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INTEGRITY AS MORAL IDEAL AND BUSINESS BENCHMARK

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Abstract: The increasing appeal of integrity in business may not only imply an acknowledgment that integrity has in fact all along been in short supply, but also suggest that its moral value has been short-changed into its function to increase profit. It will therefore be necessary to reconstruct the concept of integrity in light of an interpretation that takes up the various strands of meaning and ties them together in the comprehensive vision of the good life grounded in the ethics of respect for persons. This will put the moral implications of integrity into sharper profile and set benchmarks for socially attuned and responsible business.

Keywords: integrity, integration, wholeness, respect, virtues

Financial Crisis as Wake-Up Call

In September 2009, news broke that the G20 finance ministers had reached a compromise on the reform of the financial markets. They all agreed that lessons must be learned that would prevent another crisis of this magnitude. While deep divisions remained, the compromise reached has been regarded as a milestone on several accounts. For one, it acknowledges that something in the regulatory systems of financial markets didn't work as economists had always maintained it would. They now had to admit that the market left to itself did not exercise the self-healing powers they had all along relied on. Instead, it had to be referred to the care of government-appointed doctors prescribing tough emergency medicine in the form of billions in guarantees and stimulus packages for the collapsing economy that would cost the taxpayer dearly.

Furthermore, the politicians firmly acknowledged in principle that the much-criticized bonus payments did in fact play a role in triggering the crisis and that in future they should therefore only be paid on companies' long-term success. Risky decisions on short-term gains would have to be balanced off against the possibility of losses that could be claimed back from those whose decisions caused them.

Finally, they agreed on more transparency in the financial markets and clearer regulations that would give oversight bodies like the central banks greater monitoring powers that would allow them to step in and to impose restrictions on too risky or shady products that could destabilize the financial system.

In all of this, the term integrity was never mentioned. Yet it may be the single most important term looming in the background of this debate. The global financial crisis could even be the exemplary case for a study of integrity – or rather the lack of it. The issue of integrity gives the crisis its specific profile and a significance that reaches far beyond finance systems and into ethics and morality.

Intuitively, three facets of integrity are discernible. The acknowledgment that the financial system did not work as predicted and therefore needed governmental regulatory intervention, illustrates that integrity has something to do with soundness of system performance. While this concept has lately gained much currency in ecology, it has also relevance for economic and financial systems and their analysis. In the environmental context, "a living system exhibits integrity if, when subjected to disturbance, it sustains an

organizing, self-correcting capability to recover toward an end-state that is normal and ‘good’ for that system” (Regier, 1993, p. 3). Clearly, the market economy is a robust and complex system comprised of numerous individual and corporate actors, regulations, transactions as well as mechanisms of communication with proven resilience to adversities. Market economies will always bounce back and perform so-called technical corrections, but the state they reach may still be wanting in terms of justice, reciprocity, or solidarity that are part of our larger vision of the good society towards which we aspire.

A second facet of integrity comes to light with the excesses in salaries, compensations, and bonuses the G20 planned to address. While they are clearly system-related, it is still highly controversial to what extent – if any – they may not only stand for flaws in the operation of financial markets, but also in the character of individuals. Integrity relates at least as much to systems as it does to issues of character, attitudes, and habits of people in business and finance as well as in any other position of responsibility. Their relation to ethics and morality is, however, not unanimously acknowledged but subject to debate. In some theories, integrity is regarded as an issue of personal identity rather than moral character. On their account, even a Nazi could be a person of integrity as long as he is fully committed to his belief in the values espoused by Nazi ideology that define his identity and acts only in accordance with them.

For the intuitive understanding integrity has deep, however somewhat fuzzy moral connotations. Actors thriving only in the dark corners of the market system and benefiting personally by taking full advantage of the lack of regulations or their less than strict enforcement, would not be expected to figure prominently on lists of persons of integrity. On this view, integrity is at stake when motivations of selfishness and greed override concerns for uprightness and moral probity. Individuals ignoring all rules of responsible business and selfishly focusing only on short-term profit also tend to overstep the thin line that separates shrewdness from deception and fraud. Finance managers and investment bankers who systematically downplayed the risks of their products in the expectation of a government bailout in case something really goes wrong did not merely play moral hazard but compromised their integrity.

This certainly applies to those whose business creed according to a newspaper report was: “I.B.G. The phrase implies that by the time a deal goes sour, ‘I’ll be gone,’ after having received a sizable bonus.” As Nassim Nicholas Taleb, a statistician, trader, and author, has pointed out: “I don’t know anyone on Wall Street who goes to work every day thinking of anything but how to increase their bonus” (Berenson, 2009).

