust is incredibly important to efficient and effective human interaction across a spectrum from work environments to close personal relations. It adds value and reduces costs in many ways. Allan Scherr provides in Appendix B: A Case Study on Leadership and Integrity, a discussion of how the organizational environment at IBM (in which honoring one's word was very important) allowed IBM to manage the development of its massively complex and hugely successful System 360. Yet only two decades or so later when it was developing the PC in Boca Raton, FL the culture at IBM had changed so that honoring one's word was not important, and the resulting lack of trust made cooperation and coordination amongst the different parts of IBM extremely difficult. So difficult in fact that the PC division contracted with outside vendors for the operating system and chip components of the PC even though IBM internally had more advanced operating system software and chip design and fabrication capacities. As a result IBM sacrificed most of the value that is represented in Microsoft and Intel – whose \$410 billion market value today is more than 2.7 times the current \$123 billion of IBM.

In spite of the incredible value that trust by others bestows on an individual or an organization few people or organizations have any real idea how to create trust. Often trust is thought of as a psychological state, an attitude of others, but thinking of it in this way provides no actionable pathway to earning trust. I cannot create trust in me from

Settle,” NYTimes, March 19, 2006 for a description of how one's opportunity set can shrink dramatically in the face of mere suspicion or accusation of lapses in integrity.

others by asking for it, or by being likeable, or even by being knowledgeable. We all know likeable and even knowledgeable people that we do not trust. And our behavior toward and with such people follows directly. Given that as we pointed out earlier for others I am my word, including my actions that speak louder than words, if I want the trust of others I must earn it, and the way I earn it is by honoring my word.

The higher the stakes, the more critical it is that there be an environment of trust. This cannot be created by merely declaring an environment of trust, rather it is created by a culture in which people honor their word. When the players in the game become count-on-able, that is reliable for their word, effective coordinated action results.

The impact of integrity as we have defined it on creating for myself the trust of others is inescapable. When others know that I honor my word, they cannot help but trust my word. The long pathway to achieving trust is generally thought to involve people spending time together, getting to know each other, and sharing experiences, but the foregoing no matter how long it is carried out does not work if the people involved do not honor their word. Surprisingly, trust is generated most quickly in the situation where one is not able to keep one's word, but honors one's word. Others quickly trust those who have the courage to be straight when it costs them something to do so, as is the case with, for example, acknowledging in advance that one will not keep one's word on time. And, this behavior is still a potent contribution to trust even when there is little or no consequence from the lateness. Thus the path to trust for a person, group and organization is integrity – honoring one's word.

And although it is commonly thought that trust takes a long time to create or build up and is easily or quickly destroyed, viewed through the lens of integrity the trust of others will manifest itself very quickly if one honors one's word.

11. TREATING INTEGRITY AS A MATTER OF COST-BENEFIT ANALYSIS GUARANTEES YOU WILL NOT BE A TRUSTWORTHY PERSON OR A PERSON OF INTEGRITY⁶⁸

People and organizations commonly and unknowingly engage in out-of-integrity behavior when they apply cost-benefit analysis in the matter of their integrity.

A. COST-BENEFIT ANALYSIS APPLIED TO KEEPING OR HONORING MY WORD

For a variety of reasons that we will explore in more detail below, most people and organizations, when faced with the challenge of keeping or honoring their word unconsciously end up calculating the costs and benefits of keeping or honoring their word without being aware of the consequences of doing so. What is invisible to them is the dramatic reduction in workability, and consequently performance, that results from doing so. As the title of this section suggests such behavior guarantees that we as individuals or organizations will be untrustworthy and thereby forego the enormous benefits that come from the trust of others. As Allan Scherr describes in Appendix B: A Case Study on Leadership and Integrity, when IBM lost the ability for its many divisions and units to trust in the word of the others in IBM the resulting decisions in the development of the PC cost it lost value amounting to almost 3 times IBM's current value. In addition such unconscious and inappropriate application of cost-benefit analysis to one's integrity

⁶⁸ A qualification: Other than a cost-benefit analysis of what you give your word to, treating your integrity as a matter of cost-benefit analysis will always guarantee that you will not be a trustworthy person. There are some minor qualifications (that are to our knowledge seldom, if ever, observed) that will leave you in integrity while applying cost-benefit analysis to honoring your word. These qualifications are treated below.

virtually guarantees that we will be out of integrity and suffer the additional costs of the loss of workability which that implies.

When I give my word with the intention to do a cost-benefit analysis on keeping or honoring my word, and I do not say that I have that intention, my word is a lie and therefore out of integrity. It was a lie even if I keep or honor my word, in that when giving my word, keeping or honoring that word was contingent on the outcome of a cost-benefit analysis (or any other contingency), which I concealed.

When I give my word, if I intend to follow a cost-benefit analysis on keeping and honoring my word, to do so with integrity I must say something like the following:

“I will keep my word when it comes time for me to keep my word if the costs of doing so are less than the benefits, and if I will not keep my word, I will honor my word if the costs of doing so are less than the benefits.”

