

Palgrave Studies in Governance, Leadership and Responsibility

The Practice of Integrity in Business

SIMON ROBINSON



Palgrave Studies in Governance, Leadership and Responsibility

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The fall-out from many high profile crises in governance and leadership in recent decades, from banking to healthcare, continues to be felt around the world. Major reports have questioned the values and behaviour, not just of individual organizations but of professionals, industries and political leadership. These reports raise questions about business corporations and also public service institutions. In response this new series aims to explore the broad principles of governance and leadership and how these are embodied in different contexts, opening up the possibility of developing new theories and approaches that are fuelled by interdisciplinary approaches. The purpose of the series is to highlight critical reflection and empirical research which can enable dialogue across sectors, focusing on theory, value and the practice of governance, leadership and responsibility.

Written from a global context, the series is unique in bringing leadership and governance together. The King III report connects these two fields by identifying leadership as one of the three principles of effective governance however most courses in business schools have traditionally treated these as separate subjects. Increasingly, and in particular with the case of executive education, business schools are recognizing the need to develop and produce responsible leaders. The series will therefore encourage critical exploration between these two areas and as such explore sociological and philosophical perspectives.

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This book is dedicated to the memory of my late father-in-law, John Mckinnon. When I am asked to say what integrity looks like, I talk about him. A GP in a Northern mining village, he had a passion for his family and for his profession. He knew what he was talking about, and could give a clear account of his purpose, whose worth he understood. As a diagnostician he was second to none, not just because of high professional competence, but also because he knew the people he cared for. He took responsibility for them, not least in the tough hours of palliative care, and he helped them to take responsibility for themselves.

Preface

Integrity is one of those words that we all want to own because it says something about ourselves and our organization. We are told that it is: an essential aspect of individual employability (noting employer surveys); key to professional identity (noting the self-perception of professional bodies); and key to corporate operation (noting recent governance failures). Most arguments focus on the importance of integrity in establishing and maintaining trust between professions and clients, between corporations and wider society and between leadership and organizations.

Despite its perceived importance, however, the meaning of integrity, and precisely how it relates to trust, is less clear. How do we know we are ‘still the good guys’? What does integrity look like? If I asked you now to think of a person you know who ‘has’ integrity, could you describe the integrity they have? What about your organization: does that ‘have’ integrity?

What I would like to do in this book is to stimulate your imagination as well as your thinking, on the basis that integrity is more than just thinking about ethics. Hence, I will try, alongside reviews of the philosophical and related debates, to focus on the practice of business, and in particular leadership and governance. This will involve cases which exemplify both the practice of integrity and its absence.

The clue to my argument is in the term practice. I argue that integrity is not something you have but something that you practise, and that the mark of integrity is how we practise responsibility. This tries to bring

together two debates. The first is focused on philosophy, where debates about integrity have focused on aspects of responsibility. I attempt to draw that out in more detail and focus on three modes of responsibility, anchored in identity, and on the creation of moral meaning in relation to different aspects of the self and society. I argue that this demands the practice of dialogue and narrative.

The second debate is about how business relates to the social and physical environment, focused on views of corporate integrity which stress the complexity of the social and physical environment. This extends integrity to something more proactive and creative, not simply standing up for something.

I offer a view of integrity which intentionally does not occupy the moral high ground. First, it argues that moral meaning is brought to life through engaging others in the development of dialogue and narrative. The moral high ground prefers to dominate and impose, in some way, moral meaning. Second, the idea of integrity cannot be owned exclusively by ethicists. As an ethicist I will fight against the exclusion of the ethical dimension. However, ethical meaning (and related virtues) stands alongside the intellect (and related virtues), psychology (and related interpersonal virtues and skills) and practice (informed by purpose and related values). Thus it can be seen as central to health and well-being, and to ongoing learning and development.

I also argue that integrity is not simply a strategic tool, with success predicated on its practice. Integrity is focused on the truthful and reliable re-presentation of the self or organization. As such, it is about who we are. Integrity, then, is hard to mimic.

The first chapter sets out the philosophical debate about the meaning of integrity. Focused on the case of Arthur Andersen, it will review different philosophical views of integrity, including: the integrated self (Frankfurt 1990, Solomon 2007); moral identity (Williams 1973); adhering to bottom-line principles, or walking the talk (Halfon 1989); strength of will and the act of judgement (Calhoun 1995); and as a virtue, including epistemic virtue (Scherkoske 2013). Each of these perspectives has problems, but each contributes something to a broader view which sees integrity as connecting many different virtues and relationships. The discussion then examines and critiques attempts to narrow the view of integrity, from one based on economics and performance, to one which

distinguishes different kinds of integrity. A final one focuses on an Aristotelian view which links to identity, involving the truthful and reliable re-presentation of the self. It is argued that, whilst this is too narrow, it opens up a complex dynamic: for integrity, focused on taking responsibility; for ideas, values, purpose and practice; for framing an account of meaning and practice in the self and the organization; and for the future. These involve three interconnected modes of responsibility: attributability, accountability to and responsibility for.

Beginning with the case of Alan Greenspan and related credit crisis issues, the next chapter sets out the first mode of responsibility: attributability. This focuses on causation, expressed in effective decision-making and the practice of critical agency and self-governance. Agency is analysed in terms of critical relationship to: ideas (cognitive); values, especially ethical values (affective); practice (somatic, based in time and space); the social and physical environment (interactive and interconnected); worth (not simply self-esteem but a sense of worth focused in the above holistic interaction); and worldview. This stresses responsibility for the holistic dimensions of the self: being true to the self in terms of the complex truth about the self, and commitment to the self.

From responsibility for reflection on the whole person or organization the chapter goes on to look at views of the self in relation to plurality, based on the development of narrative and dialogue. Built on a social constructionist view of identity, personal and organizational, this suggests a view of integrity as dynamic and continuously developing. This view is distinguished from negative responsibility, focused on culpability.

The third chapter sets out the meaning of accountability, arguing that it is central to integrity. Focusing on the case of the Mid Staffs Hospital Trust, it explores mutual accountability for meaning and practice and plural accountability (including to colleagues, profession, client, institution and so on). This contrasts with the narrow, linear practice of accountability shown in Mid Staffs. If the first mode of responsibility is about being true to the self, this second is about being true to others, hence about being responsible for relationships. Breakdown of the practice of this integrity is characterized as analogous to a breakdown of health.

This view of accountability is contrasted with the corporate capture of accountability where one narrative is dominant. Narrow perspectives are

then contrasted with the actual complexity of business relationships to the social environment, inside and outside the organization. The chapter finally focuses on the practice of dialogue in leadership, as the means of engaging complexity and practising accountability, illustrated by an example from Shakespeare, Henry V at Agincourt, and ends noting the interconnection between the first two modes of responsibility.

The fourth chapter explores the third mode of responsibility: responsibility *for*. The importance of this mode of responsibility is that it moves us specifically into the ‘walk’, the taking action, of integrity. The Nestlé case introduces positive responsibility, moving beyond accountability, into wider positive responsibility *for* projects, people or place. Some the great post-Holocaust thinkers, such as Arendt, Levinas, Bauman and Ricoeur, argue from this for a sense of universal responsibility. Jonas takes this further, arguing for a sense of ultimate accountability to and responsibility for future generations and the environment. The chapter explores that responsibility in the light of the Nestlé case and how it informs a view of integrity which involves: a sense of plural responsibility, for clients, colleagues, profession, community and so on; the assumption of responsibility in grey areas not assigned to roles, avoiding denial of responsibility; further development of ethical identity through negotiation of responsibility; the development of shared and mutual responsibility, as distinct from shared interest; focus on positive creative action through the increase in possibilities and pathways, further developing identity; and the practice of justice and sustainability through shared responsibility. The focus is on developing creativity, with the individual or corporation always learning and looking to respond, and holding together organizational sustainability and social and environmental sustainability.

All three interactive modes of responsibility focus on different ways of developing and re-presenting identity, anchored, through the practice of deliberation, dialogue and narrative, in different and shared values, institutions and projects.

Chapter 5 then explores the relationship between integrity and the virtues. It argues that integrity is not a virtue in the Aristotelian sense, but involves, rather, a dynamic interactive complex of virtues. The practice of these virtues enables the embodiment of the different modes of responsibility. The chapter looks at the underlying virtues ethical theory, and then

sets out some of the key virtues and how they relate to the three modes of responsibility and from that to integrity, including: courage, patience, temperance, humility, practical wisdom, care/respect, empathy, faithfulness/trust, justice, hope, *eros* and negative capability. This underpins the argument that the practice of responsibility is what holds together the different virtues.

