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Introduction: Why the Business World Needs More Integrity

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Introduction: Why the Business World Needs More Integrity

Wolfgang Amann and Agata Stachowicz-Stanusch

A reality check

Do we indeed need more humanism and integrity as fundamental building blocks in our business world? We can address this question from two sides: either from a practical view or from a more theoretical and conceptual one. We decided in favor of commencing with a practical reality check. Having screened different industries, we note the following:

- In the banking industry: We find bets on harvests, which cause 44 million additional people to suffer hunger.[1] There is speculation about the length of human lives, such as it is the case with Deutsche Bank's Kompass Life III as an investment product,[2] which is based on life insurance policy certificates. The sooner the policy takers die, the more profits there are for the investors.[3] In India a provider of micro-credits, originally set up for women living under the poverty line to start businesses, took a step further by secretly signing life insurances for its micro-credit takers. If the self-employed women could not repay their loans in time, the provider drove them to commit suicide so that it could receive the life insurance money.[4] Industry leader Goldman Sachs could not prevent various publications from arguing that it passes on to clients investment opportunities that are too unattractive to be carried out with its own money. In addition, Goldman Sachs first sells investment ideas to clients and then bets against them. Not a year passes without Goldman Sachs being sued and sentenced. The relevant figures reach astonishing heights, such as the US$550 million involved in the 2010 fraud charges and charges of consciously and intentionally misleading investors. The actual damage caused to clients exceeds these amounts by far! Subsequently, the published photographs of Lloyd Blankfein, the chief executive of Goldman, smirking when he was grilled by the United States Congress, did nothing for the company's reputation.
- In the oil industry: We see ExxonMobil remaining reluctant to take and show responsibility even 20 years after spilling 42,000 tons of oil that

polluted 2,000km of Alaska's coastline and affecting, amongst others, 250,000 seabirds. The local communities have still not been compensated, although the local fishermen lost their main business. In spite of a court sentence, an army of lawyers is commissioned to postpone payments as long as possible, as this is cheaper than paying the fishermen. And all of this despite the company's remarkable sales and profit growth. ExxonMobil is the largest of the six "supermajors" in the industry. The company generates sales worth half a trillion USD and had an operating income of US$73 billion in 2011. Paying up would be feasible, but the company refuses.[5]

- In the mobile phone sector: We see Vodafone promising clients the latest phones in their sales talks and delivery within a maximum of two weeks, while the organization is aware that it cannot deliver for at least another 2–3 months. In addition, the ordinary mortal can no longer understand its contracts; subsequently, monthly bills exceed the expected sums by an average factor of 100 percent – a reality the leaders and staff at Vodafone are perfectly aware of.
- In the Internet sector: Google claims to follow its credo of "don't be evil," but the company was caught manipulating searches and intentionally misleading and misinforming the public about the data gathered in the street view project.
- In the electrical engineering sector: We remember Siemens' fine of more than one billion EUR for corruption and bribery.[6]
- In the food sector: we see artificial cheese, wine generated in labs without grape juice in sight, the marketing of questionable GMO products, misleading information which resulted, for example, in a multi-million euro fine to Ferrero for printing labels that were manipulative and misleading in order to sell more products.[7]
- In the nonprofit sector: we learn, for example, that World Wildlife Fund (WWF) sent lawyers to prevent the publication of a compromising book about how the NGO was bought, instead of fighting for positive change.[8]

These are just a few examples from a list which could be substantially longer and enriched by further regional incidents. Every business newspaper publishes related stories and scandals on a daily basis! These incidents often contradict societal expectations, as well as the companies' codes of conduct or mission statements. It is also doubtful that such behavior is in the long-term interest of the company itself. A case in point is the recent insolvency of Germany's drugstore powerhouse, Schlecker. It seems to have won, at least from a purely economic view, its head-to-head race with rival DM, except for the differences in how they played the game. Schlecker's founder and CEO, Anton Schlecker, was repeatedly fined for the company's low pay structures and poor working conditions. Negative headlines abounded. Conversely, the founder and CEO of DM, Götz Werner, won awards left and right for his

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humanistic management practices and relentless efforts to improve them even further. He is an advocate of a new generation of humanistic management that emphasizes human dignity, and not profits, as the guiding star for business.[9] When Schlecker encountered financial problems that could lead to bankruptcy, no one was really interested in helping. Government officials shied away from helping the *Schmuddelkind*, or pariah. After reports were published on how he transferred hundreds of millions of euros to his family members – which meant the liquidators could not touch these funds – while thousands lost their jobs overnight, his company was as destroyed as was his reputation. All these cases and examples cover a broad range of elements ranging from illegal, legal but immoral, to more or less questionable corporate and individual behavior. We thus believe it is essential to clarify what integrity refers to before we delve deeper into the various aspects of how to ensure more integrity in a variety of corporate functions and processes.