Such statements are to our knowledge unheard of. While completely honest, such a promise is empty and even ridiculous, and while leaving me with integrity will certainly not engender trust of me by any sensible person.

Basically, I have given you my word that you cannot trust me to keep or honor my word. At best you are left guessing what costs and benefits (as I define them) I will be facing when it comes time for me to keep or honor my word. And if the costs are greater than the benefits (as I see them) I will not keep my word, or if I don't keep my word, I will not honor my word. And therefore, I would not be for you a person who is worthy of trust. In effect, I have just told you I am an unmitigated opportunist.

a. A Legitimate Use of Cost-Benefit Analysis

Consider, however, the case where it actually makes sense to include in giving your word that you will do a cost-benefit analysis on *keeping* your word, but not on honoring your word. This happens quite often where one or more parties to an agreement

contemplate a situation where it makes sense to not to keep their word to fulfill the agreement. For example, this happens frequently in mergers where the parties agree in advance to breakup fees should one or the other choose to not keep their word to complete the merger. In general, in the language of our new model, this is the case where when I give my word I say I intend to do a cost-benefit analysis (or any other contingencies) on keeping my word, possibly including my word to defray any agreed on consequences of not keeping my word. If the cost-benefit analysis leaves me not keeping my word, my integrity is maintained so long as I honor my word by paying the breakup fees or whatever else might have been agreed to.

When in any circumstances I am not going to keep my word, it is critical to be clear that it is always out-of-integrity behavior to not honor my word. If one wishes to be considered trustworthy that prohibits even considering a cost-benefit analysis on honoring my word.

In summary: Indeed, if you are a person of integrity, then when faced with honoring your word, *there is simply no choice*.

B. COST-BENEFIT ANALYSIS APPLIED TO GIVING MY WORD

We do not want to leave our readers with the impression that with regard to our word cost-benefit analysis has no legitimate application. When I apply cost-benefit analysis to *giving* my word, my integrity remains intact whether I wind up giving my word or not. In fact, in order to give my word with integrity, I am obligated to apply a careful cost-benefit analysis to what I choose to give my word to.

Indeed, if I do not think carefully about my actual commitment and real ability to keep my word, I have put off such consideration until it comes time to keep my word, and thereby put my integrity, and consequently my performance, in jeopardy, not to mention the performance of others who are counting on my word. Someone who never says no is guaranteed to be out of integrity, and the decision to say yes or no with integrity requires one to make a careful evaluation at the time of giving one's word.

C. HOW TO NOT KEEP MY WORD WITH INTEGRITY

There are three bases for not keeping my word. Namely, when it comes time for me to keep my word 1) it is simply not possible for me to do so, or 2) it has become inappropriate or unwise to do so, or 3) I make a choice not to do so. All of these are legitimate reasons to not keep my word, but only fully so when prior to giving my word I had done a careful cost/benefit consideration of my ability to keep my word.

There are two cases in which I maintain my integrity where when I gave my word I did not intend to do a cost-benefit analysis on keeping my word, but I end up doing so⁶⁹:

- a. If the cost-benefit analysis leaves me keeping my word, to maintain my integrity I must say, "While I did not intend to do a cost-benefit analysis when I gave my word, when it came time for me to keep my word I did, and it left me

⁶⁹ A third case, which we mentioned in Section 11.A above is where I give my word *with* a secret intention to do a cost-benefit analysis on keeping or honoring my word. In this case my word is a lie and therefore out of integrity. It was a lie even if I keep or honor my word, in that when giving my word, keeping or honoring that word was contingent on the outcome of a cost-benefit analysis (or any other contingency), which I concealed. In this case I am clearly out of integrity *even* if I keep or honor my word. I can recover a degree of integrity by saying after the fact:

"I did a cost benefit analysis and it left me keeping my word (or honoring my word). However, if it had turned out the other way, I would not have kept my word (or honored my word)."

Saying this allows the person you are dealing with to understand what you did and to therefore take that possibility into account in future circumstances in which you give your word.

keeping my word. However, if the cost-benefit analysis had left me not keeping my word, I would have honored my word.”

b. If the cost-benefit analysis leaves me not keeping my word, in order to maintain my integrity I must say, “While I did not intend to do a cost-benefit analysis when I gave my word, when it came time for me to keep my word I did, and it left me not keeping my word. I will however, honor my word.”

D. THE CONTRIBUTION OF ECONOMICS TO THE CONFUSION ABOUT COST-BENEFIT ANALYSIS, INTEGRITY AND TRUST

This discussion highlights a potential pitfall of applying economic calculus to the issue of integrity. In his well-known article on trust, Dasgupta (2000), applies cost/benefit calculus and game theory to the issue of trust. Dasgupta reflects the almost universal unawareness of the dangers of applying economic calculus to the issue of integrity. And it does not help to put it in the game theory framework. As we have shown if I apply cost/benefit analysis to honoring my word, I am guaranteed to be untrustworthy, and almost certainly to be out of integrity and therefore suffer a loss of the opportunity for performance.