Chapter 6 builds on the practice of accountability within the organization and beyond. It focuses on governance and bringing together a shared view of values. In particular, it explores a key function of governance, determining the level of leaders' remuneration. Recent governance practice has supplied procedures for dealing with remuneration, not least through the remuneration committee of the board and the use of more independent board members. The chapter argues that this is not sufficient for the practice of integrity, because it does not enable a thought-through perspective on justice, and does not enable dialogue with stakeholders to test such an account and develop it. It looks at some of the arguments offered around justice and remuneration, none of which stands rigorous testing, and argues for the development of procedural integrity through setting out a compensation philosophy. The chapter then goes on to examine the ways in which good governance is anchored in a culture of integrity, enabling accountability at every level of the organization.

Chapter 7 builds on positive responsibility and explores proactive integrity in more detail. In particular, it explores further the underpinning thinking around the idea, including Fort's view of Total Integrity Management, and the key idea of the moral imagination, from Werhane to Lederach. Lederach extends the moral imagination to focus on managing conflict, connecting to the ongoing work on leadership and complexity and the integration of strategy, enterprise and integrity. In one sense these ideas open up further the complexity of this area, exemplified by the Niger Delta case. Hence, the chapter aims to show how the future, with all its associated complexity, can be managed despite this: how proactive integrity can be practised successfully. It illustrates this with examples from business and peace-building, the development of responsibility in the supply chain and the issue of human rights and business, focused on modern slavery. The last of these involves critical questions about regulation and governance which are ongoing.

The final chapter aims to summarize the view of integrity sketched out in the book by focusing on key themes that have surfaced throughout. It explores in more detail how integrity relates to trust, a connection most writers on integrity take to be obvious. It argues that the connection is built around the development of mature trust which connects to the different modes of responsibility. It then draws together different elements of the dark side of integrity which have surfaced throughout the book—corruption, counterfeit and confusion—noting their relationship. The chapter concludes with a view of the nature of business, arguing that, whatever the good consequences of integrity in the practice of business, it cannot be viewed primarily as either altruistic or instrumental.

An epilogue poses questions about the practice of integrity in business schools, in teaching, research and management. It examines criticisms of the practice of business schools and their relationship to business. It then explores the purpose and values of business schools as part of higher education, how this relates to the different stakeholders and in turn how it relates to the practice of integrity in the curriculum.

I am conscious that I have not spent a lot of space on the meaning and practice of sustainability, or details of reporting. To tease those out would require two further books. What I attempt to set out in this book is the connections between theory, value and practice, and the importance of taking responsibility for these. There may be little evidence that the practice of integrity leads to success in business, but there is a great deal of evidence that failure to practise integrity in business can lead to disasters for business and wider society. Hence, part of the message of this book is that integrity is not about asserting an ethical position, as if this were something separate from business practice. Integrity is holistic, involving criticality and logical coherence (in developing authentic meaning through dialogue), consciousness (of the self and others), connectivity (an understanding of the significance of social relations), commitment (to purpose, project and people), communication (in giving an authentic account) and creativity (in embodying values in practice). As such, integrity contributes directly to strategy, enterprise, marketing and all aspects of business often thought to be value-free. In turn this links directly to the ongoing debates about leadership, governance and organizational theory, and engagement with complexity.

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1

Philosophy and Integrity

Abstract This chapter sets out the philosophical debate about the meaning of integrity. First, focusing on the case of Arthur Andersen, it examines different philosophical views of integrity, including the integrated self; moral identity; adhering to bottom-line principles, strength of will, the act of judgment; and as a connecting or epistemic virtue. From this will emerge a view of integrity as connective and complex. Alternative, narrower, views of integrity are then critically examined. Focusing on the re-presentation of identity, the chapter concludes by arguing for the importance of responsibility in holding together the different aspects of integrity.

There is a consensus amongst academics and practitioners about the importance of integrity. A survey by the Council for Industry and Higher Education (Archer and Davidson 2008), for instance, suggests that the third most important quality employers want from graduate employees, behind teamwork and communication skills, is integrity. This theme is taken up by the Institute of Chartered Accountancy in England and Wales (ICAEW) in *Reporting with Integrity* (2009), which aims to

establish the utility of integrity. Integrity, it is argued, provides the basis for establishing trust, both in leadership and in the wider profession. This is so at individual and institutional level (cf. Solomon 2007) and is embodied in corporation and individual practice and in the commitment of the wider profession. Hence the engineering professions (Armstrong et al. 1999), for instance, can write of the need to maintain the integrity of the profession. By extension, it is argued for the accounting profession in particular, that integrity leads to reliability of information and judgement, upon which the future of markets, financial systems and even financial policies depend. The absence of integrity was, of course, exemplified in the credit crisis (Lanchester 2010).

The popularity of the term is also reflected in that it remains the most frequently used value referred to in company value or mission statements (Audi and Murphy 2006). And when governance crises occur in different spheres, it is precisely the lack of integrity which is stressed. A good example was the reaction to the scandal of the UK MPs' misuse of expenses, which had a strong sense that the breakdown of integrity involved a betrayal of the public.¹

It is, however, less clear exactly what the term means in practice. In thirty years' experience of teaching business ethics to practitioners and conventional students, whenever I ask those with integrity to put their hands up, there are always a handful who claim this prize with alacrity. The majority keep their hands down and look uncertain. Those who keep their hands down reveal interesting reflections, such as 'integrity is something about me as a person, and I am not sure I know myself that well', and 'I can't judge if I have integrity, it needs someone else to judge that'. When quizzed further, most respondees suggest that integrity matters and that it matters because it involves something about authenticity. Authenticity, of course, is a term ripe for debate. But it would seem to involve something about not just 'playing the game', not just 'wearing a mask'. Hence, integrity is often contrasted with hypocrisy, whose meaning is rooted in acting or playing.

¹ <http://www.standard.co.uk/news/politics/parliament-has-failed-to-restore-trust-after-mps-expenses-scandal-10161775.html>. Accessed 20/11/2015.

Some suggest integrity involves openness or transparency. Such terms, however, did not resonate with the focus on feelings found in the student responses. Deciding on whether a person has integrity involves making a judgement about that very person. And judgements about the person involve for most people fear of the negative. No one wants to be thought of as lacking integrity. This would involve, in some sense, corruption, a fragmentation (Cottingham 2010). And no person or organization wants to be seen as ‘corrupt’. This suggests that integrity is as much about psychology and relationships as it is about philosophy and morality—as much about (perceived) worth as it is about evident values and principles. This mixture is powerfully brought to the surface in Cormac McCarthy’s book *The Road*. In an apocalyptic era a man is taking his son across war-scorched America to the coast, which he believes to be free from the bleak, incessant conflict between the survivors. His primary focus is on saving his son from the gangs who roam the streets, and who might rape, kill or even eat his son. He has a gun with precious few bullets left, and with which he threatens even the elderly infirm who come too close. Noting his father’s reaction to people in need, the son poses the simple question ‘are we still the good guys?’ (McCarthy 2007, 65). This is a question about identity and character and demands reflection on his father’s actions and how he views them, indeed on how he judges them. His father defends his attitude and actions, founded in his role as protector of his son. This is what he stands up for, what differentiates him from the lawless gangs they meet. Ultimately it is to do with what his father calls the ‘fire’, which they carry, a metaphor for humanity. But the son’s question raises the challenge about knowing when we have crossed the line from a strong simple defence of people and principles to an action that might in consequence harm others. That is not just about ethics but about how we see the world.

Intriguing as these reflections might be, philosophers such as Audi and Murphy (2006) and Curzer (2014) want more precision about this term integrity. They fear that it is now doing service for all aspects of ethics, a general value term. For most people that is what the term tends to mean, ‘doing the right thing’, but how is that idea actually going to inform practice. Who, after all decides what the right thing is? And how can we be sure what the right thing is?

Defining Integrity

As Cottingham notes (2010), it is perhaps surprising that a systematic focus on integrity does not appear in either Greek thought or the Judeo-Christian tradition. Aristotle focuses on the virtues and argues that these are interconnected, and that a person who practises one will have them all (cf. Cottingham 2010). Prior to Aristotle, Plato focused on the unity of one virtue, with different aspects (Wolf 2009). This sense of unity suggests something of the core meaning of *integer* or *integras* as soundness, purity or wholeness (Bosman 2012), with the corresponding meaning of corruption as breaking down, spoiling or decay (ibid.). Related indicators of integrity are honesty, transparency, consistency and so on (Cottingham 2010).

The Judeo-Christian tradition has some references to integrity, such as in Psalm 26. This begins, in the King James translation, ‘Judge me O Lord for I have walked in mine integrity’. The Hebrew root of that translation (*tum*) is wholeness or completeness. The act of sinning takes something away from that, suggesting integrity as a form of innocence (Cottingham 2010). The verses that follow, however, suggest a general idea of leading an upright or righteous life, rather than providing any specific account of the virtue of integrity, or any idea of unity of ethical perspective. Psalm 86 offers a prayer for psychological or ethical unity, ‘Give me, O Lord, an undivided heart’.