Creating a shared understanding of integrity

Integrity is inarguably a multifaceted construct. We identify the following three connotations.

1. **Overcoming inconsistencies:** Since integrity deals with the consistency of actions, values, methods, measures, principles, expectations, and outcomes, it partially emphasizes more consistency and less contradiction when more humanistic organizations are built. There should be no gaps between mission statements and codes of conduct and the portrayed behaviors. Companies ought to walk the talk.
2. **Overcoming insufficiencies:** Integrity, furthermore, emphasizes the obligation to close the gaps between established societal norms and portrayed behavior. Companies and their constituents need to step up, create transparency about their moral compass, and follow the set directions.
3. **Overcoming incompatibilities:** Focusing less on moral gaps, but interested in contradiction-free, "whole" organizations with aligned system elements, integrity comprises a facet that strives to address and overcome more or less open conflicts of interests and values in different organizational hierarchies, functions, and managerial roles, as well as to propose concrete solutions. As a consequence, the human beings in the corporate systems have to suffer less from ambiguities and conflicting messages, from leaders who do not walk the talk, from issues being pushed down further in the hierarchies. Working conditions would become substantially more humanistic.

Many of our colleagues have followed the typical functionalist, utilitarian paradigm when studying integrity and building solutions on this

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paradigm – integrity must enhance corporate performance. Indeed, we see positive links to effective leadership, useful trust in business relationships, helpful employee wellness, productivity, and job performance.[10] We consciously apply a similar means–ends view, but with a different polarization. We see integrity as an integrative, essential element for building humanistic organizations focusing on the big "D" (human dignity) rather than the omnipresent big "P" (profits). We are convinced that unconditional respect for the dignity of all people is the basis of interpersonal interaction, especially in business where substantial opportunities to misuse our vulnerability persist.

This book thus continues our quest to create inspiration and actionable knowledge with the ultimate goal of achieving more humanistic management and companies. The book is another building block in the foundations of our goal. In our previous book on 'Humanism in practice,' we compiled and analyzed sources of inspiration and concrete examples from the corporate world. As this first book in the series shows, humanism in business is not only possible, but can work in parallel with the financial health of companies. Depending on the nature of the industry and the developed innovative business models, humanism can thus evidence some of its facets more prominently. The next book in the series, *Humanism in the Age of Globality*, emphasized that due to ongoing globalization, managers are currently faced with an array of values and codes of conduct that claim to be of relevance to their daily practice. Cultures and moral expectations differ around the globe, which has resulted in corporate responsibility management becoming increasingly complex. There is a discussion on whether a humanistic consensus that bridges cultural and ethnic divides, and which reconciles the diverse and contrary world-wide stakeholder interests, is at all possible. The third book in the series, *Business Schools under Fire*, broke down the more abstract discussions to the educational sector. It is in business schools that most managers and leaders learn their tools, behaviors, and ideally rethink their values. The book concludes with the cornerstones of what constitutes a humanistic business school, or "HUBS," instead of the traditional school and university set-up. The fourth book, *Banking with Integrity*, focused on promising avenues, models, and insights into the industry which contributed most to destroying more than a trillion EUR in wealth over the last five years. More humanistic banks and players may well emerge as the winners from the financial crisis. Book five in the series, on *Human Development in Business – Values and Humanistic Management in the Encyclical Caritas in Veritate*, sheds light on a new humanistic synthesis to realign the economy with its social purpose within the Encyclical Letter Caritas in Veritate of 2009. Our mission thus remains focused on providing a buffet of ideas and solutions, on learning from all key sources. This present book on the role of integrity in building humanistic organizations aims to present and discuss concrete actionable knowledge on proactively managing

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the inconsistencies between aspirations and reality, plans and action, and between focused versus more holistic solutions. The book is a firm-level management handbook with a strong conceptual level to accelerate efforts towards humanistic management goals and organizations. In the following, we outline how we structured this learning journey.