While our intuitive understanding may be on the right track, integrity has something of a cluster concept (or is simply seen as an “umbrella term” (Maak, 2008, p.359) as it seems to tie together different overlapping qualities under one term ranging from a more or less amoral usage to its function as full substitute for morality proper. While it seems to share important features generally associated with the virtues, its standing among them is less clear. For some interpreters, integrity can at best be “an adjunctive” (Audi & Murphy, 2006, p. 12) or a “secondary” virtue (Rawls, 1971, p. 520), for others it is the “master virtue” (Calhoun, 1995, p. 260), the “synthesis” (Solomon, 1999, p. 38), the “unity” of the virtues (Dudzinski, 2004, p. 309), or a “higher-order virtue” (McFall, 1987, p. 14). Without further clarification on this matter it is therefore doubtful that integrity could credibly perform its role as a benchmark of ethics in business and society and even be operationalized in specific integrity checks.

In the following I will therefore firstly briefly illustrate that the increasing appeal of integrity in business may not only imply an acknowledgment that, in practical terms, integrity has in fact all along been in short supply but also suggest that its moral value has been short-changed into its function to increase

profit. I will then offer an interpretation that takes up the various strands of meaning and ties them together in a comprehensive conception anchored in the ethics of respect for persons and the vision of the good life. This will put the moral implications of integrity into sharper profile and set benchmarks for socially attuned and responsible business.

The Appeal of Integrity in Business

The term integrity enjoys great popularity in company mission or values statements, is frequently invoked in professional ethics codes or codes of conduct, and even found in company advertisements. The voice-over in HSBC's recent world-wide television campaign noted: "For many people, integrity is as important as money. At HSBC, we understand that people's values influence their financial decisions."

In Patrick Murphy's examination of eighty exemplary ethics statements integrity was the most frequently mentioned value (Murphy, 1998). Across the board, companies take pride in highlighting it in their glossy fliers (Foster, 1993) and their managers try hard to persuade a weary public that they do place integrity at the heart of their companies' culture.

F. Hoffmann-La Roche Ltd, for example, published guidelines on Business Integrity & Responsible Marketing pointing out: "We pride ourselves on doing business with integrity. We have a Guide to Integrity in Business Transactions to promote shared understanding of our standards of integrity throughout the Group, and to prevent violations of those standards." Similarly, the Siemens Code of Ethics for Financial Matters requires in its very first paragraph that every employee "act with honesty and integrity and avoid actual and apparent conflicts of interest in personal and professional relationships." And even the American mutual fund industry has long proclaimed that it demonstrates the utmost integrity in putting investor interests first. The Executive Vice-President of Capital Research & Management, Paul G. Haaga, told the trade group's annual meeting: "Integrity... is the basic foundation of our business. Our shareholders trust that their mutual funds are being managed with their best interests in mind" (Koehn, 2005, p. 125).

Similarly, Bank of America's Liam McGee stated: "We work together and rely on each other to serve customers and strengthen two of the most valuable assets we possess—our integrity and our brand." JPMorgan Chase refers six times to integrity in their business principles and claims to maintain "the highest standards of integrity," which explicitly implies the integrity of the advice a banker gives to customers. Their code of ethics requests anyone to report "matters that would compromise the integrity of the firm's financial statements."

Evidently, appeals to integrity are ubiquitous in business and lately they seem to occur with increased frequency. Integrity is "quite possibly the most commonly cited morally desirable trait" (Audi & Murphy, 2006, p. 3). It suggests some high-sounding quality worthy of praise that contributes to individual and corporate reputation. In most cases integrity is simply regarded as a business asset (Koehn, 2005) or even "the biggest asset a corporation can have" (Maak, 2008, p. 365). For hard-nosed executives, integrity is apparently important because it has market value and for that reason alone has to be a factor in their calculations. It enables business to attract capital and to increase market share. Obviously, the thinking goes, integrity helps to build up "reputational capital" and good reputation sells as it "contributes to a company's core capability differential" (Petrick & Quinn, 2000, p. 15). Therefore integrity is a priced company asset.

This raises the suspicion that in spite of all high-sounding statements, integrity may sometimes be little more than a smoke-screen that offers some cover against close ethical scrutiny. On the one hand, it is

clearly “an ethically charged term.” Yet on the other, “it does not have the same negative connotations that ethics does for many people; nor does it have the overtones of moralizing that the term morality often carries with it” (De George, 1993, pp. 5-6). In other words, while implying normative claims, it is less intimidating and probably easier to promote in business circles than outright references to ethics and morality. It allows for quite different interpretations and less strict application in daily business operations, particularly when the going gets rough. It is among the first casualties when business strategies aiming at short-term success conflict with ethics. Executives can then be very forgetful about the integrity avowals in their own value statements. It may even turn out – as Enron has illustrated – that they probably had never read their ethics codes, which by the time their company came crashing down were still sitting in some office neatly packaged and obviously untouched.