The Christian gospels refer to the importance of finding one’s *true self*. Even gaining the whole world is not enough to compensate for the loss of oneself (*heautos*) (Luke 9:25). Later in Luke (15:17) comes the parable of the prodigal son. Of course, he regrets his prodigality, returns from exile and ‘comes to himself’ (*eis heauton elthôn*; Luke 15:17). There is something in this about a rediscovery of the person’s true self. This is already beginning to take the ideas associated with integrity into identity, and thus to a relational definition of integrity. The prodigal son rediscovered his identity *in relation to* his father, and doubtless at some point to his brother. Another New Testament source is the Epistle of James. In James 4:8 the author calls for purity of heart, which is the opposite of being ‘double-minded’ (*dipsychos*). The idea of purity of heart has its analogue in Islam with the concept of *ikhlas* (cf. Michel 2014) or sincerity.

How, then, do these ideas to look in practice? I will begin to explore this through a case study.

Arthur Andersen

We do not now associate the US accountancy firm of Arthur Andersen with integrity of any sort. On the contrary, after their connection to Enron (Toffler 2003) and the subsequent collapse of both corporations, the firm of Arthur Andersen is seen as a byword for corruption. It was, however, very different at the beginning of a firm which built its reputation around ethical character and a clear sense of integrity. This was best illustrated by the ethical dilemma faced by the founder, Arthur Anderson, in the early part of his career. The executive of a major railway company asked him to change the figures in a financial report. Despite the risk of losing significant business, Anderson reputedly gave the clear response, 'There's not enough money in the city of Chicago to induce me to change that report' (ibid.). As feared, the railway company business was lost. Within a year, however, the client firm had gone bankrupt, and Andersen's stance had established the reputation of a firm that could be trusted. It embodied the core purpose and values of the Andersen business, summed up in the adage 'think straight, talk straight', something Andersen learned in his childhood. He developed and maintained the firm's focus on the core value of integrity, involving independent judgement and action, prudence and a clear understanding of the meaning and purpose of the profession of accountancy. This was maintained in the firm's practice after Andersen's death in 1947. Key to it was a lengthy induction for new staff, which began with Andersen's story and focused on: loyalty to the founder, professional identity fixed in the narrative of the firm, and core values of the firm which informed how the firm would be sustained.

In the 1990s, however, the firm began to diversify, increasingly focusing on consultancy (Trevino and K. Nelson 2008). This led to several changes. First, the narrative and core values became less prominent in induction sessions, and in many cases they were lost altogether. This was partly because the growth in consultancy put pressure on time, and partly

because it was assumed that a rigorous selection process precluded the need for induction into an ethical culture.

Second, with the diminution of the ethical narrative the firm's focus moved away from core values such as honesty and transparency to what MacIntyre (1981) has characterized as institutional values, to do with developing and sustaining the corporation. Third, the attitude towards, and perception of, clients began to change radically. Andersen's narrative had suggested that the profession owed the client an honest judgement on the finances. At one level this involved the best interest of the client, who could not make effective business decisions based on calculations that were untrue. The client, however, may not take this view of best interest, as the original story showed, in which case the task of the auditor was to challenge the client in the light of values that transcended the interests both of the professional and of the client. Either way, this involved respecting the client and remaining true to the relationship with them, something defined partly by context and partly by the perceived identity of the firm. With the focus on consultancy work, the relationship with the client began to involve deception. The client was viewed no longer in terms of relationship and context but rather as means to the end of achieving profit, not as a stakeholder to whom the firm owed an account of values and practice, still less respect. Hence, practices such as inflating fees and extending contracts became commonplace. This in turn led to an unrealistic inflation in estimates of what the firm could achieve.

None of this suggests that consultancy *per se* leads to an erosion of values; rather, it suggests that, with a change in function, the reflection on values was lost. This led to practice that did not balance the institutional values (principally how to ensure company survival) with the values of the community of practice, i.e. the profession. Hence, there was a breakdown in meaning at the heart of the organization. The original values were still codified in the firm, but the practice was now opposite to those values, something that the firm was blind to. In particular, the firm did not practise independence. The resulting conflict of interest was summed up in the case of Enron. In this the Anderson firm continued to act as auditors, whilst also acting as consultants, in effect auditing their own practices (Senate Committee 2004).

Fourth, a closed and defensive culture began to develop, based on unquestioning loyalty to the partners, covering up practices that might be questionable. Close to the end of the Enron crisis there were even internal emails that asked senior colleagues to be sure that no emails included a ‘smoking gun’: i.e. imputation of guilt.² This was a curious phenomenon. It seemed to accept that there was guilt that might have been evidenced by a ‘smoking gun’. At the same time it was explicitly encouraging deception, but in the context of emails, which the writers must have known are easily recoverable in any investigation. It was as if the email writers thought they could not be seen.

The story of Arthur Andersen sets out neatly the kinds of things most of us think are involved in an understanding of integrity, and also corresponding ideas of corruption. Philosophers have highlighted several different perspectives, including integrity as self-integration, moral identity, moral purpose and commitment.

Self-Integration

This account of integrity suggests that it is about the integration of different aspects of the person. One proponent of this, Frankfurt (1971), views this in terms of higher-order or lower-order volitions. Higher-order volitions involve long-term desires, and lower-order volitions immediate desires. The higher-order volition of the drug addict, for instance, may be to be a drug-free person and the lower-order volition to take drugs. Integrity, and with that free will, argues Frankfurt, is achieved when the lower-order volitions cohere with the higher-order volitions, bringing together volition and action. In this argument integrity is achieved through making decisions which consciously bring together the different elements.

In this,

...the person no longer holds himself at all apart from the desire to which he has committed himself. It is no longer unsettled or uncertain whether the object of that desire—that is, what he wants—is what he really wants:

²Noted by Michael Anderson, federal investigator into Enron, in a presentation at the Centre for Applied and Professional Ethics Conference, June 2007, University of Kingston.

The decision determines what the person really wants by making the desires upon which he decides fully his own. To this extent the person, in making a decision by which he identifies with a desire, *constitutes himself*. (Frankfurt 1987, 38, my italics)

For Frankfurt this leads then to consistency and what he calls ‘wholeheartedness’. This integration of the different elements of the self is not confined to desire but includes principles and values, and Frankfurt suggests that all of these things tend to be in a state of flux. Hence, the individual has to take responsibility for bringing them together. Andersen precisely shows this kind of wholeheartedness bringing together core principles of his profession and his response.

Identity

A second view of integrity focuses on consistency with the person’s identity. Williams (1973) argues for this as part of his argument against a utilitarian approach to ethics: that is, making an ethical decision based largely on a calculation of consequences. One example that he offers is of a dignitary who is the guest of a foreign nation. He is taken to a town square where twenty people are about to be killed as reprisals for recent armed protests. As a significant guest the visitor is offered the opportunity to kill one of the twenty, thus allowing the other nineteen to live. A utilitarian response might support this, based on the saving of nineteen lives. In arguing against this Williams argues that such a calculation is inadequate because it involves going against the core moral beliefs and commitments that make up the identity of the person. Williams argues that such commitments are central to the any self-understanding of identity; indeed, they are,

the condition of my existence, in the sense that unless I am propelled forward by the conatus of desire, project and interest, it is unclear why I should go on at all. (Williams 1981, 12)

A consequence of this is that integrity in this view can’t be seen as a virtue. Virtues are disposition which enable the person to act, or which

motivate action. For Williams integrity is simply about acting in a way that accurately reflects the sense of who the person is. This also reflects something of the Arthur Andersen narrative. Andersen's response is based not just in core principles but also on his belief about himself, his identity. That identity was focused on his view of his profession, but also on his personal identity. It is this sense of identity which provides consistency and which also enables him to take responsibility for a difficult response.

Critique

Both of these views seem to make some sense, but neither self-integration nor identity can be sufficient for a view of integrity. First, both suffer from the assumption of an acceptable moral base, which neither the focus of integration or identity provides. An SS guard would have shown self-integration, with strong sense of identity based in life commitments fuelled by a quasi-religious belief system (cf. Burleigh 2011, Cottingham 2010). In a film such as *In Bruges* (2008, Universal) the criminal head, Harry, is an ambiguous character precisely because he reveals a strong version of these kinds of integrity. In one sense he is admirable, focused on the belief that it is wrong to kill children. This is a commitment which fuels his identity and which he applies to himself. However, the context of this commitment, his 'business', involves murder.

Second, along the same lines (cf. McFall 1987, Calhoun 1995), there are no criteria in either theory for what might limit the kinds of desires which constitute the self. On Williams' account it is hard to deny Harry's integrity. Any idea of integrity demands some link to a wider view of ethical meaning.