Structure of the book and our "buffet of ideas"

The book at hand comprises seven main parts, which build logically upon each other. Part I reviews the conceptual foundations and discusses integrity critically as a key cornerstone in building human-centric organizations. Part II revisits solutions to foster integrity more broadly across the entire organization and beyond. Part III adds an international dimension, exploring the global suitability of the concept, along with all of its global shades. Part IV dives deep regarding values and virtues as a precondition for building humanistic organizations. Part V sheds light on the crucial link between integrity and leadership to ensure dignity in business. Part VI focuses on various aspects of workplace integrity, while Part VII scrutinizes the available corporate governance and anti-corruption mechanisms to secure and enhance integrity.

More precisely, Part I consists of five contributions to clarify the conceptual foundations. Andrew Michael's contribution discusses various perspectives that have been used to understand the meaning of integrity, including Rand's objectivism, Donaldson and Dunfee's integrative social contract theory, and Confucian, religious, and Jungian perspectives. An integrative definition of integrity is discussed, which comprises a synthesis of virtues from the differing perspectives. These principles of integrity are then applied to the organizational context to describe the characteristics of organizational integrity. A distinction is made between "universalist moral integrity" and "character moral integrity" as necessary spheres of institutional integrity. Humanism is presented as an alternative and better way of understanding organizational behavior. In addition, the moral commitments of a humanistic organization are discussed. The main argument of Chapter 1 is that integrity is a necessary condition for humanistic organizations and management, and that specific examples of humanistic management practices, which can lead to better workplace environments, are proposed. A discourse is presented on why employers and managers should genuinely strive to create humanistic organizations, listing the various long-term benefits for all the stakeholders. The chapter ends with a brief discussion of the potential barriers to organizational integrity.

Avraham Cohen, Karen Fiorini, Tom Culham, and Heesoon Bai continue our learning journey in Chapter 2, on the circle of leadership integrity within business organizations. Their chapter proposes that behavioral integrity within organizations is an outcome of multidimensional and simultaneous

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integration: within individuals in leadership positions, between individuals in leadership positions, between leaders and those they lead, and within the entire organizational context, which in turn reflects its integration – or lack thereof – into the greater sphere of a globalized and diverse world. In particular, this chapter addresses the increasing concerns about the incongruity between leaders' and organizations' espoused values and the actual behavioral manifestations within organizations, and the consequences of these incongruities. The authors propose, by means of a narrative exemplification, an alternative and deeply transformational possibility for organizational leaders and their organizations. A case is made that, as an authentic human agency, integrity is derived from the process of persons and organizational leadership working persistently and collectively within the context of organizations towards increasing levels of wholeness.

In Chapter 3, Vincent Fitzsimons links humanistic management, operational risk, and employee behavior. Management can provide leadership in terms of either poor or good behavior. The role of principled management in bringing out the individual's best performance seems to be intuitively obvious, as management influences the way in which things are done in the organization on both formal and informal levels. A particular area of concern is the impact of senior management's ethical behavior on the risk that employees could indulge in fraudulent behavior. Operational risk resulting from procedures within the firm is often neglected in firms despite the obvious costs that such risk could entail. Enterprises, however, have great difficulty in dealing effectively with such issues. This chapter suggests that humanistic management is an important element when addressing operational risk, and particularly the risk of fraud. Recent evidence of employee deviance and fraud suggests that a reduction in these could create a culture which encourages fairness and transparency, enables individuals to raise problems as they are identified, and encourages learning. This "transparency" approach could help by creating a pattern of behavior that is honest, and is sufficiently informed to engineer appropriate change in the organization as challenges arise. Although competitive pressures increasingly encourage firms to reduce the rights of employees, the fair treatment of employees may potentially reduce the firm's fraud costs and increase its ability to adapt to change. This is of particular significance in times of economic volatility when threats to global businesses can very rapidly change in nature and in magnitude.

In Chapter 4, on integrity for the common good, Marco Tavanti analyzes the differences between the neoliberal and the Keynesian perspectives used in the debates emerging from the current economic crisis. Common good ethics is presented as a paradigm for improving the social, human, and moral responsibilities of economic development. The assumption is that neoliberal economic models have produced prosperity but also technocracy, inequality, and discontent. By examining the principles of solidarity,

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subsidiarity, sustainability, and synchronicity used in Catholic social teaching, the author introduces an integrated model for ethical decision making beyond ideological divisions and for the common good.

Chapter 5, the last in this part, by Ernst von Kimakowitz, conceptually links integrity, legitimacy, and humanistic management in more detail. He presents a three-step approach to the developed Humanistic Management Network and Center, foreseeing first unconditional respect for human dignity; second, the smart integration of ethical considerations into managerial decision making; and, third, the dialogical extension of managerial ethical reflection. He continues by arguing that gaining normative legitimacy is core to humanistic management. For him, integrity is both a precondition for gaining legitimacy and a motivation for seeking it.