Yet attaching to integrity merely instrumental value undermines, as it were, the integrity of integrity and leads to dangerous results. As instrumental values are not sought for their own sake, they are disposable and can be replaced by anything that serves the same function. If the function of integrity is only to increase profit, it may be sufficient merely to be seen as a company of integrity. And such belief can be facilitated by simply claiming integrity in public. All too often, the public image a company portrays of itself takes precedence over real integrity, much to the detriment of the company. Only when companies take integrity seriously as an intrinsic value will they gain lasting trust. Good reputation has to be earned through an unwavering commitment to integrity in word and deed.

For many companies, the vagueness of the term integrity combined with its intuitive appeal to the general public, the ethical overtones it carries, and the increase in reputation it promises are apparently little more than marketing strategies to gain public trust and to increase their profit. While companies frequently leave the term undefined and refer it to people’s imagination and intuition, some take a more promising path. Motorola, for example, made it the focus of a special ethics training program. Acknowledging that their “fundamental objective” of “total customer satisfaction” cannot be achieved without “constant respect for people” and “uncompromising integrity” (Moorthy, 1998, p. 11).

Motorola pursued an unusual path toward elucidating integrity. Instead of starting from a straight-forward definition that might neither do justice to the conceptual complexity of the concept nor to its ever changing contexts of application, they set out to explore its various aspects through a series of 24 case studies that would sharpen the participants’ moral sensitivity and judgment. The opening case sets the tone for the discussion with regard to their key belief of respect for people. While integrity is compromised by someone stealing company property, its enforcement would require cultural sensitivity so as not simply to transfer standards developed e.g. in the United States “without qualification elsewhere.” The case commentators conclude that the principle of integrity must be upheld without falling into the trap of value ethnocentrism. Instead it is suggested that “local conditions and customs” are knowledgeably taken into account (Moorthy, 1998, p. 41).

The Core Notion of Integrity

The meaning and moral implications of integrity can be brought to light when we follow more closely the various etymological links it offers. ‘Integrity’ and its cognates ‘integral’ and ‘integration’ all have the same etymological root in the Latin term ‘integer’. It has been taken for granted that “etymologically, integrity is oneness” (Korsgaard, 1996, p. 102) and that this implies the meaning of completeness or wholeness.

Integrity is the state of being “undivided; an integral whole” (McFall, 1987, p. 7). It signifies “wholeness of virtue, wholeness as a person, wholeness in the sense of being an integral part of something larger than the person – the community, the corporation, society, humanity, the cosmos...” (Solomon, 1999, p. 38).

Yet the etymology of integrity comprises also the meaning of soundness and purity. At first glance, this seems to add quite a different aspect whose relationship to oneness is not obvious as “completeness and purity [...] are by no means equivalent” (Audi & Murphy, 2006, p. 8). That both meanings are, however, related can be gleaned from ‘integer’, which is derived from the Latin verb ‘tangere’, i.e. ‘to touch’ and whose meaning extends from ‘to touch upon a subject’, ‘to affect the feelings’, all the way to ‘to defile’; the prefix ‘in’ signifies the negation ‘not’. The root meaning of ‘integer’ is therefore: ‘untouched’, ‘unhurt’, ‘undamaged’, and something of this condition is ‘one’ and ‘identical’ with itself and as such ‘whole’ and ‘complete’.

The Moral Basis of Integrity

These etymological clues are still significant and reflected in the various strands of meaning the term integrity covers; they can explain, at least to some extent, its inherent relationship to ethics. In other words, integrity denotes “three distinct but interrelated dimensions: the quality or state of being complete, the entire, unimpaired or perfect state or quality of anything, and the quality or state of being of sound moral principle” (Dudzinski, 2004, p. 300). Yet, oneness, wholeness, and completeness are not merely descriptive terms but also carry normative connotations as they imply that something of this nature is intrinsically valuable and must not be willfully destroyed; instead it is to be protected and preserved.

The normative implication of integrity in this sense is confirmed by our common practice of requiring good reasons and moral justification for any such act of destruction. This is clearly the case with living organisms, which are constituted by the functional interrelationship and integration of numerous elements and parts which together make the specific organism whole and complete and give it its identity. The view that the unity of organic systems increases qualitatively along a scale that extends from plants to animals and reaches its highest level in human beings inspired already the ethics of Aristotle. Ecological sensitivity and environmental concerns have added a new sense of urgency to this basic insight of common morality. Apparently, integration reaches its peak and a new quality in humans. Human beings are individuals in the full sense of the term, i. e. indivisible wholes whose individuality is more than the sum of their parts or constitutive elements.

They are, however, not only individuals but persons. This term does not primarily describe some higher complexity an individual may have, but signifies a specific moral status. ‘Person’ is a normative term denoting a moral claim. The acknowledgment of person-status is therefore equivalent to an act of recognition of moral and legal inviolability with the implication that the integrity, above all the physical or bodily integrity, of such beings must not be interfered with but respected. In Kant’s terminology, persons don’t have value that could be determined by the market and set down in a specific price someone may be prepared to pay. Instead they have dignity that requires moral respect (Achtung) and endows them with legal rights.