Third, any view of integrity as based in identity inevitably takes the argument into the field of moral psychology, and the account of identity given by Williams does not take account of psychological reality. In Williams' view the focus on moral identity precludes the experience of genuine temptation. You simply respond to an ethical challenge from who you are. Experiencing, and overcoming, temptation would count against genuine integrity on such a view. Psychological reality, however,

suggests that identity is not fixed but includes experiencing genuine temptation and thus handling struggle (Halfon 1989, Cottingham 2010, Pianalto 2012).

In terms of the identity theory of integrity, psychology also suggests that any view or act of self-identification may be flawed (Cottingham 2010). This may involve an unrealistic view of the self, based on convictions which are less about ethical meaning than about underlying psychological dynamics. Such dynamics, built around previous relationships, may affect perception and views of value and principle. This suggests that any account of integrity would have to include the capacity to critically question what the basis of one's identity, and related ethical values, might be. This presumes knowledge of the self which is always developing, and awareness of the possibility of self-deception.

Finally, the idea of wholeheartedness and identity conferring commitment tends to avoid the complexities of psychological life, and to assume that integration in the sense of coherence of different aspects fitting neatly together is obviously good. However, as Davion (1991) suggests, a person may change radically and yet maintain integrity. The context of any ethical decision is a complex and multifaceted social environment involving different relationships that make up any sense of identity. Handling that complexity may demand an openness to different and conflicting narratives which cannot be neatly resolved. Hence, a view of integrity focused on solution and integration runs the risk of confusing integrity with neatness.

The Andersen narrative is important in the light of these critiques. His own moral identity was admirable and became the basis of the identity of the firm, contributing directly to its success. However, as the firm grew, the personal and professional narrative of Andersen was insufficient to handle the complexity presented by the move to consultancy. The recitation of his narrative was not sufficient to maintain the identity of the firm, partly because there was no critical questioning of that identity. Hence, when the firm was presented with opportunities to develop, diversifying and increasing profits, this was not accompanied by any reflection on the identity of the firm. The result was a bifurcation, or splitting, of narratives. The old moral identity of the firm was assumed, without question, and thus became a 'zombie' narrative: still walking,

i.e. referred to, but with no life behind the eyes. The alternative narratives around consultancy, and related aims, thus emerged without any critical examination, leading to practice which went directly against what was perceived as the core identity. This suggests that integrity without critical questioning, far from being morally good, can lead in different ways to morally bad ends.

This focus on moral psychology then begins to link integrity to self-knowledge and perception (cf. Nussbaum 1990), opening several avenues that I will pursue in the next chapter. It also has led to developments in philosophical perspectives on integrity.

Standing for Something

Calhoun (1995) argues for a sense of commitment which is about ‘standing for something’. She suggests that this involves more than simply standing for an individual moral purpose, but rather, standing for a purpose recognized by some community, which affords the basis for integrity. Integrity here is associated explicitly with something worth striving for, and it assumes a degree of agency, courage and perseverance that will enable the person or group to stand up against internal and societal pressures that impose obstacles to the purpose.

This moves away from an exclusively individual view of integrity to a more social perspective, in which

Persons of integrity treat their own endorsements as ones that matter, or ought to matter, to fellow deliberators..... lying about one’s views, concealing them, recanting them under pressure, selling them out for rewards or to avoid penalties, and pandering to what one regards as the bad views of others, all indicate a failure to regard one’s own judgment as one that should matter to others. (Calhoun 1995, 258)

At the heart of this are both the consistent exercise of judgement by the person and respect for the judgement of others. Calhoun argues that this is what distinguishes the person of integrity from the fanatic. The fanatic lacks any proper respect for the moral deliberations of others. Underlying this is the view that moral deliberation has a social nature. This then

begins to move the idea of integrity from simple integration or identity to the way we think and make judgements, and the practice of proper deliberation. What Calhoun does not do is to give a full account of what the social nature is, beyond the idea of proper respect for it.

Scherkoske (2011) provides more detail around deliberation to begin to show how this might look. He argues that integrity is a virtue (something which I will return in more detail to in Chap. 5). The nature of this virtue, he suggests, is epistemic, 'that is, it is a stable disposition that reliably places its possessor in good epistemic position and leads to cognitive success' (Scherkoske 2013, 196). In short, it is about knowing what one is doing in deliberation, knowing how one is doing it and taking responsibility for how core values are embodied in practice. This involves in particular three things: a disposition to take responsibility for one's convictions, such that one understands the basis of these; an awareness of the quality of deliberation in relation to convictions, distinguishing such activity from knee-jerk reaction based on conviction; and a disposition to work convictions through into action.

These seem important things for some sense of integrity. However, there are still problems. First, it is perfectly possible that our ubiquitous SS guard might have gone through some such deliberative process and be aware of how that has been framed. It is not that he does not show proper respect for the deliberation of others but rather that what finally determines his thinking and practice is a worldview, not the quality of the deliberation. This suggests there is something more than recognizing the quality of deliberation. Does the worldview we hold make sense? Has it been examined? Connected to this, the stress in Calhoun and Scherkoske is on the cognitive aspect of integrity. The affective aspect of integrity (Solomon 2007), and how this relates to deliberation, is equally important to judgement. The paradigm suggested by Calhoun and Scherkoske is Western, stressing rationality. Other cultural views of integrity have a very different perception, not least Buddhist (Beebe and Rosen 2005, Fawkes 2014). These focus more on integrity perceived as how we respond to internal conflict, and how one honestly deals with this dynamic through the development of mindfulness and other states. Integrity in this is very much about health and healing as much as morality.

Moral Purpose

Rawls (1972) and Halfon (1989) argue that integrity must include an acceptable moral purpose at the base. For Rawls this would involve some clear conception of justice, defined in terms of fairness. Rawls has a broad view of fairness which accepts relative inequality. Halfon is more circumspect, arguing that integrity involves setting out an ethical purpose that is conceptually clear, logically consistent, apprised of relevant empirical evidence and careful about acknowledging as well as weighing relevant moral considerations. In effect, Halfon argues that the person of integrity will give a clear account of their moral purpose as part of following a rigorous moral decision making process. People who have integrity

... embrace a moral point of view that urges them to be conceptually clear, logically consistent, apprised of relevant empirical evidence, and careful about acknowledging as well as weighing relevant moral considerations. Persons of integrity impose these restrictions on themselves since they are concerned, not simply with taking any moral position, but with pursuing a commitment to do what is best. (Halfon 1989, 37)

Halfon, then, differs from Calhoun in focusing more narrowly on a moral integrity and thus the importance of moral purpose. However, he suggests that the moral purpose comes from the person's moral point of view, which does not get us much further forward. What is a moral point of view? The problem for Halfon is that his presentation of the moral point of view fails to provide any ground between an individualist and a totalitarian moral point of view. Hence, he concedes that a Nazi might still be able to hold this form of integrity. I will argue in Chaps. 2 and 4 that the moral domain between those two extremes is actually much more complex and includes many different narratives of moral significance, embodied in distinct communities, not least the different professions who in different ways relate to the business world. This takes integrity back the messy detail of dealing with different narratives.

None of these approaches is sufficient in itself to characterize integrity. The ICAEW report (2009) suggests that these partial approaches contain

elements that can come together in a more coherent description of integrity, with five core aspects:

- moral values. This demands clear thinking about what they are.
- motives. This demands awareness of motives and the capacity to test them in the self and others.
- commitments. This involves sustaining commitment to others and to values over a long period.
- qualities. This involves the virtues necessary to maintain integrity, and will be considered in Chap. 5.
- achievements. The need to integrate moral purpose with practice, walking the walk.

In turn, they argue that these elements lead to key ‘behavioural characteristics’ of integrity. From moral values emerge the behaviours of being *honest* and *truthful*. From motives emerge the behaviours of *fairness* and *compliance* with the law. Commitment involves the promoting of community interests. Qualities include being *open* and *adaptable*, and the capacity to take corrective action. From achievements emerge the behaviour of *consistency*. This can lead to a much fuller description of integrity as:

Integration of the different parts of the person: emotional, psychological and intellectual. This leads to holistic thinking, and an awareness of the self, alongside awareness and appreciation of external data.

Consistency between: the self, values and practice; past present and future; and different relationships, situations and contexts. Integrity is tested most of all in the relationship with stakeholders, who may have very different claims and perceived needs. This demands a consistency of approach, with a clarity about core values, and capacity to develop dialogue. The response may not be exactly the same in every context but will remain consistent to the identity and purpose of the person of the organization. Central to this is the idea of being true to purpose and identity, requiring the practice of *phronesis* or practical wisdom (more on which in Chap. 5).

Honesty and transparency, involving an openness to the self and others. This raises many questions about the basis of this openness.

Independence. This is a key element of integrity. It ensures distance, such that the professional can stand apart from competing interests, and focus more effectively on the core purpose, enabling professional autonomy.