The next part of this book shifts the focus beyond clarification to organizational implementation. In Chapter 6, Greg Latemore adds the concept of trust as a precondition to building integrity, and he relies on two case studies from Australia to strengthen his illustrations and elucidations. He focuses on customer and public trust, on what happens when trust is lost, and on the efforts an organization can make to restore that trust. It becomes clear that crises will put the integrity of leaders to the test. Displaying vulnerability, integrity, competence, consistency, loyalty, and openness is a unique moment of truth that can trigger a new, substantiated trustworthiness. Once again, it is the softer side of management, not mere structures, processes, and financial data, which allows companies to succeed, especially in times of crises.

Having established the above, the softer elements of sound management need to be institutionalized. Edoardo Della Torre and Luca Solari outline in Chapter 7 how this can be done in their description and evaluation of high performance work systems and integrity. Their chapter first illustrates that the literature and research on high performance work systems (HPWS) should be complemented by the recognition of management integrity as a relevant relational and process variable. The authors provide a review of the existing literature on HPWS and emphasize that its controversial results depend on an incomplete theoretical model. To account for the different results in the outcomes of HPWS, the authors compensate for this previously existing gap by integrating perceived management integrity into a model formulation.

Chapter 8, by Wolfgang Bielefeld, explores the special nature of integrity in the nonprofit sector and the key role that accountability plays in its attainment. He starts his reasoning with the nonprofit sector in the United States before generalizing. Is integrity really the fundamental ethical characteristic of nonprofit organizations? In every aspect of the organization integrity is defined as "honesty writ large" – continuity between appearance and reality, between intention and action, and between promise and

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performance. Integrity is critical for nonprofit organizations, although in reality true challenges persist. This chapter demonstrates that leaders of nonprofits are thus tested equally.

In Chapter 9, Joseph Petrick continues by treating the concept and dimensions of corporate integrity as a strategic asset and a corporate board responsibility. He provides a model of the context of responsible corporate board governance. Finally, he recommends 16 best practices for responsible corporate board governance. He embeds his analysis in a pluralist perspective on responsible corporate board governance and clarifies how responsibilities for the development of integrity ought to be distributed.

Embarking on Part III of the book, we revisit integrity in light of its global suitability and the globalizing economy. Chapter 10, by Ainamo Antti, argues that integrating the human element into management practice, research, and education will improve the future and efficiency of Western organizations, management theorists, and practitioners. The author makes his argument by centering attention on the legacy of control in Western management practice, management research, and management education, and by framing this legacy crucially against the backdrop of critical and Marxist theory. The chapter then reviews why humanism would be a more appropriate legacy for the understanding of projects and environments in which humans are embedded (even if the challenges associated with changing the world as a system are considerable). Finally, the chapter proposes maneuvers to make a transition from control-oriented to humanistic management education to humanistic management research and, finally, to humanistic management practice. Of the above three steps, the first points at the need for human-centered management to focus on the individual human being and his or her integrity, liberty, development, and dignity. The second step calls for an intelligent researcher (or a multinational firm's intelligent manager) in one locale not to think that people located elsewhere have little interest in controlling their environments or working conditions. The third step conceptualizes a radical new vision on how to transform passive-obedient employees into active-cooperative ones. The overall conclusion is that management educators and researchers should adopt a view of humankind that is at once global and local. This adaptation to reality could benefit from Western researchers and educators traveling, at least occasionally, to visit non-Western cultures, getting to know their local everyday ways of life, and doing research on their management practices – and not only to disseminate Western management knowledge to Western and non-Western course participants alike.

Chapter 11, contributed by Ernestina Giudici, Federica Caboni, Bianca Francine Pollnow, and Galvao Ramos, stresses the central role of integrity for successful firms. The authors raise and respond to the following questions: How should firms act to respect the value of integrity? What kinds of tools should be used? What key aspects should be exploited? Assuming

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that organizations can be defined as a community of human beings who work together to reach specific goals, the organizations should not pursue integrity without taking the centrality of humans into consideration. The results of the research highlight that the concept of integrity has become so important that it crosses the boundaries of the organization because both the internal (organization) and external (context) values need to be taken into consideration to highlight the holistic meaning of integrity. This consideration is the very concept of sustainable integrity that the authors propose and that clearly emerges from the analyzed companies.

