

**Business Integrity and the Challenges of the New Age in a  
National and International Context.**

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Characters (with spaces): 18,417

13.06.2021

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## **1. Introduction**

Integrity is something that everyone admires and strives for in their life. It is uncommon for someone to reject integrity. However, non-integrity may be found anywhere, since often what is said does not necessarily equate to what is done. Individual dishonesty and shortcoming are all too widespread and the same is true for businesses. Almost every company claims integrity in its mission, vision, or value statements. Sadly, reckless and unethical corporate practices and behaviors have never gone away, and they are still common in today's world (OECD, 2020). Frequently, it is seen just the polar opposite of integrity, or false integrity. Unfortunately, academics and corporate world have paid little attention to the conflicting issue of honesty and integrity in business.

Although the concept of integrity has been pondered for over two thousand years by great philosophers and intellectuals, it has been rather overlooked in terms of use in contemporary corporate and economic contexts. Very little has been made to address the ambiguity and contradictory nature of integrity. Nevertheless, business integrity has found key applications within the fields of business ethics, organizational culture, and HR studies (Blumberg, 2016; Kaptein and Wempe, 2002). Still, the hidden challenges of integrity, due to its unclear and ambivalent nature, and false integrity have been underexamined (Sun et al., 2018).

The positives of business integrity are well established, or rather, the negative effects due to the lack of it (OECD, 2018). Since the absence of integrity leads to corruption which on its own undermines productivity and economic growth (Shao et al., 2007). Obviously, promoting integrity and mitigating corruption can have a positive economic impact, but how an abstract notion such as integrity, which is foreordained to subjective interpretations, should be applied in reality? And what are the challenges of promoting integrity in business

practice? This paper discusses these issues and aims to reduce the disparities between the concept of integrity and its applicability in the business world. Furthermore, special emphasis is placed on the role of false integrity.

## **2. Discussion**

### **2.1. What is integrity?**

People conceptualize, interpret, and apply integrity in a variety of ways, making it more confusing rather than unambiguous. Merriam-Webster dictionary (2021) defines integrity as: 1) “*firm adherence to a code of especially moral or artistic values*”; 2) “*an unimpaired condition*”; 3) “*the quality or state of being complete or undivided*”. Likewise, most people would agree that integrity refers to a strong moral commitment to a certain value or belief system, however, others perceive it as a more neutral concept, without moral meanings (Jensen, 2009). According to Erhard et al. (2009), integrity exists in the realm of positivism, free of normative content. Hence, integrity isn't about what's good or bad, right or wrong, or what should or should not be done. Erhard et al. (2009) defined integrity as a manifestation of a person's word being whole and complete, without any moral connotations. In respect to groups and organizations, as the group's or organization's word being whole and complete. The word of a group or organization is made up of what is spoken within the group or organization as well as what is spoken by or on behalf of the group or the organization. In other words, integrity is honouring one's word. Moreover, Erhard et al. (2009) elaborated that keeping one's word is not always achieved, but despite that, integrity can be preserved by admitting the failure to those counting on one's word and undertaking observable attempts to clean up the mess. Thus, integrity or honouring one's word is intrinsically linked with honesty and transparency.

Nevertheless, in regards to business context, the notion of integrity ought to be further explored and clarified. Suppose integrity has ethical and moral meaning,

as defined in dictionaries, how could a person tell the difference between the abstract concepts of ethics, moral and integrity? Jensen (2009) and Robinson (2016) argue that attaching a moral or ethical value to integrity makes it simply a synonym for morality and ethics. Moreover, according to Pearson (1995), the notion of business ethics has an insufficient tangible benefit to company managers since it is full of contradictory arguments and issues with no clear solution. As an alternative, integrity is defined as maintaining stable long-term connections with interested parties for a company's perspective prosperity based on enlightened self-interest (Pearson, 1995). Similarly, Maxwell (2003), proclaimed that *“there's no such thing as business ethics: there's only one rule for making decisions: the Golden Rule”* (treating others as one wants to be treated). He implies that a business-specific code of ethics does not exist. That is, in business and politics, people must have the same principles and ethics that they have at home. Core values and principles ought to be consistent across all aspects of people's lives (Gill, 2004).

The more straightforward and uncomplicated definition of integrity sparks a new discussion about how to deal with self-interest in integrity. Integrity, from a moral standpoint, inspires a greater cause and societal worth outweighing self-interest (Sun et al., 2018). While, business integrity, according to classical economic theory (Smith, 2018), is just doing your assigned task and ensuring good performance. The moral obligation for business is fulfilling its fundamental purpose, making a profit, and following the rules. Subsequently, by making a profit (i.e., having the necessary resources), a business would be able to benefit society. From this point of view, societal benefit and integrity turn out to be a by-product of doing business.