Absent a clarity of the personal and organizational cost resulting from out-of-integrity behavior, as the apparent benefits of being out of integrity rise, the economic prediction that more people or organizations will be out of integrity is highly likely to be consistent with observed behavior. (See the discussion on the veil of invisibility in Section 8 above.) This leaves us with another conundrum: How can the economic prediction just stated be valid simultaneously with our earlier statement that cost-benefit analysis secretly applied directly to one’s integrity virtually guarantees that an individual

or organization will be out of integrity and untrustworthy? The simultaneous validity of these two seemingly inconsistent propositions turns on the veil of invisibility that makes it difficult or even impossible for people to see the costs of being out of integrity and therefore makes it impossible for them to do a proper cost-benefit analysis on whether to secretly subject honoring their word to a cost-benefit analysis when it comes time to honor their word.

The problem associated with not distinguishing the differences between these two domains shows up particularly in education and in business when we do not keep distinct the separate domains of economics on the one hand, and integrity and trust on the other. This is especially so when integrity is understood merely as a virtue rather than as an important factor of production – in effect a necessary condition for workability.

And in fact there seems to be growing evidence that because we have not kept these domains separate, and because we have not educated students in economics and business in their distinction, we have caused great problems. It appears that we have inadvertently taught or induced students, employees and managers to not see the costly consequences of out-of-integrity behavior that are induced by implicitly allowing them to believe that integrity can be thought of as a matter of costs and benefits, again especially so when integrity is seen as a virtue. Simply put, as we pointed out above, for a person of integrity, *there is no choice* when it comes to the matter of honoring his or her word.

The crisis faced by Johnson and Johnson in the fall of 1982 is a good example of an organization honoring its word and not doing a cost-benefit analysis of doing so. Seven people died within a few days when someone in the Chicago area laced Extra-Strength Tylenol capsules with enough cyanide to cause instant death and placed the

bottles on the shelves of a number of retailers in the Chicago area. When Johnson and Johnson learned that the deaths were caused by its Tylenol capsules it

“ . . . immediately alerted consumers across the nation, via the media, not to consume any type of Tylenol product. They told consumers not to resume using the product until the extent of the tampering could be determined. Johnson & Johnson, along with stopping the production and advertising of Tylenol, recalled all Tylenol capsules from the market. The recall included approximately 31 million bottles of Tylenol, with a retail value of more than 100 million dollars.

Burke [the CEO of Johnson and Johnson] said that the decisions to pull advertising for Tylenol, recall all of the bottles from the lots that were laced with cyanide, and send warnings to health professionals, were made with no hesitation. Although it seemed almost impossible that Johnson & Johnson could be held responsible for any of the tamperings, the corporation had a hard decision to make: Should they implement a nationwide recall on the product?

There was a great deal of discussion on recalling Tylenol on a national level. Some executives worried about the panic that could result in the industry over such a wide scale recall. There were arguments over which Tylenol products to pull and arguments over whether recalling 100 million dollars in Tylenol would humor the killer and spur him to poison other products. The executives held off on the huge recall through the first weekend after the deaths.

That Saturday, three of the victims of the poisoned capsules were buried. There was coverage of the burials that night on television. Johnson & Johnson executives wept not only out of grief, but some out of guilt. One top executive said, "it was like lending someone your car and seeing them killed in a traffic accident." That weekend, opposition to the national recall all but vanished and it was announced on Tuesday that 31 million bottles of Extra-Strength Tylenol capsules would be pulled off of merchants shelves.

On Thursday, as a final step in this phase of Johnson & Johnson's public relations plan, the company offered to exchange all Tylenol capsules that had already been purchased for Tylenol tablets. It was estimated that millions of bottles of Tylenol capsules were in consumers homes at the time. Although this proposition cost Johnson & Johnson millions more dollars, and there may not have been a single drop of cyanide in any of the capsules they replaced, the company made this choice on their own initiative in order to preserve their reputation.”

Source: Tamara Kaplan (undated)

Experts thought that Tylenol was doomed and would never return to its former position in the market.

"I don't think they can ever sell another product under that name," advertising genius Jerry Della Femina told the New York Times in the first days following the crisis. "There may be an advertising person who thinks he can solve this and if they find him, I want to hire him, because then I want him to turn our water cooler into a wine cooler."

Della Femina was quite wrong in assuming that Tylenol would never sell again. Not only is Tylenol still one of the top selling over the counter drugs in this country, but it took very little time for the product to return to the market. Johnson and Johnson's handling of the Tylenol tampering crisis is considered by public relations experts to be one of the best in the history of public relations.