Learning process. Given the limitations of human beings, it is impossible to have complete integrity in any static sense. Hence, integrity is best viewed in terms of a continual learning process, with the person discovering more about the different aspects of the self and others and about how these connect. Central to this is the capacity to reflect, to evaluate practice, to be able to cope with criticism and to maintain, develop or alter practice appropriately. Hence, integrity is focused on relationships, not purely individualistic.

Commitment to purpose, project and people over time, and to the common good. The narrow view of integrity within a closed system has to be tested against fundamental principles such as justice.

Such characteristics begin to form the basis of the view that integrity is a complex collection of interconnected virtues (Solomon 2007, Wolf 2009), partly expressed in Aristotle's idea of the unity of the virtues. This will be examined in more detail in Chap. 5. More immediately, emerging from each of the philosophical perspectives on integrity is a different stress on taking responsibility. However, before developing this idea and this more complex view of integrity, I want to contrast such approaches with those of writers who argue for narrow or more simplistic approaches, some of which seek to exclude the moral aspect.

Different Perspectives on Integrity

There are, at least, three alternative ways of viewing integrity:

- an economist's view, which characterizes integrity as performative
- a view which distinguishes different kinds of integrity
- a narrow moral view: based on Aristotle's virtue of truthfulness, this argues against a complex and connective view of integrity.

Integrity as Performative

A thoroughgoing attempt to distinguish moral from performance integrity comes from the economists Erhard and Jensen (2014). In work in progress they argue that integrity is distinct from the domains of ethics, morality and the law. They define it in terms of wholeness, arguing that this is critical to the success of any business project, and that this can be seen as positive, i.e. scientific, as distinct from normative. The authors are at pains to distinguish normative from positive views of integrity. The background to this is an increased awareness in the discipline of economics that human behaviour, and its vagaries and limitations, affects economic outcomes (Mullainathan and Thaler 2001). At one level this means that the old assumptions about human rationality and self-interest are questioned: in other words, a key aspect of some views of the science of economics. Erhard and Jensen are clear that there has to be a new understanding of economics, not least because the credit crisis has shown that economics as self-interest has led to failure. However, they are not prepared to let go of an underlying scientific paradigm. Hence, they argue, first, that integrity is critical to the new view of economics but also, second, that this is a positive not a normative concept. In other words, it is scientific not moral. What grounds do they have for excluding more value from the term integrity? In the first place, they simply tell us that they chose to accept the first two definitions of integrity in Webster's dictionary, referring to integrity in terms of wholeness, soundness and even perfection, and to exclude the last one referring to moral integrity. They give no grounds for the exclusion. Second, Erhard and Jensen frequently simply assert that their view of integrity is positive. These repetitions seem to presume an ongoing debate about the nature of economics as a discipline, and are designed to reassure economists that the discipline will not lose its scientific basis. Third, they add to this the assertion that integrity in the positive sense is focused on business performance. Without wholeness there cannot be success. This is illustrated at one point in terms of governance. They argue that if a board does not enable good critical dialogue then its members will have no chance to raise key questions. These are the 'elephants in the room', without which the board cannot be aware of all the issues that might affect success. Partly, then, wholeness

involves the fullest possible awareness of issues, including social and other contexts. This connection between integrity and wholeness is expressed in syllogistic terms such that the authors can refer to the Law of Integrity. It is worth quoting the summary of this logic in full:

- *'Integrity Defined:* For an object, system, person, or other human entity or practice, the state of being whole, complete, unbroken, unimpaired, sound, in perfect condition.
- *The Relation between Integrity and Workability:* Integrity (the state of being whole, complete, unbroken, unimpaired, sound, in perfect condition) is the necessary and sufficient condition for maximum workability (capable of producing the desired effect or result).
- *The Relation between Workability and Performance:* Workability (capable of producing the desired effect or result) is a necessary but not sufficient condition for performance (however one wishes to define performance).
- *The Relation between Integrity and Performance:* Integrity (the state of being whole, complete, unbroken, unimpaired, sound, in perfect condition) is thus a necessary but not sufficient condition for performance.
- *The Law of Integrity:* As the integrity (the state of being whole and complete, etc.) of an object, system, person, or other human entity or practice declines, workability declines, and as workability declines the opportunity for performance declines.
- *The Relation between Integrity and Value:* Integrity is therefore a necessary but not sufficient condition for long-run value maximization' (2014, 21).

The idea of integrity applies to individuals and to human organizations. For both it is then defined as whole or complete. This is seen, more precisely, as the person or organization honouring its word, to its employees and to its customers, suppliers and other stakeholders. This means 'nothing is hidden, no deception, no untruths, no violation of contracts or property rights' and so on. They suggest that if the person or organization 'refuses to play by any of the rules of the game it is in, integrity requires it to make this clear to all others and to willingly bear the costs of not playing by one or more of the rules of the game' (2014, 28).

The authors perceive this to be a new view of integrity, not least because it links integrity to successful performance. Cracks begin to appear in their argument, however, on four fronts. First, they define the term as ‘honoring’ one’s word (individual or institutional). This is distinguished from keeping one’s word, in the sense that honouring enables one to remain focused on one’s word, even when it has not been kept. On the face of it, this attempts to side-step Kant’s categorical imperative, exemplified in promise keeping, but raises more questions than it answers. It is difficult to understand, for instance, where the imperative to honour one’s word originates, without some recourse to ethical values. In common definitions honour involves both ethical value and personal worth (cf. Rodriguez Mosquera 2013) and relates to the virtues.³ Hence, Shakespeare in *Henry IV* parts 1 and 2 and *Henry V* provides an extended dialogue on several different views of honour and how it connects to public and personal perceptions of worth.⁴ Second, the concept of ‘word’ also requires further analysis. The term might involve intention, relational commitment, core values, core targets and so on. It is hard to see how this can exclude morality, ethics or, in some situations, the law, as each of these ideas expresses something about values or worth and how relationships are best fulfilled (cf. Teehan 1995). Third, Erhard and Jensen’s concept of wholeness is arbitrary, focusing on its use in fulfilling targets and problem-solving. This excludes the possibility of different and conflicting value narratives present in decision-making, and thus the need to clarify values in relation to action. It excludes also the relationship of moral and other values to performance and the understandings of the worth of that performance. In short, moral and other values are central to any understanding of behaviour. The question, then, becomes not how they are to be excluded but, rather, how such values are handled.

³ Ironically, Erhard and Jensen (2014) suggest that the idea of integrity as a virtue is one thing that prevents people from addressing integrity. However, there is no evidence given for this assertion and no clear definition of the term virtue, which they seem to view as simply a catch all for good ethical behaviour.

⁴ Hotspur, for instance, views honour as requiring a defence of one’s reputation. Henry’s Renaissance view of honour is rather focused in respect and mutuality (cf. Robinson and Smith 2014, ch.5), taking it beyond an individual moral idea.

Finally, the connection between integrity and successful performance has in fact been made many times (see Robinson and Smith 2014 for summaries of this research). The point is that the connection in this research is focused on the utility of moral and relational values such as trust, justice and respect, the effect that the practice of these values has on the well-being of the workforce, and the resulting effective performance.

Different Types of Integrity

Some writers attempt to distinguish moral integrity from behavioural integrity. Moral integrity, Simons (1999) argues, is seen in terms of the leader remaining true to principles (based in transformational leadership theory). Behavioural integrity is focused on leadership practice and, above all, the need of the leader to generate trust. Trust, it is argued, is enabled through consistency of leadership behaviour, and the research task then becomes the exploration of the connection between trust and behavioural integrity. The distinction, however, is not clear because ultimately behavioural integrity is based on staying true to principles, and this leaves the problem of who determines the principles, and how they are communicated (Western 2009).

Bauman (2013) takes elements of these positions and argues for three ‘faces’ of leadership integrity. These are conceptually distinct but not necessarily exclusive and contribute to ‘conferring’ identity on leadership. The first, *substantive leadership integrity*, is based on commitment to substantive, widely recognized moral values, including honesty, fairness and respect (cf. Beauchamp and Childress 1994). This broadly reflects values-based leadership theories, from transformational to servant leadership (cf. Robinson and Smith 2014). The second, *formal leadership integrity*, centres on consistency in fulfilling targets and embodying values. The example Bauman gives is of Amon Goeth, the commander of a forced labour camp in the Second World War. Bauman notes that this can be described as behavioural integrity as defined by Simons (1999) and Palanski and Yammarino (2007). The third face is *personal leadership integrity*, focused on personal values. The example he uses here is of Thomas More, in his standing out against Henry VIII’s attempts to annul

the marriage to Catherine of Aragon. Bauman argues that this action was based on personal rather than moral values. He concludes that only substantive leadership integrity meets the criterion of authentic leadership as proposed in the transformational leadership theory.