Though the integrity of persons and the integrity of individuals both point toward a common ground that was first indicated in the etymology of the term, they are by no means simply identical. The integrity of persons has objective connotations as it refers us to the foundational dimension constitutive of persons as

moral subjects. Their integrity entails the moral obligation to reciprocally recognize each other simply as human beings stripped as it were of all qualities, including individual or communal characteristics, except for one, that of being human. It indicates the moral worth of persons that entails the obligation to recognize it in all human beings. Recognition as members of humanity is the foundation of morality and the precondition for life as individuals in specific communities. Integrity in this most basic, “objective” sense denotes the moral status of persons as autonomous agents just as bodily integrity denotes that of the body (Rinderle, 1994).

In both cases, integrity stands for the objective quality of personal oneness and wholeness, which implies the inviolability of such oneness. The various specific virtues that have been associated with integrity can only be “secondary” as long as they are not grounded in the integrity of persons as autonomous moral subjects. Without such foundation in the moral respect for persons, they are merely “virtues of form,” as Rawls has pointed out, since their definition would “allow for most any content” and even “a tyrant might display these attributes to a high degree.” But joined to the ethics of respect for persons or – as Rawls has it – to “the appropriate conception of justice, one that allows for autonomy and objectivity correctly understood, they come into their own” (Rawls, 1971, p. 519-20).

On this account, neither does integrity have a “soft core” nor can integration be its “core notion” (Audi & Murphy, 2006, p. 8, p. 10) without finding direction and measure in the integrity of persons as moral subjects. It shares some of the assumptions with what has been called the self-integration view of integrity (Calhoun, 1995, p. 235) that regards integrity as a matter of persons integrating various parts of their personality into a harmonious, intact whole. It differs from it, however, by its insistence on the moral standard with which such integration must comply. Not any sort of integration will do, but only one that is not in violation of fundamental moral obligations or the kind of recognition and respect we owe to persons *qua* persons. While integration is certainly a necessary requirement of a person of integrity, it is not sufficient if it is not grounded in the moral respect for persons. Without such moral anchorage, integration would be merely a formal requirement that lacks the standard by which “defects of character” could be identified and assessed.

It is only on the substantive account of moral respect for persons that “a lack of integration between affirmation and belief” or “between behavior and intention” displays a moral deficit (Audi & Murphy, 2006, p. 10). While it seems correct to argue that integrity should be characterized “in the light of our best understanding of the demands of a sound morality,” it is difficult to see how this could be achieved through an inquiry that is “neutral with respect to the major kinds of moral theories.” Rather than being “a complement to certain more specific concepts” (Audi & Murphy, 2006, p. 11), integrity derives its significance from its moral basis in the integrity of persons.

Personal Integrity

The moral function of the idea of personal integrity is grounded in and derived from the integrity of persons and stands for “a certain kind of unity in character” (Audi & Murphy, 2006, p. 16). Though it has identity-conferring functions as people of integrity can be expected to hold steadfastly true to their commitments or “ground projects” (Williams, 1981, p. 12) with which they identify, their integrity would be undermined if those commitments were in conflict with the moral respect for persons. On Williams’s identity-view of integrity (Calhoun, 1995, p. 235), integrity is the result of people being “propelled forward

by the conatus of desire, project, and interest” without which “it is unclear why [they] should go on at all.” Yet unless the identity-conferring ground projects are consistent (‘integrated’) with the ethics of respect, such integrity would only be formal and without deserving the moral praise that generally comes with it.

While it can be argued that all actions define one’s personal identity and shape one’s character, only those in compliance with the moral respect owed to persons generate personal integrity. To be persons of integrity, agents must not only have a character but a sure grasp of their real moral obligations and the commitment to act on them in practical life. The moral self-conception must be grounded in the person’s actually leading a morally decent life and abiding by the moral commitments that are centrally constitutive of the person’s identity and the sense of the meaningfulness of the person’s life (Ashford, 2000, p. 245-6).

Integrity extends to conscience and character of the moral person and provides the focal point in which all the innumerable moral threads run together. It represents the moral ideal that grounds all our visions of the good and its embodiments in personal and social life. This ideal may be stronger or weaker in some, yet all their life plans are expected to be inspired by it and receive from it their unity, if they rightly deserve moral praise. As an ideal, integrity necessarily transcends codification.

Personal integrity, then, is consistency between one’s personal principles and the moral respect for persons; it is the free and sustained recognition of the moral obligation to personhood. It entails both the commitment to constitute ourselves as moral subjects (by “becoming” what we “are”) and to enable the moral autonomy of others. In relationship to others, its function is first of all protective and defensive as it rejects on moral grounds all forms of interference that prevent, undermine, or destroy the basic conditions on which persons can develop their genuine sense of identity and wholeness and build up self-respect.