On the other hand, integrity is often used only as means to serve a business purpose (e.g., making a profit, gaining a competitive advantage). In such cases integrity appears to disregard its moral principles, becoming immoral or

unethical. In this respect, the following questions emerge: can an ethical behaviour ultimately serve a malicious purpose, and vice-versa? What defines a business behaviour as moral or immoral? Moreover, having in mind the variety of contexts in which a business can operate, is it possible to keep business integrity across them all? It's more difficult to say if integrity is universally or contextually defined. In general, integrity is defined as the ability, to be honest, and consistent in any doing based on particular moral values, implying adherence to certain moral standards (Barnes, 2016). With these connotations, integrity can be seen as rather universalistic, even though most scholars in the field argue that integrity can only be comprehended within a specific context (e.g., socio-cultural environment; Pearson, 1995). For example, in some cultures conducting business based on relationships is widely accepted, while in others it is perceived as negative quality (Hofstede et al., 2010). In a contextual environment, the individuals would be able to see integrity based on their own views instead of being left to interpret the abstract form of external values. The notion of integrity is solely significant in its practicality and in people's experiences. In this way, rather than being universal, integrity has a variety of interpretations. (Sun et al., 2018).

Another concern about the idea of integrity is whether it is only a personal attribute. Integrity is one of the most essential aspirations in life for many people, a value that connects with other virtues. For others, integrity is more about practicing it by learning, communicating with others, and evolving over time to establish the foundation of trust, rather than holding something already given (Robinson, 2016).

## **2.2. Business Integrity in Practice**

One approach to incorporate integrity into business is to make sure that ethical standards are upheld while earning a profit. This allows the company to reach a

shared aim. Hewlett-Packard (HP) is one of the companies that successfully maintain integrity while being profitable. HP's efforts to maintain business integrity include a code of conduct, an ethics training program, and internal reporting and investigation mechanisms for ethical problems (HP, 2018). It also contains a method for reporting to the respective authorities any infractions of the law. The program is overseen by the company's Ethics and Compliance office, and it is in charge of responding to inquiries and concerns raised by workers. Its network of representatives acts as a sounding board, source of advice, and a channel for addressing a variety of concerns, ranging from charges of misconduct to complaints about bad management, unfair supervision, and business policies and practices.

Despite the large amount of time that corporations spend in planning and risk management, sometimes things go wrong (intentionally or unintentionally), and when it happens it can be fatal for the organization, for instance, the notorious Enron scandal (Alexei Barrionuevo, 2006). But there is another contrasting example that illustrates how integrity can be preserved even in failure. In 2009, Toyota accelerator pedals started getting stuck for no apparent reason, the Japanese multinational automotive manufacturer had to recall over 9 million vehicles owing to safety concerns (Schmukler, 2018). They were first unable to come clean since they were unable to determine the specific fault with the automobiles, resulting in a massive media reaction. However, after Toyota made a genuine attempt to correct the situation, the media coverage and public view of the company shifted. They issued a public apology and followed it up with extended warranties and cooperation with government agencies that inspected their cars. Subsequently, they used a full PR effort to showcase their own excellent behaviour, but also this was the company's first substantial misstep in their lengthy history of success. Their reputation as dependable automobile manufacturer continues to this day.

In the Bulgarian context, many international companies operating in our country have introduced their concepts of business integrity within their local branches (e.g., Heineken, Sanofi, Solvay, TTEC, and others). In spite of that, the notion of business integrity is not widespread in Bulgaria, companies of Bulgarian origin are just beginning to adapt business integrity practices and standards (Transparency International Bulgaria, 2021). However, as the economic well-being and quality of life of Bulgaria develop, business fields, such as corporate ethics, behaviour, and integrity, are expected to become increasingly important for the business environment (Jones et al., 2006). Concurrently, the government and the respective agencies ought to employ rules and regulations to steer corporate activity in the direction that is in people's best interest. Yet ethics spread way beyond the jurisdiction of a government which what makes it such a pervasive and complex concern.

Evidently, integrity strategies differ in terms of design and span, across organizations and cultures, but they all should aim to identify a company's guiding ideals, ambitions, and thinking and behaviour patterns. When such tactics are integrated into an organization's day-to-day operations, they can assist to minimize harmful ethical failures while also tapping into tremendous human urges for moral thought and action. The ethical framework, therefore, becomes the guiding ethos of an organization, rather than a restrictive framework within which companies must function (Paine, 1994).