Part IV of the book allows us to shed more light on values and virtues as a precondition for building humanistic organizations. Mercedes Sánchez-Apellániz, Mª José Charlo, and Miriam Núñez outline their thoughts on "integrity as a core value in organizations: the development and implementation of a strong ethical culture" in Chapter 12. According to the authors, the current crisis is hitting Western economies hard and has led to the breakdown of the present economic model – a breakdown in which economy and ethics take diverging routes. Society demands a new business and economic model based on ethics, transparency, and solidarity; therefore, one of the main challenges that organizations currently face is how to ensure that employees act ethically and with integrity. The management of organizations requires a specific ethical behavior in order to generate the trust needed for economic activities. In this post-crisis scenario in which business values are redefined, being "socially responsible" has become very important. CSR policies would therefore be an effective way to implement an ethical organization culture that would ultimately render mandatory regulations unnecessary. The authors believe that an ethical leadership is essential for the process and should be based on the influence of organizational leaders on the behavior of the people they manage and the key role of these leaders in implementing and disseminating a certain organizational culture and in providing an environment that supports ethically sound behavior. Top management is faced with the challenge of developing an integrity culture that goes further than legal compliance as part of their strategic planning. The authors conclude with suggestions regarding the key role the human resources department can play to make this happen.

Dessì Cinzia and Floris Michela increase the richness of our discussion by including family businesses in the observation when presenting their thoughts in Chapter 13. Family businesses do, after all, continue to form the backbone of almost all economies in the world. Recent empirical and theoretical studies have demonstrated that family businesses possess a conglomerate of values more embedded in them than in non-family businesses. The aim of this chapter is to learn from family business values to spread ethical business paradigms based on a humanistic management vision.

Chapter 14, by Rakesh Kumar Agrawal, adds an additional element to the discourses on organizational integrity and humanistic management :

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"spiritual integrity." It suggests that organizations are not just mechanisms for leveraging resources for financial rewards, or for the development of virtues through community workplaces. Rather, organizational processes and cultures are inextricably linked to the spiritual development of individuals and must exhibit internal (in terms of intentions) and external (through systems, culture, and behavior) spiritual integrity. Spiritual processes entail refinement of the human mind that has become conditioned and polluted by various materialistic modes. Spiritual integrity means being honest about and submitting to this process of spiritual refinement. Organizations and business firms not only serve a humanistic purpose when managed with honesty and integrity in terms of this spiritual refinement process, but they also help individuals cleanse themselves through work and organizational interactions.

Chapter 15, by Susan Case and Jaye Goosby Smith, examines the common values of Judaism, Christianity, and Islam and their relevance for morally responsible workplace behavior. These global religions provide the genesis of integrity as part of man's character, which is made up of discrete virtues and focuses on "What type of person should we be?" The authors describe the requirements for everyday interactions, including business transactions which guide the development of integrity in organizational stakeholders. This integrity then forms the moral character foundation when the stakeholders are confronted in the workplace with challenges concerning right and wrong and have to resolve them. The authors examine employers' and employees' collectively prescribed values regarding mutual responsibility, the dignity of work, of a just wage, and of honest marketplace behavior; and they also examine buying and selling integrity, usury and interest, environmental stewardship, social justice, and social responsibility. The chapter concludes with insights from the wisdom offered by global religions' traditions of fostering the integration of moral beliefs and behavioral integrity.

Part V offers the reader more detailed insights into the link between integrity and leadership. Dominic DePersis and Alfred Lewis clarify our sources of knowledge when it comes to leading with integrity. The authors reveal that early documents, such as the Bible, already offer substantiated schools of thought. The authors also show that academia has studied the leadership concept extensively, applying various perspectives, such as the attribute pattern approach, trait theory, behavioral and style theory, situational and contingency theories, functional theory, transactional and transformational theories, and non-emergent theory among others. The authors examine the term leader and what it means to be a leader, with the aid of passages drawn from the Scriptures to illustrate early examples of leadership decisions. In some cases, leadership is shown by merely following Jesus unquestioningly, and in other cases by putting others before oneself. These examples are as relevant for leading a good life as they are for leading a family or for leading a business or government.