Tamara Kaplan (undated)

While Johnson and Johnson's success in dealing with its Tylenol crisis can be explained as a public relations exercise, doing so obscures the actual source of that success. For the public Tylenol existed as a promise, that is to say, what Johnson and Johnson gave its word Tylenol would produce for a user, and that certainly included that used as instructed it could be used safely. Through no fault of its own, Johnson and Johnson could not keep their word. We argue that Johnson and Johnson's success in dealing with the Tylenol crisis was that Johnson and Johnson acted with integrity by honoring its word when it could not keep it. This view provides actionable access to successfully dealing with the crisis of a corporation that for any reason finds itself not keeping its word. The power of Johnson and Johnson honoring its word is self-evident.

12. SOME PRACTICAL ADVICE ON THE APPLICATION OF INTEGRITY

A. APPLYING THE HEURISTIC

At all times, do whatever you need to do so that who you are is that without integrity nothing works, i.e., that there is no sustainable success, and no full power, freedom, or peace of mind. Do whatever you need to do so that the people around you cannot help but notice that your communications and actions consistently reflect the fact that without integrity nothing works, and so that, wherever integrity is lacking, from what you say and what you do the people around you are crystal clear that you are an

impregnable wall about the fact that there is nothing else to do but to get integrity in where it is absent, restore it where it is broken, and maintain it where it is present.

Because integrity has a fairly short half-life, assuming that integrity is in is a mistake. Integrity needs fairly frequent periodic attending to. As Sun Tzu put it long ago, “Thus it is that in war the victorious strategist only seeks battle after the victory has been won, whereas he who is destined to defeat first fights and afterwards looks for victory.” Reflecting Sun Tzu, when one attends to one’s integrity before entering any fray one enters that fray victorious before the battle begins.

If you are lacking in integrity, or if a situation you are dealing with lacks integrity, or if a person who has accountabilities related to a situation you are dealing with lacks integrity, or if the person’s situation who has accountabilities related to a situation you are dealing with lacks integrity, there is nothing to do until you get integrity in or restored where integrity is lacking.

No one can get anyone else’s integrity in or restored. Where integrity is lacking, there is no help coming. All there is to do is to do whatever needs to be done to get integrity in or restored. When integrity is lacking, there is nothing that can be done that will make any significant or lasting difference, until the person or entity whose integrity is out gets their integrity in or restored, or if a situation lacks integrity, there is nothing that can be done that will make any significant or lasting difference, other than to get integrity in or restored in the situation.

B. WHERE IS YOUR WORD WHEN IT COMES TIME TO KEEP YOUR WORD?

We all know that when we give our word, our word is so to speak in our mouths (and if we are awake, then also in our ears in being aware that we have just given our word). When one is giving one's word, one's word exists in one's mouth, but exists there only for the duration one is speaking.⁷⁰ The question is where does your word go - where does your word exist - after you have closed your mouth? More critically, the question is where is your word when it comes time for you to keep your word?

A major source of people saying, "talk is cheap", is that when it comes time for most people to keep their word, their word exists in a place that does not give them a powerful opportunity for keeping their word and on time, or if they find that they can't keep their word, or can't keep it on time, then saying so and cleaning up any mess (integrity for persons). Most people have never given any thought to where their word went after they closed their mouth, that is to say, where their word is when it comes time for them to keep their word. This is a major source of out-of-integrity behavior for individuals, groups and organizations.

In order to have integrity, or to put integrity in where it doesn't exist, or to restore integrity where it has been diminished, you must have an extraordinarily powerful answer to the question, "Where is my word – where will my word exist – when it comes time for me to keep my word?"

⁷⁰ Likewise, my word is in my writing when I give my word in an e-mail message or other written document, but only for the duration in which I am writing it. It stops living there once I can no longer see what I wrote, that is, once what I wrote is no longer literally present for me. The same is also true when I read a request that I have not timely declined, or counter-offered, or promised to deal with at a specific later date, as soon as I am no longer looking at the request.

It is virtually impossible to have integrity if you do not have an extraordinarily powerful answer to the above question. Without a powerful answer to this question, the whole conversation about integrity makes most people's view that talk is cheap valid.

When giving our word, many of us are oblivious to the reality that our integrity (not to mention our trustworthiness) is a matter of our word. So we say "yes" (give our word) without realizing the profound cost to ourselves, not to mention others, of not taking our "yes" seriously. If when you give your word, even if spoken casually, you are not aware that you have "put yourself on the line" you will find it very difficult to be a person of integrity, and will suffer the costs that entails. At least in the matter of integrity, who you *are* is your word. It pays to take giving your word seriously.

It is worth emphasizing that very often when people give their word they are not even aware that they have given their word, not aware that they have made a promise. It often occurs to them as an assertion or an opinion that something will happen, not that "I am going to make it happen." When I give my word I am always putting myself somewhat at risk, and if it doesn't feel that way to me when I give my word the likelihood that I will honor my word is small.