Whilst it is possible to distinguish these different leadership integrities, it is not clear how this takes the discussion further. Each of the 'faces' of integrity involves a degree of complexity which is not addressed, and which demands attention if leadership integrity is to be developed. First, Bauman is focused on an individualized view of leadership. The cases in all three views reveal nothing of dispersed leadership or the integrity of the organization, or how values might be articulated. Ironically, in the case of substantive leadership integrity the workers are precisely surprised by the leader's (Johnson-Sirleaf) focus on honesty, suggesting that there had been little previous discussion about values, either of the leader or of the organization. This also suggests that part of the leader's function is to inculcate values. This, however, raises again questions about whether the leader is imposing values, reigniting critiques of transformational leadership (Western 2009) and familiar questions about whether the imposition of values really involves integrity.

Second, the distinction between personal and substantive integrity is problematic. In the case that he uses, of Thomas More, Bauman argues that More is following values which are of concern only to him, and that his beliefs and actions do not have a wider concern. This is built on Bauman's earlier distinction between personal and moral values. However, More's position was precisely not personal in the sense that Bauman suggests. More's decision to oppose Henry VIII was based on normative moral values and an underlying theology. These included the belief that the King's authority was ultimately founded in God, a natural law view of marriage, a view about the authority of the Pope, a view about justice (based on natural law), the imperative of honesty and the belief that trust was ultimately based on a relationship with God. Hence, he was precisely concerned with what Bauman characterizes as moral values, values which informed public practice in several ways. It could be argued, indeed, that a concern for honesty drove much of More's response. In the light of this, a simple distinction between personal and substantive leadership integrity is not clear. Any distinction is better focused on identity, in

particular where the identity of the person, and related perceived psychological needs, take precedence over the other value narratives (see Chaps. 3 and 4 for further detail on this).

Third, and connected, the focus on substantive moral values is insufficient. As the More and the Goeth cases show, underpinning moral values, and often informing them, are also worldviews which form the basis of worth. This would suggest that integrity requires such world views be understood, articulated and critically examined. Fourth, even substantive integrity, as characterized by Bauman, is not straightforward. Values such as honesty and fairness have many different meanings, conceptually and in terms of application. It is difficult to articulate the meaning of fairness, for instance, without analysing the different views of justice—from justice as equal distribution to justice as merit or desert (see Harris 2006, Rawls 1972). Even the concept of justice, however is often radically affected by relational dynamics, not least because the practice of justice is connected to views of worth, and in turn links to issues of self-worth or self-esteem (Solomon 2007, cf. Stets and Burke 2014).

Fifth, and further connected, Bauman's view of leadership integrity remains focused on a rational/cognitive paradigm. It does not begin to explore how affective meaning relates to substantive values. Solomon (2007) argues for the importance of a holistic perspective in integrity, focusing on affective psychological congruence as much as ethical consistency, and in particular on how these two factors are engaged.

Finally, Bauman is at pains to explore the meaning of identity conferment. He argues that this is focused in the self-concept, and that substantive moral values become part of that self-concept. It is precisely this idea of the self which forms the basis of identity, and which in turn becomes the focus of integrity. However, this provides once more an individualistic and univocal view of the self, a self which can be identified in terms of apparently clear values. This does not take account of the possibility of a plural self, or the possibility that that self may be focused not on a discrete set of values, but rather on values associated with many different relationships. This does not take us beyond the model of identity in Williams' view of integrity.

A different approach comes from Audi and Murphy (2006), who critique the broad view of integrity, partly because it becomes a 'blunt

instrument': that is, integrity *per se* does not offer specific and substantive guidance about ethical judgements. Hence, they distinguish moral theory, which provides guidance about moral content, from integrity, which enables consistent deliberation. Deontological theory, for instance, provides principles which can illuminate the ethical basis of decision-making. Simply to say that a person acted with integrity does not say anything about the moral content of the decision. Hence, Audi and Murphy suggest that integrity should be seen as secondary but complementary to ethical theory. Without the moral content, they argue, the term has little practical or intellectual value (Audi and Murphy 2006, 11). However, it is not clear how useful the distinction is. Consideration of principles is clearly important in moral deliberation. Once more, though, no principle reveals its meaning without the person taking responsibility for critically testing its meaning in context, and that in relation to other views of the same principle. A good example of this is the Manchester conjoined twin case (Lee 2011). In that case Roman Catholic bishops argued against splitting the twins (thus saving one of them), based on six principles connected to the sanctity of life. The appeal judges carefully examined the same six principles and came to a different conclusion. Integrity in this sense is critical to the practice of moral deliberation, part of which involves critically testing the perception of the moral ground. In other words, it is difficult to make sense of the moral content without the practice of integrity.

It is possible to distinguish further different types of integrity: for instance, personal from moral, personal from professional or intellectual integrity from moral integrity. This gives the impression of distinctive soundness in each of these areas. Whilst personal integrity can be distinguished from moral, the two are connected precisely because they are both part of the person's identity. Godlovitch (1993) argues that professional integrity is different from and weaker than moral integrity. Professional integrity is something analogous to etiquette. In contrast (*ibid.*, 573), moral integrity 'trades between the norms of unity and honesty'. However, once more, it is difficult to see how professional integrity is not directly connected to both personal and moral integrity. Personal integrity is focused on the agency and identity of the person, while the professional institution, and related values, are part of the social identity of the person (Burkitt 2008). Similarly, professional integrity is directly

linked to moral integrity, partly because professional identity is focused on moral goods and on related purpose (see Chap. 4 below).

Kekes (1983) suggests that intellectual integrity is distinct from moral integrity. However, whilst it is possible to understand what it means to be intellectually sound (adhering to rational thinking and so on), it is difficult to see intellectual integrity as unconnected to practice, and therefore to communities of practice which involve relationships and to core relational values such as justice, or to moral integrity. Aristotle's *phronesis* is precisely an intellectual virtue which is critical to the practice of moral virtues, enabling reflection on the good.

The problem with the views which try to see the different integrities as discrete is that they are based on the assumption that the underlying areas are discrete. In arguing for a holistic view of integrity Solomon (2007) precisely notes the connection between the intellect and the affect, the affect and value, and how values and a related sense of worth (self and other) relate to identity.

Truthfulness

Developing the Williams view of integrity associated with identity, Curzer (2014) argues from a minimalist Aristotelian perspective. Far from integrity being a complex virtue or collection of virtues, though, he argues that it is best summed up in Aristotle's simple virtue of truthfulness (*alêtheia*). This involves the accurate and reliable re-presentation of the self in relationships with others. Curzer argues that the self is seen as one's history, current character and future projects, as expressed in one's commitments (to ideals, values, goals and projects). These in turn are key to a sense of self-worth and to one's relationships with others, especially in matters importantly related to one's reputation. This is a significant development from Williams' view of identity and integrity because it begins to focus on the relational dynamics. As such, it is partially about reputation, which includes successes and failures (ibid., 197). This includes honesty and also remaining truthful about the self across all situations, even when something is at stake. Truthfulness, then, is not about truthful ideas or concepts, but about being truthful to how one presents oneself. This is

reinforced, argues Curzer, by Aristotle's doctrine of the mean. Aristotle argued that the virtues are flanked by two extremes. The virtue is the disposition to act in a certain way that is between these. One example is the virtue of courage, which is flanked by cowardice and by foolhardiness. The mean of truthfulness about the self is flanked on one side by boastfulness, an inflation of the truth to make the self more important, and on the other side by false modesty. A second element of the virtues is that they have appropriate passions which motivate their use. Curzer reminds us, for instance, about the motivations for boasting (2014, 205), which include love of falsehood, gaining honour and gaining money. The first two motivations point to minor flaws; the third is more serious. Aristotle saw this as not simply about inflating the self but as also a deficiency of another virtue: liberality. Hence, this is focused on meanness, but possibly also a deficiency also of justice (Curzer 2014, 205). The proper motivation for truthfulness is simply a passion for the truth, *philalēthes*.

Curzer's is a minimalist account precisely because he believes that Aristotle has no view of integrity which connects the other virtues, offering some sense of wholeness. The focus is simply on truthfulness, and the other virtues pick up other elements often associated with integrity, such as *phronesis*, *practical wisdom* (see Chap. 5 below). Hence, self-knowledge, for instance, is seen as a separate virtue.

This focus begins to connect with other ideas. First, it assumes some sense of authenticity, including: avoidance of self or other deception; knowledge acquired authentically, that is, through the person's own deliberation, regardless of peer pressure; the importance of maintaining identity; and the importance of not being 'bounded by morality'— i.e. working from a legalistic unthinking view of ethics. All this confers identity. Second, the idea of truthfulness to the self assumes consistency in practice, and commitment to projects and relationships through whom the person expresses the self. This involves for Curzer: holding fast to judgement of right and wrong, commitment over time to people and projects, relationships, loyalty over time and honesty.