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In Chapter 17, Gil Fairholm continues by scrutinizing the role of integrity in building humanistic organizations, paying special attention to leadership dilemmas. Leading modern organizations involves the dual task of integrating specific tasks, skills, and systems besides enhancing all the co-workers' needs. In this endeavor, success depends on the leader's integrity as he or she excites and motivates his or her co-workers and finally integrates them into a mutually reinforcing work community. The need for integrated leaders is critical, given today's diverse and morally suspect workplace. Sections of this chapter discuss leaders' endeavors to build a work community defined by shared values, joint meaning–making, culture management, teaching, and by producing (as a deliberate goal) a cadre of like-minded equally integrated followers who can and do take charge when the situation warrants. Morally integrated leadership demands self-discipline based on the leader's pre-set personal code of right and wrong. It rejects coercion as a legitimate tool to securing desired goals. It does not interfere in the human freedom of choice, although these choices may entail painful decisions and shifts in the group's priorities. The measure of leadership is not structural, it is ethical. The chapter argues that managing in the "same old way" is a formula for failure. Rather, leading with integrity seeks to meld individual actions into a unified system focused on desired group outcomes and is only possible when (a) workers share common values, (b) when success is seen as the responsibility of all the group members and not just that of the heads, and (c) when the focus is on shared responsibility based on agreed-upon methods and individual and group goals. The author concludes by detailing an integrated leader's core competencies.

In Chapter 18, Li-Hwa Hung extends the storyline by adding a positive development approach to the link between leadership and integrity. The author notes leaders' key role in influencing ethical practices in their organizations and argues that integrity is a necessary condition for workability. The author examines three styles of leadership: ethical leadership, authentic leadership, and authentic transformational leadership. Although each leadership process may differ, they are all based on social learning theory and social cognitive theory, which explicate the influences of leadership. Social learning theory suggests that leaders influence the ethical conduct of their followers via modeling. Social cognitive theory suggests that "leading by example" is an extremely important social influence mechanism whereby leadership positively affects follower development and performance. According to the author, social cognitive theory explains how leadership's ethical orientation influences individual followers as well as group ethics and actions.

Chapter 19, by Lazarina Topuzova and Aditya Simha, provide a different review of the literature on leadership and integrity, and they next depict the multiple dimensions of integrity as well as the multiple modes of assessing employees and organizational leaders. They then proceed with an illustration of the impact and influence that leadership integrity has on a whole

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variety of organizational and work outcomes. The workplace outcomes that the authors discuss include job satisfaction, organizational commitment, and job performance, as well as unethical/counterproductive and deviant behaviors. Research demonstrates that integrity, especially leadership integrity, is beneficial in terms of workplace outcomes. The authors also discuss conditions for facilitating leadership integrity in organizations, and the implications for leader development.

Abubakr Suliman and Rehana Hayat, in Chapter 20, examine the different aspects of leadership in work organizations and how this leadership differs from management. The authors argue that managers are inclined towards structures, strategies, and systems and are very profit-oriented. If leaders do the right things, they create, innovate, and encourage their associates to question established habits of doing work. The authors also attempt to examine integrity and moral leadership in work organizations. Leadership without integrity is risky, and organizations without ethical leadership will sooner or later lack effectiveness and will collapse. The Enron scandal is just one example of this. Further, the chapter presents different theories and backgrounds related to ethics and ethical practices and how they relate to different forms of leadership. It concludes that employees' perception of fairness and integrity in all the organizational policies and practices influences their work outcomes. The more trust subordinates have in the integrity of the organization and their superiors, the more likely the participation and production are to hit the targeted levels and more. As long as the human factor is needed in work organizations, there is a need for leaders with morals, ethics, and integrity.

Part VI of this book further explores the implementation dimension of more integrity at work. Tracy Porter and Sharon Norris call for more space for workplace spirituality in Chapter 21. The business environment has undergone dramatic changes that have brought about new expectations about work and the work environment over the past decades. When spiritual-based values are infused in an organization, the maximization of wealth does not overshadow the treatment of people with dignity. Making a difference and operating with integrity are balanced with enhancing productivity and making a profit. These people-centered organizations have been named the best places to work and are optimal performers. Given the benefits that workplace spirituality affords, various scholars have posited that designing the organizational environment so that individuals experience meaning and purpose in their work – connectedness through positive relationships and the alignment of their personal and organizational values – may be one of the most important managerial tasks of the twenty-first century. This chapter defines workplace spirituality, highlights the numerous benefits associated with workplace spirituality, emphasizes its influence on organizational integrity, and identifies ways for leaders to nurture the development of a spiritual workplace.