As we said, no one can put integrity in for you. When giving our word, in order to be effective in honoring our word, each of us must develop for ourselves a standard set of practices that we make habitual for having our word in effective existence when it comes time to keep our word. We find that without such habitual practices, there is little hope of being a person of integrity. When it comes time to keep our word, this practice must

present us with a powerful opening for the action required to keep our word, or if we are not going to keep it, then a powerful reminder to honor our word.⁷¹

It is virtually impossible to have integrity if you do not have an extraordinarily powerful answer to the above question. Without a powerful answer to this question, the whole conversation about integrity makes most people's view that talk is cheap valid.

13. THE BAD NEWS: MAINTAINING INTEGRITY IS NOT EASY

[Incomplete: Here is a brief outline of what is to come in this section]

- It's easy to keep your word when it doesn't cost you anything
- The rubber meets the road when keeping 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
- Yet it is exactly those times where we must bear costs to stay in integrity that we excuse ourselves this obligation
- Moreover, it is the times when it is most costly to me to be in integrity that it is most valuable to others for me to be in integrity. Thus, we excuse ourselves the obligation to be in integrity at exactly the times when our integrity is most valuable to others.
- What is surprising is how little the costs need be to push us out of integrity

⁷¹ See Ford and Ford, 2005, *Deadline Busting: How To Be A Star Performer*: iUniverse, for an excellent discussion of practices and techniques that enable individuals to meet their deadlines (in our language, keep their word).

- We sacrifice integrity to avoid imposing costs on friends, lovers, bosses
- What's more is we sacrifice our integrity "to protect" the reputations of the institutions we serve, and damage them severely in the not-too-long term.

14. SUMMARY AND CONCLUSIONS

A. A POSITIVE THEORY OF NORMATIVE VALUES

[This section is incomplete.]

A major goal in this paper is to lay the foundations for the positive analysis of normative values. While the "positive analysis of normative values" may sound like a non sequitur, it is in our opinion among the major issues facing the world today. It does not take much reflection or study of history to see the import of different judgments about normative values on the tensions and conflicts among human beings. There are of course many causes underlying the conflicts between humans in addition to those involving differing value systems, including for example, force, wealth, etc. Nevertheless, the force of values, that is to say, the force of deeply held personal beliefs about what is good and bad behavior, what is desirable versus undesirable, what is "right" vs "wrong", to cause (or at least to encourage) human beings to commit the most horrific crimes against their neighbors is amazing: Witness the multitudes of religious and civil conflicts ranging from the crusades of the middle ages, the holocaust, two world wars, "ethnic cleansing" in Bosnia, the mass killings of the Tutsis in Rwanda, to the civil wars, brutal bombings, torture and televised beheadings associated with the current worldwide conflicts involving radical Islam.

In the last two decades we witnessed the end of three quarters of a century of conflict and violence between the normative views of socialist and communist philosophy and those of capitalist philosophy over how the means of production in a

society should be owned, directed, and coordinated, and how the output of that production should be distributed. We are now witnessing the beginning of what will likely be the next three-quarters of a century of conflict roiling civilization, in this case between radical Islam and most of the rest of the world over whether the very roots of modernity, the separation of church and state, will be overturned.

A potentially valuable source of knowledge of the source of these tensions and therefore in learning how to manage and reduce such tensions is a much deeper understanding of the role of values in shaping and guiding human action and interaction and that of integrity in determining performance. And this clearly calls for a positive analysis of integrity as well as such an analysis of values, how they arise, how they change, how they interact across cultures, how they can be changed, and so on. Understanding how values are reflected in markets and how markets either reduce or increase their positive or negative effects on human welfare is clearly important.

We look forward to seeing the creation of an entirely new field of inquiry in philosophy, and in economics and its sister social sciences focused deeply on the positive analysis of the role of values in elevating the outcomes that are possible from human interaction. This means understanding how values create, as well as facilitate the management of, conflicts among human beings. It goes beyond a discussion or debate about what are better or worse values to a discussion of what are the effects of differing values, and how intentions differ from actual effects or results. And a great start for this lies in creating a rich body of knowledge of how the values reflected in moral, ethical and legal codes for standards of good vs. bad behavior affect human interaction in families, groups, organizations, social cultures, and nations. That is a purely positive question for philosophy, economics and the rest of the social sciences, and separating out the concept

of integrity from these normative concepts and seeing integrity as a purely positive phenomenon that plays a foundational role in performance is an important milestone on the road to the creation of such a science.

B. A PICTURE OF INTEGRITY:

Illustrating with one's self what it means for a person, group, or entity to have integrity, picture what your life would be like and what performance would be like 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 that you would do it, and you did it on time.
- You have made your expectations of others clear through explicit requests.
- 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 just 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, or
 - if you won't be doing it at all, you have said so, and
 - you have dealt with the consequence 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.
- Whenever you have given your word as to the existence of some thing or some state of the world, you are willing to be held accountable that the other(s) would also accept your evidence on the issue as valid.

In a sentence, you have done what you said you would do, what you know to do, and what others expect you to do, or you have said you are not doing it, and you have cleaned up the mess you have caused by not doing it on time or not doing it at all. And if you are not going to obey the rules of the game you are playing in you have informed all

others playing with you of that fact. You have nothing hidden; you are truthful, forthright, straight, and honest.