Hence, whilst Curzer attempts to distinguish from the bigger views of integrity, he cannot escape some of the key elements of those views. This emerges most clearly when he points out that the self is not necessarily a single element: i.e. there may be very different relationships and associated

narratives which constitute the self. Once he accepts that, the self and knowledge of the self is opened out beyond a simple re-presentation of the self. The self has to include engagement with the different narratives that make up the self. This takes the constitution of the self beyond simply individual deliberation, and into ongoing dialogue. This involves how those relationships are developed and into a more holistic view, not a narrowly rational one.

Taking Responsibility

All of these characteristics focus on identity and how the self relates to the world, and they bring together a proper concern for: owning—that is critically engaging—principles and values; developing awareness of the self and others; and working through one's ethical identity in practice. In effect, this involves taking responsibility for values, relationships and actions (Mason 2001, Paine 1994). Without accepting responsibility for ethical values and for response neither the individual nor the profession can develop a genuine moral identity or agency. This includes the recognition of key shared values. Hence, Mason (2001), whilst echoing the concern for the practice of rational agency, also argues that there are certain fundamental moral principles which cannot be contravened by a person with integrity. In arguing for an ethics based on integrity, he stresses the importance of respect for human dignity as a core principle. Hence, integrity cannot be ascribed to persons who advocate genocide, or who deny the moral status of all people (cf. McFall 1987, Cox et al. 1999, Putman 1996).

Integrity, then, cannot be simply about consistency or practising rational decision-making, though both are important. There is at its heart something about taking responsibility for the meaning and consequences of one's actions. This is precisely what the SS guard did not do. Such a person was both unable to critically integrate core meaning values and purpose (either of himself or others), and unable to see either the consequences or the significance of the consequences of his actions on himself or others. This takes the discussion into moral psychology and the mechanisms of self-deception or cultural domination. Smail (1984) notes that much of the 'truth' about selves and others is illusory: i.e. it is built on social narratives about meaning (myths), and often avoids genuine

reflection on the self or one's group. Hence, honesty is very much about how one is able to examine the self and others in a way which both understands and tests such illusions.

The dynamics of self-deception precisely reduce the possibility of difference, at levels of value or action, taking away the need to handle any conflict, or to deal with any aporia (significant dilemmas, see Bauman 1993). McFall (1987, 9–10) suggests that without the awareness of such difference, and thus potential conflict, it makes no sense to speak of integrity:

A person of integrity is willing to bear the consequences of her convictions, even when this is difficult ... A person whose only principle is 'Seek my own pleasure' is not a candidate for integrity because there is no possibility of conflict—between pleasure and principle—in which integrity could be lost. Where there is no possibility of its loss, integrity cannot exist.

I will return to this in the final chapters connected to the views of the CEO of Unilever.

This begins to suggest, then, that integrity is more than a formal moral concept, involving also awareness of the difference, in values, culture, consequences and how that might be addressed. Strikingly, both Cohen (2001) and Burleigh (2011) show how in many cases SS troopers were aware of such value narratives and struggled to make sense of them in relation to their orders and the wider Nazi worldview. They note the cognitive and affective dissonance experienced by the troopers, sometimes leading to stress and depression, and reassignment. In some cases this led to extraordinary attempts to 'respect' human dignity, even in the act of killing children, with some guards chastising colleagues for the way in which they carried out their killing.

Conclusion

In the light of the argument thus far, integrity is key to the ethical project. It involves something about the identity of the person and owning, *viz.* understanding, both values and how we relate to those values, something about proper deliberation and how we can give an account of our ethical meaning, and something about how we relate to the self and to others.

A truthful and reliable re-presentation of the self involves taking responsibility for:

- our view of meaning and significance, who we are
- how we relate this to our practice and procedures
- how we give account of that meaning and practice in the context of our social and physical environment
- how we develop that meaning and practice in the future in the context of our social and physical environment.

Each of these aspects of responsibility reveals something about the self or the organization in relationship. Mason (2001), Paine (1994), Calhoun (1994) and Covaleskie (2011) all stress this aspect of integrity as taking responsibility for words and actions. It is also about taking responsibility for relationships, both in the way that the narratives of different relationships test and shape identity and in the way that such identity is expressed in significant actions. Hence, personal, professional, procedural (organizational) and even public integrity are interconnected. All involve moral and psychological meaning and the embodiment of that in practice. All of this was illustrated in the Arthur Andersen case. The firm did not just lose its grasp of the different narratives that it began to engage; it lost its grasp of what they meant to itself and to its relationships. With that, they lost credibility.

What begins to emerge is a view of integrity as focused on the different, but interconnected, aspects of responsibility (cf. Schweiker 2010, Robinson 2009). The first two of these originate in Aristotle's thinking: imputability and accountability. A third aspect—responsibility for, or positive responsibility—has gained ground since the Holocaust. Essentially this involves taking responsibility for the future. In the next three chapters I will examine each of these as ways of clarifying and developing the meaning and practice of integrity, and how this is central to the practice of business.

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2

Integrity and Agency: Being True to the Self

Abstract Beginning with the case of Alan Greenspan and related credit crisis issues, this chapter first sets out the first mode of responsibility: attributability. Attributability focuses on causation, expressed in effective decision-making and the practice of critical agency and self-governance. Agency is analysed in holistic terms of critical relationship to ideas (cognitive); values, especially ethical values (affective); practice (based in time and space); worth, not simply self-esteem but a sense of worth, focused in purpose, and worldview; and the social and physical environment (interactive and interconnected).

From responsibility for reflection on the whole person or organization the chapter then looks at views of the self in relation to plurality, based on development, narrative and dialogue. Built on a social constructionist view of identity, personal and organizational, this suggests a view of integrity as dynamic and continuously developing re-presentation of the plural self.

In the last chapter I began to focus on the relationship between the accurate and reliable re-presentation of the self or organization and the practice of responsibility, which I characterized as involving three modes. It is the first

of these, attributability, that I will examine in this chapter. The core meaning of integrity in this light is taking responsibility for the self as a whole. A truthful relationship to the self demands critical reflection on ideas, values, worth and purpose, practice and relations to the social and physical environment. At the heart of this is perception of the self and others, and the self is constituted through decision-making in relation to the social context.

Alongside the holistic perspective is the developing and dialogic view of the self as constituted through engaging different relationships and their associated narratives. A truthful re-presentation of the self demands a critical engagement with those different narratives. The chapter ends by noting that this dynamic view of integrity inevitably involves a struggle to take responsibility for meaning and practice, contrasting such an honest struggle with simplistic views of integrity which claim the moral high ground too easily. I will begin this exploration with an excerpt from Alan Greenspan's testimony before Congress in October 2008 (Hearing 2008).

Alan Greenspan

Chairman Waxman: You had an ideology. 'My judgment is that free, competitive markets are by far the unrivalled way to organize economies. We have tried regulation, none meaningfully worked'. That is your quote. Now our whole economy is paying its price. Do you feel that your ideology pushed you to make decisions that you wish you had not made?

Mr. Greenspan: Well, remember, though, whether or not ideology is a conceptual framework with the way people deal with reality, everyone has one. You have to. To exist you need an ideology. The question is whether it exists, is accurate or not. What I am saying to you is yes, I found a flaw, I don't know how significant or permanent it is, but I have been distressed by that fact. I found a flaw in the model that I perceived is the critical functioning structure of how the world works.

Chairman Waxman: In other words, you found that your view of the world, your ideology, was not right, it was not working.

Mr. Greenspan: Precisely. That's precisely the reason I was shocked, because I had been going forty years or more with considerable evidence that it was working exceptionally well.

(Congress Committee on Oversight and Government Reform 2008, 37)

Of the many critical reflections after the credit crisis this was perhaps the most dramatic moment. The architect of deregulation, and chairman of the Board of Governors of the Federal Reserve, begins to say there is something wrong with the thinking that was at the base of his actions, resulting in the credit crisis of 2007/2008. At the heart of this had been the practice of selling on derivatives, coupled with deregulation. It is possible to see in Greenspan's actions up to 2008 something of integrity. He clearly had a strong belief that the unfettered sale of derivatives would lead to good consequences for all concerned, from cheap mortgages to increased profits. At the heart of this was the belief that regulation would hold back the enterprise at the heart of this. In any case, regulation, he argued, was ineffective:

I know of no set of supervisory actions we can take that can prevent people from making dumb mistakes. I think it is very important for us not to introduce regulation for regulation's sake. (ibid.)

Such a statement suggests an attempt to challenge the thinking on regulation, and to focus on the issue of freedom. Greenspan took responsibility for following that belief through, and this, amongst many other things, eventually led to the credit crisis, and to the moment where Greenspan had to justify his thinking and his practice. On the basis of that thinking and practice, can we determine whether he had integrity? As I have suggested, Greenspan showed consistency, commitment, courage even, all of which are admirable qualities in their own right and which, as we have seen, are associated with integrity. There is good evidence that he took responsibility for those beliefs and stood up for them, and that he had a sense of public good that he wanted to develop. But his thinking and practice involved flaws which suggest that a key aspect of integrity that he failed to engage was the relationship between ideology—the term he uses—and reality. There is something very striking about a man of such power straining to understand just what was had gone wrong with his worldview. He clearly did not understand what this might be. Moreover, he seems to suggest that the problem is a flaw in the ideology, rather than the ideology *per se* being wrong. Equally powerful is the sense that he did not understand how to engage with the reality of what had happened.