Self-respect has a dual focus by holding oneself to moral standards and by demanding rightful treatment from others. It involves “having both a proper regard for one’s own moral status (and thus the right relation to oneself) and a proper regard for one’s place among other moral beings (and thus the right relation to others)” (Calhoun, 1995, p. 253). In this sense, McFall is right: it is an essential feature of integrity “that there are things that one is not prepared to do, or some things one must do,” which is to say some of our commitments are unconditional (McFall, 1987, p. 11).

While moral respect for persons includes the positive obligations of establishing and securing the objective conditions for self-respect on an open-ended scale, its main function is rather negative and one of restraint: personal integrity demands not to humiliate, if humiliation “denotes injury to one’s self-respect” and to “one’s sense of intrinsic value.” Thus personal integrity is incompatible with all forms of humiliation, particularly those whose intention is the “rejection from the human commonwealth” (Margalit, 1996, p. 120, 112). In line with Axel Honneth’s “systematic classification of three forms of disrespect,” integrity is incompatible, firstly, with humiliation that has a “profoundly destructive impact on an individual’s practical relationship to self” by seeking to take “control of a person’s body;” secondly with “forms of degradation that affect a person’s normative understanding of self,” and that entail, thirdly, “negative consequences for the social value of individuals or groups” (Honneth, 1992, p. 190).

In positive terms, personal integrity requires continued endorsement of the fundamental respect for persons as the moral compass that guides personal life. The firm and continued commitment to this recognition and its practical implementation in all areas of life characterize someone people rightly admire as a person of integrity. Only in this sense, integrity can be said to be more or less synonymous with ethics (De George, 1993).

In conclusion, personal integrity is both the moral obligation to respect others as human beings and the moral standard against which everyone is to be assessed as a moral person. The reflection on the etymological foundation of integrity enables us to discover the inherent relationship between the descriptive and the normative senses of integrity and reminds us also of fundamental intuitions of (modern) morality. It is not an insignificant characteristic common to all versions of contemporary moral theory that they preclude the construction of any non-egalitarian conception of human personhood or the moral relevance of distinctions between persons on the basis of race, gender, or social status.

The universal declaration of human rights is the most significant confirmation of the moral implication of the idea of personal integrity and its relevance for civil society. While the ontological status of persons may be controversial, with no unifying theory in sight, contemporary secular morality is grounded in the respect for persons and its foremost task is the protection of the specific conditions through which the integrity of persons can be upheld and preserved.

Individual and Professional Integrity

In contrast, the integrity of individuals delineates the space within which persons realize their identity in their fundamental roles as members of specific moral communities and traditions, as legal subjects, and as citizens in a specific political community. In each of those fundamental roles persons form their unique personality and develop a particular individual identity (individuality) as the result of their beliefs and actions. Their integrity as individuals will therefore not only differ with regard to the specific life-worlds within which their life unfolds but also have its standard in the degree of integration of the various particular character traits into a coherent and harmonious whole that defines that person's individuality.

The integrity of a member of a religious community, for example, will depend on the integration of behavioral characteristics that are representative of this particular community and these may differ from the civic and social qualities representative of the integrity of a citizen qua citizen. This conception shares with the self-integration view of integrity the idea that integrity is a matter of persons integrating various parts of their personality into a harmonious, intact whole. Yet unlike this view, it insists that integrity cannot merely be a formal process of integration void of the moral obligations of respect for persons.

Sine the integrity of persons is constitutive of moral agency and thus makes moral demands on every person "prior" to the individual roles performed, there may be tension between the various types of personal and individual integrity but no fundamental conflict is expected. The integrity of individuals in their various roles will always have to be judged against their integrity as persons.

On this view, the conflict between the integrity of a citizen and a racist is not a conflict between two different types of integrity but between genuine integrity and a chimera. The demands of so-called racist integrity are inconsistent with the most basic demands of morality that define personal integrity. Genuine differences between various types of individual integrity can only occur within the moral parameters of reciprocally recognized personhood. They are therefore merely instances of the ineliminable pluralism of the human life-world, but not an indication of a genuine moral conflict between personal and individual integrity. Acknowledging integrity in someone amounts to a kind of moral praise that is grounded in the respect we owe to human beings as human beings, or persons as persons. While this respect is indivisible, the respect for individual integrity is proportional to the degree of integration of particular characteristics in the life of an individual.