15. APPENDIX A: CLARIFYING THE TWO PHILOSOPHICAL INTUITIONS OF INTEGRITY, AND INTEGRATING THE TWO INTUITIONS INTO ONE CONSISTENT THEORY

We promised in Section 1.D of the Introduction to clarify what is meant by each of the two separate philosophical intuitions of integrity, and to combine them into one consistent theory. The following is the relevant excerpt from the Stanford Encyclopedia of Philosophy (Cox, La Caze, and Levine (2005)):

“What is it to be a person of integrity? Ordinary discourse about integrity involves two fundamental intuitions: first, that integrity is primarily a formal relation one has to oneself, or between parts or aspects of one's self; and second, that integrity is connected in an important way to acting morally, in other words, there are some substantive or normative constraints on what it is to act with integrity. How these two intuitions can be incorporated into a consistent theory of integrity is not obvious, and most accounts of integrity tend to focus on one of these intuitions to the detriment of the other.”

I. *THE FIRST OF THE TWO PHILOSOPHICAL INTUITIONS: “INTEGRITY IS PRIMARILY A FORMAL RELATION ONE HAS TO ONESELF*

In dealing with Cox, et al's question, “What is it to be a person of integrity?”, we start with the first of their two intuitions: “... integrity is primarily a formal relation one has to oneself ...”.

In our new model, in the matter of integrity who one is *is* one's word⁷², therefore the formal relation I have to myself is the relation I have to my word. That is, the “formal relation one has to” one's word is an identity. In our new model we define integrity as the state or condition of being whole, complete, unbroken, unimpaired, sound, perfect condition. Given the identity of one's word and one's self, when one's word is whole,

⁷² See Section 4.A.

complete, unbroken, unimpaired, sound, perfect condition, one's self is also whole, complete, unbroken, unimpaired, sound, perfect condition, and therefore one is "a person of integrity". Q.E.D.

The above paragraph fulfills in a concrete way Cox, et al's claim that the first "intuition" of what integrity is in answering the question, what is it to be a person of integrity, "... is primarily a formal relation one has to oneself".

II. *THE SECOND OF THE TWO PHILOSOPHICAL INTUITIONS: "INTEGRITY IS CONNECTED...TO ACTING MORALLY"*

Cox, et al's "second intuition" of what it is to be a person of integrity is, "... that integrity is connected in an important way to acting morally, in other words, there are some substantive or normative constraints on what it is to act with integrity."

In Section 7.B.I, we show that because your word includes the expectations of others, the moral, ethical and legal standards of the societies, groups, organizations and families (of which you are a member) that you have not explicitly and publicly declined (and willingly borne the consequences of such decline) are a part of your word. Therefore our new model shows exactly how "... integrity is connected in an important way to acting morally ..."

III. *INTEGRATING THE TWO PHILOSOPHICAL INTUITIONS INTO ONE CONSISTENT THEORY*

Finally, we resolve Cox, et al's final dilemma, that is, "How these two intuitions can be incorporated into a consistent theory of integrity is not obvious, and most accounts of integrity tend to focus on one of these intuitions to the detriment of the other."

In our new model of integrity, instead of focusing on one of these intuitions to the detriment of the other, the second intuition becomes a logical implication of the first of

Cox, et al's two intuitions. We have thereby completed our promise to combine both intuitions of integrity in one consistent theory.

Our resolution of the philosophical confusion, confounding, and ambiguity regarding integrity for a person comes from treating integrity for a person in our new model as a matter of that person's word, nothing more and nothing less. And doing so is another of the critical factors in our new model.

16. APPENDIX B: A CASE STUDY ON LEADERSHIP AND INTEGRITY

Allan L. Scherr

I was a manager and then executive in IBM software product development from the late '60's through the early '90's. The change in IBM's organizational culture over that period was dramatic.

During the '60's, IBM embarked on a international, multi-product development effort that resulted in the System/360 – a product line with several new software operating systems and at least 8 different hardware systems along with a new line of peripherals. The development of these products spanned the globe and took place in more than 30 groups in approximately 15 different locations from Europe to North America to Japan. There were countless interdependencies among these groups and, as might be expected, rivalries and conflicting priorities among them. But a few, relatively small, central groups in upstate New York were successful in managing the interfaces and interdependencies between the many components of the various hardware and software systems, the schedules and the budgets. Bob O. Evans was the overall executive in charge of development in those days. He was a man of impeccable integrity – his word was his

bond, and he insisted on the same kind of behavior throughout his organizations. Failing to give your word to provide a necessary component on schedule was unacceptable. Not honoring a commitment was inexcusable.

The System 360 project was sometimes referred to as a “bet-your-company” effort and its success set the growth path for IBM for the next 25 years.