### **2.3. False Integrity**

For the success of any company, business integrity is vital because it promotes trust, which is necessary for running a company. However, nowadays, integrity appears to be a scarce commodity, and the majority of people feel that corporations are crooked (although but with large discrepancies across countries; OECD, 2015). At the same time, most companies claim that they are

maintaining integrity, as well as social responsibility (Deloitte, 2014). Consequently, people's belief that corporations are corrupted contrasts sharply with corporations' claims. Inevitably, there are numerous examples of false integrity (companies that claim to have integrity but do not actually hold, participate in, or practice it) in business activity (Sun, 2018). False integrity practitioners appear to be so ubiquitous that determining whether something is real or not can be challenging. They have undermined the concept of integrity, its reputation, and original dignity, aggravated the situation for those who are authentic in their integrity and reduced the desire of company executives to practice genuine integrity. As a result, investigating and examining cases of false integrity becomes more necessary, yet more difficult, than focusing just on the shining side of integrity.

False integrity might appear in a variety of forms. The fraud may be purposeful, such as when a persona of virtue is presented to cover opposing behaviors such as "greenwashing", or it may simply be used as a facade, or it may be a purposeful element of the marketing and certain image (Pearson, 1995; Torelli et al., 2019). It's also possible that false integrity is unintentional, companies might not be aware that the false integrity goes against essential principles.

The notion of false integrity is intricate and complex since there is always the contrast between abstract and tangible present. Theoretically, false integrity is unethical and undesirable because it violates the ideal of integrity. However, false integrity can be ethically acceptable or unacceptable depending on the moral principles in the setting. For instance, false integrity is likely to be ethically acceptable if the local morality is "bad", and the other way around. In an unfriendly or corrupt environment, false integrity in its different manifestations (disguise, facade, malingering, and deception) might be ethically acceptable. Thus, demonstrating that there are always complicated

circumstances in which the meanings of genuine and false integrity could be obscure and therefore must be analyzed within a context (Sun, 2018).

Undeniably, companies cannot conduct themselves in a way that seems acceptable to everyone. It's important, however, that they genuinely believe in what they do is right and valuable for them and for their stakeholders. Many companies try to abide by external stimuli and trends (sustainability, waste management, equal rights, etc.) in their attempts to be ethical and moral. It may be trendy to be “green”, but if a given company doesn't know why it's good particularly for them and how it leads to real business and community benefits, it is likely that they will fall into the trap of unintentional false integrity, by embracing a popular topic just for the sake of it. Earning and maintaining business integrity does not solely involve following trendy ethical practices, such as recycling and having an official code of conduct. It is actually a matter of finding out which aspects of the company's environment are truly relevant to its operations and performance, and properly managing them.

### **3. Conclusion**

Integrity is a fascinating concept that is gaining popularity in business practice and academia. Everyone wants it, and we all need it, therefore it's critical to understand what it means. However, business recklessness and misbehaviour remain present, as well as their negative impacts. This necessitates a thorough examination of the multifaceted nature of business integrity, also its influence in changing the present business conduct. While the study of business integrity has been subject to limited research, academia and business are encouraged to devote more time delving into the challenges surrounding the complex matter of integrity, and also false integrity.

In this paper were presented some discussions and developing paths for research, but they surely do not capture all of the issues that may be investigated

in this field of business ethics. The existing literature succinctly describes the concept of business integrity as honouring one's word, which, per se requires honesty, transparency, and consistency. While in a broader sense, it may be defined as sustaining solid long-term relationships with stakeholders based on enlightened self-interest.

Since the fundamental goal of every business is to generate profit, the combination of profit-maximizing conduct with non-economic considerations raises a variety of ethical dilemmas that require further research to enrich the understanding of the complexity of business integrity. Notwithstanding, integrity, indeed, implies compliance with certain moral standards, and these will vary with the different circumstances. Hence, integrity is more meaningful within a context, and in terms of its actual application and people's experiences.

Furthermore, it was illustrated that maintaining business integrity requires more than words on paper and talk about ethics, morals, or values. Companies must truly believe in those ideals and take care of providing the things they proclaimed. Although occasionally organizations fail to deliver on their promises, integrity might be kept by admitting the mistakes and putting efforts towards fixing them.

Nowadays, business integrity has become essential for business success, thus a large number of companies claim to maintain business integrity but many of their practices prove to be contradictory, resulting in false business integrity. However, false integrity can be intentional or unintentional, it also may be ethically acceptable in some settings but condemn in others. Evidently, the concept of business integrity involves complex situations in which the notions of genuine and false integrity may be muddled.

The trust of society and government, higher employee satisfaction, higher productivity and reduced costs are some of the benefits for businesses that

behave with integrity, but to earn and retain their integrity organizations, need to perform continuous contextual investigations of the societal dynamics and adjust their conduct accordingly, but only if they truly believe that it will be beneficial for them and their environment.

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