Drawing on a helpful distinction suggested by Stephen Darwall, the latter kind of respect can be called “appraisal respect.” “Recognition respect” is based on the respect for persons by virtue of their being persons, “appraisal respect” is due by virtue of an individual’s integration of particular praiseworthy characteristics. While “all persons are entitled to respect just by virtue of their being persons”, they are “deserving of more or less respect by virtue of their personal characteristics” (Darwall, 1977, p. 46). Regardless which specific roles we may perform in individual and professional life, we are all fragile but autonomous human beings with inherent dignity who are owed “recognition respect.”

Finally, professional integrity is a sub-category of individual integrity and very much a matter of the extent to which a person displays personal integrity in professional life. It is relative to the duties and obligations defined by the specific professional context within which it has to be acquired as well as by the characterization of the kinds of challenges and hazards encountered in the relevant fields of action. While differences in professional integrity suggest that the display of integrity “in one profession need not (...) carry over to other professions,” those differences are not that fundamental as to preclude “a common currency with what it is to act with integrity in another context” (Cox, 2001).

If they are indeed genuine types of integrity that deserve our praise, they too will have to be anchored in the basic integrity of persons as moral subjects. Even if they could be placed on a continuum ranging from mere forms of etiquette (Godlovitch, 1993, p. 580) to specifically moral characteristics of individual behavior relevant to the professional context, all such types would have to find their standard in the moral recognition of persons if they at all deserve to be called forms of integrity. Professional integrity “is greater if it involves not just following the demands of the profession, but doing so in such a way that one does not diminish others’ lives” (Cox, 2001).

Integrity in Business

Obviously, only a die-hard homo oeconomicus would deny that integrity in its reconstructed comprehensive sense had any implication for business and the economy. The global economic crisis has severely undermined the traditional assumption of a strict separation between market economy and civil society and with it the claim that business operates in an ethics-free zone where only its own rules apply. On this premise, the economy would evolve with some kind of necessity exclusively in accordance with the laws of its own rationality and stand outside the realm of ethics and morality.

The crisis has brought home what is missing in this construct. It is the perspective that business people are not only role-bearers and functionaries of the economic system but also social beings with a socially shared history of beliefs about “the good life” that ultimately defines the purpose of the economy. Like anyone else, people in business are not exclusively profit-calculating beings but beings with “animal spirits,” i.e. with emotions, hopes, and expectations as well as anxieties which do influence their economic rationality and communal prudence. As George Akerlof and Robert J. Shiller have pointed out, the human psychology that “drives the economy” is much richer and more complex than the one modelled on the small brain of the homo oeconomicus (Akerlof & Shiller, 2009).

There is this nagging suspicion that over the last few decades, the capitalist market economy and in particular its finance institutions have become unhooked from morality and ethics and have run their own independent course exclusively driven by the rationality of individual and corporate self-interest and the belief in infinite growth. As Amartya Sen has recently noted, the “assumption of the completely egoistic

human being has come to dominate much of mainstream economic theory, while many of the great practitioners of the discipline have also expressed their serious doubts about the veracity of that assumption” (Sen, 2009, p. 184).

Now, economists and business analysts seem no longer to shy away from inquiring about the role of the economy within and for a stable society. Is the economy a free-standing system that has to be left alone to run its own course or does it, especially in a globalized world, still need to be controlled by the moral principles of justice, solidarity, and responsibility? In a word: Does it need integrity? And if so, can we afford to relegate those principles to glossy company pamphlets and to entrust them to the moral conscience of the individual or do we have to translate them into legally binding and enforceable world-wide regulations? While many agree that this may be the only way to prevent crises of this magnitude from reoccurring, the deep differences that run through the negotiations of the G20 clearly dampen expectations. The alternative to laissez-fair economy and turbo capitalism is, however, not (or at least not primarily) external regulation of the economy through government, but a strengthening of the role of ethics in business.

After all, governmental interference and legal restrictions stifle the entrepreneurial spirit, obstruct the free exchange of goods and services, and ultimately undermine the economic system. They are therefore a major concern not merely of economists but of business people in general and would only grudgingly be accepted in emergency situations and as temporary measures of last resort. The disastrous effects of such interference on a massive scale are vividly illustrated by the collapse of the soviet economy.

Yet, economic freedom has its price. The interests of business can only be met on the conditions of a stable society. They will be served best when they are neither in conflict with the fundamental values of society as a whole nor ignore its genuine interests. Free markets will flourish only when societies in which they operate flourish as well. The price for economic freedom therefore is integrity. Integrity is not only “an ethically charged term” (De George, 1993, p. 6) but stands for “the quality of moral self-governance” (Paine, 1997, p. 335), and thus for the recognition of moral values as relevant for business; ultimately, it stands for an ethics of respect for persons. Only on the condition that business in free market economies has the capability for moral self-governance, reflects the moral values of society, and integrates them into its operations can it expect to be left alone from government interference and from the imposition of enforceable legal provisions. When business people are seen as persons of integrity, there is no need to interfere in their strategies or decisions. While this would not prevent conflicts of interests between the various players, they can be expected to be resolved peaceably and on terms of fairness that benefit all. Interference in the economic system, should it still be required, would only be technical adjustment to changing external circumstances.