A few years later, in the early ‘70’s, when Evans was the president of the product development division, I managed the creation of the first version of the MVS System which was, up to that point, the largest single software project IBM had ever attempted. Twenty different groups in 12 locations were involved – a total of nearly 3,000 people at its peak. Each of the groups reported to geographic executives that often had other conflicting priorities – their own pet projects, non-software products that they were also responsible for, budget and headcount constraints, and so on. Even so, it all worked.

When we had to add a critical feature in the midst of the project, we recruited what became the 20th group in the 12th location to do the work. We never thought it would be a problem, and it wasn’t. Despite numerous breakdowns, very few people even tried to renege on their commitments (and no one ever succeeded), and the project was successful. Today MVS remains IBM’s primary mainframe operating system.

Ten years later, after Evans had been moved out of line management to direct the corporate technical staff, things had changed. I was on the management team of a project that spanned eight groups in six locations, all of whom reported to the same executive. The project lurched and finally sputtered out of existence because virtually every breakdown was resolved by backing off from the commitments, that is, people not honoring their word. This experience was repeated several times on other projects. Around this time, most IBM product development people concluded that creating projects

that spanned multiple locations and business interests was not feasible within IBM. The consequences of this shift were enormous.

When IBM's first personal computer was being developed in the early '80's in Boca Raton, FL, the management of the project refused to work with or depend on other IBM groups because they perceived them as undependable and self-serving. The term "bureaucracy" was often used; and it referred to the fact that if a group no longer wanted to do something they had committed to, they could throw up a myriad of procedural barriers to anyone trying to get them to honor their word. As a result, even though superior technologies were available within IBM, those technologies were spurned in favor of using outside suppliers.

Specifically, IBM Research had already developed a superior software operating system for a microprocessor, and the IBM Components Division had superior chip design and manufacturing capabilities to provide microprocessor chips. Because of the lack of trust inside of IBM and the fact that IBM management did not see the personal computer or software as important future businesses, the PC project was allowed to contract outside the company for operating system and chip solutions for the new personal computer.⁷³

The rest, as they say, is history – those outside suppliers are today's household names: Microsoft and Intel, and today the market capitalization of these two companies totals \$404 billion, more than 2.7 times the current \$149 billion of IBM.⁷⁴ Furthermore, IBM is no longer in the personal computer business having sold it to a Chinese company.

⁷³ While it is certainly the case that the financial deals that IBM made with Microsoft and Intel turned out to be huge giveaways, these deals would not have happened had IBM stayed with inside sources. In fact, the PC project was the first time in the author's experience that IBM had ever gone outside for a major hardware system component or a software operating system.

⁷⁴ As of August 22, 2007.

Thus, this failure of leadership, integrity and therefore trust within the company cost IBM the equivalent of almost 3 IBM's of today.

17. APPENDIX C -- HOW TO DISOBEY A LEGAL ORDER WITH INTEGRITY: A CASE STUDY FROM THE NAVY

Dan Struble

Dan.struble@Simon.Rochester.edu
Director, Simon Graduate School of Business Center for Leadership Development

Retired Marine Colonel Paul E. Roush developed the Hierarchy of Loyalties and the Constitutional Paradigm concept,⁷⁵ which the U.S. Naval Academy and Naval ROTC Units at U.S. universities and colleges teach to all Midshipmen (future Naval Officers).

Before assuming their titles and ranks all military officers take an oath of office in which they swear (or affirm) to support and defend the Constitution against all enemies foreign and domestic. The Constitution is the supreme law of the land, which details the powers of the three branches of government and how civilian control of the military is designed. The Constitutional Paradigm provides a mechanism which allows officers to apply the constitutional rules. Additionally it provides an ethical reference point and a model, which allows military officers to fulfill their constitutional duties. It consists of four principles.

Principle 1 - The Hierarchy of Loyalties is:

Constitution
Mission - Defense of the nation
Service - Army, Navy, Air Force or Marines
Ship or Command
Shipmate
Self

⁷⁵ Roush, 2004, "Constitutional Ethics", in ed. Lucas, The Moral Foundations of Leadership, Boston: Pearson Education, pp. 75-80

Principle 2 - Conflicts in loyalty must be resolved from the bottom up, where priority is given to the next level up in this hierarchy.

Principle 3 - If an individual cannot or will not follow principles 1 and 2 then he/she should resign.

Principle 4 - Situations may arise in which an individual confronts a legal order (regulation, obligation), which cannot be resolved through the first two principles and while resignation may be considered it is not practical or the individual strongly feels that the situation must be confronted by disobeying the order. Before disobeying a legal order the following prerequisites must be met/satisfied (Note: illegal orders do not create a dilemma, because it is the duty of each military member to disobey illegal orders, e.g. “shoot this prisoner” is an illegal order and must not be carried out):

- a. The situation or conflict must be a fundamental violation of justice. It cannot be a trivial issue.
- b. An attempt must be made to have the order changed or situation resolved by legal means.
- c. Disobedience must be public and not hidden in any manner.
- d. The individual, who violates the order, is willing to accept the consequences of his/her actions – e.g. courts martial, loss of qualifications, poor performance evaluation, etc.