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Dima Jamali and Ali El Dirani, the authors of Chapter 22, examine the link between CSR and Human Resources Management (HRM) for leveraged workplace integrity. In light of a series of business scandals in recent years, there have been repeated calls to further bolster and enhance an agenda of workplace integrity within business corporations. This chapter benefits from the literature advancements regarding, and managerial preoccupation with, CSR and HRM to focus on workplace integrity as an integral component of both. This chapter specifically draws on CSR–HRM affinities to outline important HRM roles in the domains of hiring employees with integrity, building and institutionalizing workplace integrity, and organizing employees' participation in CSR activities. This work has theoretical implications for more research on integrating CSR, workplace integrity and HRM, and practical managerial implications for CSR and HRM practitioners interested in taking the workplace integrity agenda further within their respective organizations.

The last part of the book, Part VII, is devoted to the question of how to govern change towards more integrity in the workplace. Paolo Canonico, Stefano Consiglio, Ernesto De Nito, and Gianluigi Mangia kick off in Chapter 23 by exploring the subterfuges undermining business integrity in real life. Widely reported corporate scandals and managerial misconduct, ranging from systemic accounting fraud to individual executive greed, have increasingly drawn the attention of business scholars to the need for a new quest for integrity in business. Such a quest for integrity should go beyond the simple impact of the mentioned, and well-known, big corporate scandals. Therefore, the authors analyze the concept of integrity, focusing on the inter-organizational level and analyzing those cases in which legitimate firms are controlled or influenced by a criminal organization. Adopting this perspective, they focus their attention on the behavior of firms in contexts characterized by a strong criminal organization presence. The authors round off their analysis with empirical evidence in the form of three Italian cases that differ in terms of their geographical location, the sector of activity, and the nature of the organizational actors involved.

In Chapter 24, Olivier Furrer manages to shed light on governance, how to control managers, and how to meet CSR responsibilities. He clarifies that integrity, as a social notion, also refers to the degree to which people satisfy the legitimate expectations of the world around them. Corporate governance concerns the structure of rights and responsibilities in stakeholders. In this chapter, he focuses on those corporate governance issues that pertain to managers' integrity. These include controlling the risk of opportunism by managers as well as ensuring their integrity. The author argues that some of the assumptions of neoclassical economic theory related to corporate governance, such as managerial opportunism and shareholder value maximization, have negative effects on managers' integrity. The chapter presents governance systems based on an agency theory and draws implications from

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its main assumptions. Thereafter some of the assumptions are revisited. First, the author moderates the idea that every manager is opportunistic and presents the stewardship theory. Second, he tempers the assumption that management's sole responsibility is the maximization of shareholder value, and he offers the stakeholder theory as an alternative. Third, he discusses how firms' corporate responsibilities can be expanded from making a profit and creating shareholder value to encompassing economic, social, and environmental responsibilities. Finally, the author concludes with a discussion of the implications of corporate governance systems on managers' integrity.

In Chapter 25, Peter Yeoh provides an analysis of gatekeepers in the new global environment. Using a legal–economic perspective and secondary data analysis, this chapter reviews the literature on the implications of corporate governance and ethics, with particular reference to global enterprises such as the credit rating agencies (CRAs). The study explains how and why the "Big Three" (Fitch, Moody's, and Standard & Poor's) had an enabling role in the current global financial crisis and the subsequent European financial crisis. It draws particular attention to various weaknesses pertaining to corporate governance and ethics in the "Big Three" CRAs as they respond to the three main regulatory conditions, namely the self-regulatory, co-regulatory, and enhanced statutory intervention in the United States and the European Union. Using the insights generated, the author offers various suggestions on what CRAs, policy makers, and other capital market participants can do to protect investors' interest and promote financial stability, with particular reference to matters pertaining to corporate governance and ethics.

Gavin Nicholson and Natalie Elms contribute to this volume Chapter 26, in which they share their expertise on the role of boards in ensuring a culture of integrity. They posit that corporate leadership, specifically the board of directors, establishes the systems and culture that ultimately guides the ethical decisions and acts of individual corporate members. In so doing, they highlight that individuals generally conform to the system and circumstances in which they find themselves. The authors also demonstrate that boards of directors are the ultimate guardians of the systems employed in the corporation and, therefore, have a profound influence on the organizational culture and the employees' everyday actions. The authors highlight the major errors that boards and senior managers are likely to make – where the systems they build are likely to fail. Finally, they end with recommendations for those in leadership positions, actions they can take to avoid being blindsided by unethical acts: (a) establish an ethical climate from the top; (b) be on guard against moral hypocrisy; (c) carefully consider the corporate reward and sanction systems; and (d) build robust internal controls. By addressing these four areas, boards can go a long way to addressing society's growing concerns about the morality of corporations.