Needless to say, this (utopian) ideal of a truly free market economy grounded in the moral values of a coherent, stable, and flourishing society stands in stark contrast to reality. It is, however, not without value as it helps to direct our view toward the goal that binds economy and society together in a common purpose. It also brings the role of ethics into sharp focus. Ethics is neither a luxury business could do without nor the club it would have to fear. Rather, ethics is the lubricant that makes the wheels of the economy run and run smoother and in tandem with the morally justified expectations of society. It is common knowledge that all business depends on ethics and cannot exist without it.

As John Keene put it, “no business, global business included, can properly function as business unless it draws freely upon, and nurtures, the non-market environment of civil society in which it is more or less embedded, or seeks to embed itself” (Keene, 2003, p. 82). Ethics provides the space for business to function. Without honesty, trust, a sense of fairness, and a modicum of respect for human dignity no social and economic transactions could succeed and no system of communication be sustainable. Ethics is therefore not only the lubricant for business but also and above all the necessary condition for the good life as it is its major “ingredient.”

By its very nature ethics is not a system of enforceable rules and regulations but has to rely on the voluntary compliance of autonomous moral subjects. While public opinion may reflect the ethical values of a particular society and thus apply pressure on otherwise morally uncooperative individuals, the resulting ethical compliance could at best meet the moral minimum but would still fall short of moral self-governance. Genuine ethical behavior is always based on the free and “informed consent” to moral principles. This consent must be based on the “right reasons.” People must not only be convinced that acting on moral principles is the right thing to do, but that it is also “good” for everyone as it will further what is in the best interest of all. Ethics hold up the justifiable vision of a life worth living in a “well-ordered society” where any social and economic inequalities are to be justified in accordance with the principles of a just society (Rawls, 2001, p. 8, 43).

Like all ethics, business ethics is in the precarious situation that it can only appeal to the insight and the conscience of the individual to conscientiously act on moral principles. It can suggest ethics checks for business strategies, help design values statements or ethics codes, and offer training in character development for managers. It can reflect on the various culturally based ethics traditions and search for a common ground among them or suggest frameworks for the harmonious coexistence of moral systems across the cultural divide. Even if all such systems could be transcended into something like a basic common morality or a truly global ethic (as Hans Küng among others has envisaged), in the real world of business those moral principles would, in all likelihood, be attractive only to the “converted” but unable to sway the unwilling to change their attitude. Instead of lamenting what seems to be the predicament of business ethics and of calling for the legislator to step in and impose legal sanctions, it is important to understand that it is the very nature of ethics only to appeal to the powers of reason and insight. The power of the “moral law” is grounded in reason and derives its motivational urge from the sympathy of a compassionate heart. This may appear little to those who only count as power the force that can break the will of anyone standing in its path. But it upholds the respect for the inherent dignity of the human person.

Thus integrity epitomizes the “core of sound business” (Koehn, 2005, p. 134). It functions as a moral ideal business has to aspire to if it is to serve society as whole in its quest for a life worth living. It functions as a benchmark for business by setting consistent ethical standards for individual, corporate, and market performance. As a moral ideal, it sharpens our view for the dangers of a free-market economy detached from the ethical basis of the society within which it operates. It reminds us that the “economy is not an independent system, but rather a subsystem embedded in other systems” (Brown, 2005, p. 32) on which it relies for its existence. As Robert Solomon has emphasized, “business is not just business.

It is not self-contained, with its own rational, its own rules, and its own reason for being. It is, essentially, a part of human life and human community.” First of all, business life “is a matter of civility” (Solomon, 1999, p. 37). As corporations are “embedded in larger systems” so is “the economy embedded in

civil society” (Brown, 2006, p. 12). Integrity sets the standard for a “civil market” in which competing actors agree to work for the common good and to base their decisions on “principles of justice and rules of fair competition” (Bruyn, 2000, p. 207). It marks the “difference between a civilized market economy and a total market society” (Ulrich, 2009, p. 254).

At the individual level, integrity is comprised of formal and substantive characteristics. The former implies consistency between words and action and thus displays “a certain kind of unity in character” (Audi & Murphy, 2006, p. 16). “There is wholeness in what the person with integrity says and does. There is consistency between his actions and what he purports to honor” (Watson, 1991, p. 171); business people with integrity “practice what they preach; they walk the talk” (Kouzes & Posner, 1993, p. 47). Consistency is as much the reflection of personal wholeness and the “integrated self in line with one’s convictions” (Worden, 2003, p. 34; Solomon, 1999, p. 39) as it generates and furthers such wholeness and enables authenticity.