Let’s look at a few examples.

An officer decides that he/she does not agree with the Department of Defense’s policy commonly referred to “Don’t ask, don’t tell”. In this situation the officer is in conflict with his/her loyalties because the policy comes from the Congress and is supported by the Secretary of Defense. The Constitution empowers the Congress to set this policy. If unable to support this policy the officer cannot fulfill his/her oath of office to support the Constitution. The officer must then turn to the third principle and resign his/her commission from military service.

Sometimes the option of resignation is not practical or the issue must be confronted with disobedience. The following is an example in which resignation was not practical and the Naval Officer violated a legal order in accordance with the Constitutional Paradigm.

Aircraft carriers are routinely supplied with ammunition while at sea. This process is called underway replenishment. There are two types of replenishment – CONREP (continuous underway replenishment) and VERTREP (vertical replenishment). During CONREP an aircraft carrier steams alongside a re-supply ship and cables are stretched between the ships and, utilizing a system of pulleys and winches, ammunition is transferred from the re-supply ship to the aircraft carrier. VERTREP utilizes helicopters, which carry loads of ammunition externally underneath the aircraft from the re-supply ship and place them on the flight deck of the aircraft carrier.

During VERTREP operations the re-supply ship will cover its flight deck with ammunition loads so that the helicopters can deliver ammunition continuously without delay. The larger aircraft carrier flight deck is used for re-fueling the helicopter and as an available place to land in the event of an emergency (referred to as the “ready deck”).

This case occurred in the spring of 1980. While re-supplying an aircraft carrier via VERTREP the helicopter aircraft commander (HAC) of an H-46 helicopter needed to land on the aircraft carrier in order to refuel. He was down to ten minutes of fuel when he notified the Air Boss (the senior officer in charge of flight operations) via radio that after he delivered two more loads by helicopter he wanted to land and refuel. The Air Boss responded that the crews were standing by to land and re-fuel the aircraft. After delivering the two loads of ammunition the pilot called the Air Boss on the radio and asked for a green deck for landing and refuel (a green deck – flashing green light means that the deck crews and the flight deck are manned and ready to safely land the aircraft). The Air Boss did not respond to the pilot’s radio transmission. At this point the helicopter had five minutes of fuel left. After several radio calls and no responses from the Air Boss, the HAC hovered the helicopter over the water next to the spot on the flight deck

where the Air Boss had previously stated that it would land. The flight deck crew signaled the helicopter with hand signals to wave-off (wave-off means to not land due to unsafe conditions, Navy Regulations state that pilots must obey this signal and must not land). The re-supply ship heard the radio calls and asked what the problem was. The pilot explained that he could not land on the aircraft carrier and that he had less than five minutes of fuel. The flight deck on the re-supply ship was not available because it was covered with loads of ammunition that would be impossible to clear off in less than five minutes. After several more radio calls to the Air Boss with no response the pilot decided to ignore the wave-off signal and violate the order of not landing on a red deck. The HAC landed the helicopter on the aircraft carrier. After landing the Air Boss started to berate and reprimand the HAC for violating the wave-off signal. The HAC attempted to explain the situation however the Air Boss continued to reprimand the pilot and stated that the safety on the flight deck covered with live ammunition was more important than the four lives on the helicopter. The HAC decided to let the Air Boss have the final say and stated to his co-pilot, “better to be alive without wings than dead with them” (better to lose his pilot qualifications and live than to keep those qualifications and die).

The HAC knowingly violated a lawful order, because the option of running out of fuel and crashing into the ocean was completely unacceptable. Since the HAC was an integral part of the crew, the option of resigning was not possible. He followed the four prerequisites for violating a lawful order. First, it was an important issue – it was not a trivial matter. It involved the safety of the four man crew and the aircraft. Second he attempted to correct the situation by calling the other ship to see if it had communications with the Air Boss or if the other flight deck was available. Third he violated the order in an open and public manner – everyone could clearly see what he was doing. Fourth he

was willing to accept the consequences, which could lead to the loss of his qualifications as a Naval Aviator (his wings).

It turns out that the Air Boss did not respond to the HAC's radio calls, because the aircraft carrier had experienced an electrical failure. As luck would have it after he landed the helicopter electrical power was restored. The Air Boss reprimanded the HAC for ignoring the mandatory wave-off signal. Additionally the Air Boss was concerned that without electrical power all of his firefighting equipment was not functional and the flight deck was covered with tons of recently delivered ordinance. From the Air Boss's point of view the loss of electrical power, lack of firefighting equipment and tons of exposed ordinance forced his utilitarian decision to deny permission to the HAC to land. From the HAC's point of view his aircrew and aircraft were in an extremis situation due to low fuel. To him it was unacceptable to crash into the ocean due to fuel exhaustion when there was room to land on the aircraft carrier. The HAC elected to take action and violate a legal order for the safety of his crew and aircraft, for which he was responsible. He was fully aware that he may be punished for this violation but the alternative was unacceptable. He was not punished.

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