In Chapter 27 Mario Bogdanovic emphasizes the roots of competences needed to make progress. As the author clarifies, ethics in business cannot

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only be treated as a one-dimensional approach, because it has different ethical roots: philosophical, psychological, and social. The philosophical ethical root provides managers with a wide scope of different approaches to ethical treatment. Without a deep awareness of the purpose of managers' actions, and without reflection on what is and can be an ethical approach, managers are not adequately educated with regard to ethics. The psychological ethical root comprises universal virtues (wisdom, courage, humanity, justice, temperance, and transcendence) that are significant for moral people in all cultures and times; and thus are also important for managers, who should be moral leaders. The social ethical root endows managers with an awareness of cultural influences and the insight that ethical decisions are also linked to managers' moral credibility and to legal principles (distribution justice, procedural justice, resulting justice, and compensatory justice).

In Chapter 29, Giovanni Battista Dagnino, Anna Mina, and Pasquale Massimo Picone conclude the main content chapters of this book by warning of hubris. By means of an in-depth longitudinal, qualitative study of the case against Parmalat under the leadership of its founder Calisto Tanzi, the chapter shows that managerial hubris is one of the key determinants underlying the emergence of corporate social irresponsibility. The authors identify a "hubris trap," which means that Tanzi's hubris led to overambitious strategies that in turn triggered financial overexposure and liquidity problems. Under these conditions, the Parmalat head preferred to conceal his strategic mistakes through a series of accounting frauds. He was confident that, under his direction, Parmalat would be able to overcome the intricate situation by implementing an international, and unrelated, diversification strategy. However, Parmalat's overambitious and weak strategy eventually led to even poorer performance and to more accounting frauds, thereby igniting an inexorable negative spiral totaling a debt of 14.3 billion EUR built by a series of false billings and fake statements of its real conditions. The authors thus propose an interpretive framework that informs the current understanding of corporate frauds. Their chapter provides a thought-provoking description of the conceptualization of managerial integrity. Contrary to conventional wisdom, the authors posit that honesty and moral conduct are barely adequate to prevent some instances of corporate social irresponsibility. They suggest introducing *sophrosyne virtue* to the conceptualization of managerial integrity. This would allow managerial integrity to include the complementary and harmonious integration of opposite forces: confidence and prudence, fortitude and self-knowledge, and shrewdness and ambition.

We believe we have compiled a rich and diverse source of inspiration and have somewhat clarified integrity in organizations, the importance of the concept for creating more humanistic organizations, and how it can be implemented by, for example, sharing best and worst practices in different international, industry, and organizational settings. If we can render you

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sensitive to the multifaceted aspects of integrity in humanistic organizations, as well as to all the upsides, while warning of the traps, we have reached our goal.

Notes

1. Cf., for example, http://southasia.oneworld.net/globalheadlines/millions-die-of-hunger-while-banks-traders-bet-on-food/ on the mechanisms and pricing impact.
2. Cf. http://www.dailykos.com/story/2012/02/08/1062831/-You-die-I-win-Deutsche-Bank-bets-on-Americans-life-expectancy
3. While there is a noteworthy insurance aspect in the business of insurances, this Deutsche Bank product is pure speculation.
4. Cf. http://www.asianews.it/news-en/Micro-credit-driving-people-to-suicide-in-India-19794.html
5. Cf. http://www.nytimes.com/2012/02/01/business/higher-oil-prices-lift-profit-at-exxon.html, also http://en.wikipedia.org/wiki/ExxonMobil
6. Cf. http://www.news.de/wirtschaft/744900021/siemens-muss-milliardenstrafe-zahlen/1/
7. Cf. http://www.horizont.net/aktuell/marketing/pages/protected/Irrefuehrende-Nutella-Werbung-Ferrero-muss-Millionenstrafe-zahlen_107278.html?openbox=0
8. Cf. http://www.unzensuriert.at/content/008914-WWF-will-Buchverffentlichung-mit-allen-Mitteln-verhindern
9. Cf. http://www.nachhaltigkeitspreis.de/406–0-Prof-Goetz-W-Werner.html
10. Cf. Barnard, A., Schurink, W. and M. de Beer (2008). A conceptual framework of integrity. In: *SA Journal of Industrial Psychology*, 34(2), pp. 40–49.

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Part I

Integrity as a Cornerstone in Building Human-centric Organizations

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