Consistency signifies a commitment over time and a process of acting in line with one’s principles in varying circumstances that gradually becomes a distinct personal habit. There is “no single action that will definitively establish a person’s integrity” (Solomon, 1999, p. 40). Instead, integrity will be a life-long commitment as well as “a unifying process leading to a state of wholeness, completeness, or undividedness” (Srivastva & Cooperrider, 1988, p. 5). As a moral quality integrity can never be a possession but would be compromised by no longer striving for it.

People with integrity are expected to perform what Petrick and Quinn have called “integrity capacity”, i.e. “the capability for repeated process alignment of moral awareness, deliberation, character and conduct that demonstrates balanced judgment, enhances sustained moral development and promotes supportive systems for moral decision making” (Petrick & Quinn, 2000, p. 4). Yet it requires more than just adherence to convictions and principles and even more than mere “moral awareness” and “balanced judgment.” As a minimum, it demands “commitment in action to a morally justified set of principles and values” (Becker, 1998, p. 157).

The core notion of integrity, I have argued, derives its meaning from the firm commitment to the principles of an ethics of respect for the dignity of the human person. The specific implications of such commitment in the changing contexts of business decision-making have to be considered by practical reason, which includes not only “a proper understanding of the variables that caused a situation,” but also “of what a good life consists of” and how “movement in the direction of a good life” can be facilitated (Rossouw, 2008, p. 166). After all, we “praise people for having integrity not only because they are consistent, aware of relationships, and able to include different theories and claims, but also because they are pursuing something that is worthwhile” (Brown, 2005, p. 8).

The specific virtues associated with integrity derive their coherence and unity from their basis in the respect for human dignity. As “facets of integrity” they are as numerous as the moral virtues (Audi & Murphy, 2006, p. 14) and include honesty, sincerity, fairness, trust, and a sense of compassion. Since the economy is embedded in and depends on a functioning civil society with its values, interests, and aspirations, we can only expect to further our self-interest when we recognize the needs of others and respect their rights as citizens in a free society. Business people cognizant of and committed to their moral obligations will be aware that “acting with integrity extends beyond satisfying the bare moral minimum.” Integrity is inconsistent with “testing how close one can come to committing a prohibited action while

remaining on the permissible side of the line.” Instead, “it involves acting in accordance with moral norms willingly, knowingly, purposefully, and because one is in command of one’s action” (De George, 1993, p. 6-7).

Considerations about corporate (Brown, 2005) and organizational integrity (Paine 1994), then, will have to start from the assumption that a “corporation is also a ‘citizen’. Whatever the legalities may be, a corporation is a member of the larger community, which is inconceivable without it” (Solomon, 1999, p. 46). As such it has the moral duty to contribute to the overall good of society and to refrain from harming it. Integrity requires “that a corporation aims for something good. True, a corporation may not need a worthwhile purpose to be successful, but it needs one to ensure that it has integrity” (Brown, 2005, p. 144). It is therefore “a basic condition for corporate integrity” that a company’s mission, principles, and values are “aligned to the basic moral principles of society and basic human rights more generally” (Maak, 2008, p. 362).

Conclusion

Integrity translates the moral ideal into the normative language that guides specific social practices and ensures their functioning. It is concerned with the functional efficiency of individual social practices and with the flourishing of society as a whole. Thus integrity mediates between the moral ideal and its application to social and professional life. It stands at the interface between the comprehensive vision of the good life and its inchoative realization in specific social practices, particularly business practices. It appeals to individual conscience and voluntary compliance but also respects the law that seeks to ensure the sound functioning of the economy and social institutions against ignorance or selfishness.

In this sense, integrity has become the moral guidepost that not only directs the development of professional codes of conduct in various industries but also sets the moral standard for legal instruments in the fight against practices and engrained habits that are detrimental to society. While codes of ethics appeal to the conscience of the individual and rely on voluntary compliance, enforceable regulations and legal provisions impose the moral principles of society on the willing and unwilling alike. Integrity brings moral principles to bear especially in those areas of business and professional life that have proven most vulnerable to actions of individual selfishness likely to inflict lasting damage on society. The catchword that unites all such activities is, of course, corruption. It is therefore not surprising that integrity in the narrow sense has become synonymous with incorruptibility and the struggle against all kinds of corrupt practices. Yet even in this narrow and specific function, integrity comprises much more than anti-corruption strategies and regulations.

Concerned with the soundness of systems and their operation not merely from a functional but from a moral perspective, integrity has inspired all provisions that seek to ensure the flourishing of society as a whole. For business, this will imply restraints on exploitation, deception, and fraud as well as harms to society and the environment. “As we enter the new millennium, there is an overriding question facing global corporate free enterprise, and that is whether the corporations that now or will control and affect so much of the planet’s humanity and resources can demonstrate not only their profitability but their integrity” (Solomon, 2000, p. 339).

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