One thing is clear: Greenspan was not taking responsibility for exploring that connection. Taking responsibility in this sense links to the first mode of responsibility noted at the end of the last chapter: attributability.

Attributability

There are strong and weak views of attributability. The weak views (McKenny 2005) simply refer to the causal connection between the person and any action, showing that the action can be attributed to the person. Such a view does not help in determining just how much the person is actually involved in, and is therefore fully responsible for, the action. A stronger view suggests that this aspect or mode of responsibility involves a rational decision-making process which enables the person fully to own the action that arises from the decision. Taylor (1989, cf. Korsgaard 2009) argues that this decision-making involves a strong valuation that connects action to deep decision-making, and this is what constitutes the moral identity of the person or group. Identity in this sense connects directly to self-governance or agency (Paine 1994, Mason 2001), owning thoughts and actions. It is worth distinguishing this from what might be termed strict or negative liability. Ricoeur (2000) refers to such a view of responsibility, which involves determining the responsibility for any action in the past. This tends to be dominated by the legalistic idea of culpability, and I will return to this in Chap. 4.

Stress on autonomy and agency might give the impression of a Kantian perspective, with responsibility largely individualistic and rational. However, responsibility, even as self-governance, is fundamentally relational. Focus on self-governance, such that decisions are taken in the light of self-identity, demands not simply rationality but also an awareness and appreciation of ideas (cognitive), values, including ethical values (affective), worth (underlying view and sense of value, key to identity and purpose), and the social and physical environment (interactive and interconnected) and one's relationship to it.

Ideas

This demands clarity about the concepts that one uses, and the capacity to justify them rationally. We can hardly be said to be responsible for our thoughts if we cannot provide some account of and justification for them. This kind of rational responsibility therefore demands an openness to critique. This may seem straightforward. However, in the context of practice there are many examples in business of leaders who have not understood what they were doing, including the core concepts behind their practice. Greenspan is a good example. His retort about regulation for its own sake shows that he has not thought through the nature of governance, either in terms of self-governance or in terms of the nature of regulation. The thinking is characterized by simplistic polarized patterns which suggest that all regulation is negative and takes away from the freedom to pursue profit.

In the credit crisis more widely this lack of critical questioning was evidenced in different ways. There was no attempt critically to assess the sale of derivatives, in terms of theory or practice. Tett (2009) notes how attempts even to question practice, as a journalist, were dismissed out of hand. Repeatedly, firms made the mistake of buying into practices that were not thoroughly understood, or which involved judgements outside their expertise. AIG, for instance offered credit-default insurance on mortgage-backed securities that *it didn't understand*. Merrill decided it would use instruments developed by Goldman Sachs to invest its own capital in what were subsequently revealed as toxic loans. Examples from the past revealed the same lack of critical thinking. Conseco in 1999 had a successful track record of taking over companies, all of which were insurance-based. The corporation, however, had no understanding or experience of the mortgage business. The result was a complete lack of understanding about the business model that it had taken on when buying Green Tree Finance. Despite this, Conseco increased its mortgage business. This continued up to the point of collapse. The only criterion for taking this on board was that it made money (Carroll and Mui 2009). The credit crisis of 2007/2008 provides a good illustration of the absence of such agency, involving: a lack of understanding about CDOs (and the mathematical formula underlying them, cf. Lanchester 2010); a professional

identity focused on narrow values, with a lack of awareness and appreciation of the wider industry, profession and stakeholders (ICAEW 2009); and a lack of understanding of the core purpose of the organization (cf. Parliamentary Commission on Banking 2013). Many business leaders, such as Fred Goodwin, reinforced this by actively avoiding consideration of items on the board agenda that they did not understand (cf. Martin 2013). In Goodwin's case this was partly because his background was not in banking. This eventually led him to acquire a Dutch bank loaded with toxic debt, without due diligence. Critical challenge and the capacity to deal with this would seem to be central to clarity about ideas and rationality. Associated with lack of critical thinking is the prevalence of logical fallacies, something I will return to in several cases.

Values

Alongside the cognitive realm is the affect realm, focused on values (Cowan 2005). We tend to view values as ideas which will in some way illuminate practice but as something distinct from it. Hence, the process of deliberation is often taken to involve, first, clarifying moral values and then using these in rational deliberation. However, values are most often connected to the wider world and sometimes held in place by affective dynamics. This complicates so-called rational deliberation. Some businesses approach this by focusing on core moral principles, such as justice or equal respect (cf. Beauchamp and Childress 1994). Others identify worldviews which sum up core values. Hence, the King III Report (2009) refers to *ubuntu* ('I am because you are') as the underlying worldview of the key principles of corporate governance: a view of the world as interdependent. Underlying Greenspan's values was a belief in negative freedom: i.e. freedom from coercion (Berlin 1968). His worldview was deeply influenced by the philosophy of Ayn Rand. Rand summed up her objectivist philosophy as 'the concept of man as a heroic being, with his own happiness as the moral purpose of his life, with productive achievement as his noblest activity, and reason as his only absolute' (Rand 1992, 1170–1171). The individualized basis of this philosophy suggests little connection to the wider society or environment, and certainly no

sense of responsibility. Even more problematic is the view of reason as an absolute, denying the role of the affect, which, of course, links directly to values.

Integrity requires critical engagement with the values held by the self and others and with the worldviews which hold the values in place. This demands the capacity to appreciate and value thoughts and actions. It is not just that they are coherent; it is also that they have distinct meaning and value, such that one prefers one practice to others. Even at this stage, responsibility involves a comparison with other practices and their values. It does not take place in social isolation (Taylor 1989). Simply to state values does not involve taking responsibility for understanding them. To understand them requires a critical reflection on the values in relation to the community of practice and any idea of purpose. This dynamic, as I will note in more detail in Chap. 6, applies as much to the individual as to the development of values in any organization. For leaders simply to assert values without the opportunity for them to be critically challenged does not allow workers to own them, to take responsibility for them. In the case of Enron, employees typically learned their values as a mantra, often having them printed out on their desk in case their manager came. There was no sense of responsibility for testing the meaning of those values at any level.

Worth

Values and purpose connect directly to worth and thus to any sense of identity and how this is perceived. This is partly about self-esteem, but not in an isolated or individualistic way. The worth of an individual is focused on both core values and on practice. Hence, worth also has some degree of social judgement about it. The practice of particular professions, for instance, is accorded worth based on core purposes such as health (medicine) or justice (legal professions).

This also engages feelings, and thus requires critical reflection on the affect. What part do feelings play in driving any judgement, and do we understand them and own them? Hence, taking responsibility for the affective aspects of the self is also key to agency. Williams (1989) makes

the distinction between emotions and feeling. Emotion involves feeling which intrudes and controls the person. Anxiety or shame, for instance, can be felt so intensely that the person responds to them without understanding their genesis or how they are influencing her. Inevitably with such emotion, the boundaries of the self are felt as indistinct and insecure. This is contrasted with dispassionate feeling, which involves an engagement with feelings which allows an exposure of the self, 'freed from all compulsions to keep itself safe or keep itself under control' (ibid., 11). Such detachment allows emotions to be engaged positively (cf. Goleman 2005, Solomon 2007). In turn this requires a critical awareness of how feelings relate to key values, worldviews and ideas.

Narrow views of self-worth, focused on closed groups, tend to be dominated by emotion and by the impulse to distinguish the worth of the group from those outside the group (Cohen 2001). With this comes a loss of awareness and appreciation of external groups and with that any sense of service to the wider society. Understandings of value and worth therefore also radically affect perception, both of actual data and of the meaning of data. Energies here are focused on location (demonstrating one's place in the world) rather than engagement with the wider world (cf. Markham 2003). How the affective aspect of identity is handled is key to integrity precisely because it clarifies the motivation of individuals and groups.

If worth is related to self-esteem, it is also related to the esteem of an organization (Stets and Burke 2014). Indeed, the different levels of worth are connected. The worth of a professional organization, for instance, is expressed centrally in what Airaksinen (1994) refers to as the pre-moral values, such as health (medical profession), justice (legal profession) or learning (education profession). These are all values which can be connected back to a vision of what it means to be human, and thus of any idea of human flourishing. By definition, this takes such organizations beyond the narrow interests of their group and sets the value of the profession and its members in shared values, and how they relate to wider social and physical environments.

Worth, of course, remains contested, as indeed it should be. Boltanski and Thévenot (2006) note six orders or regimes of worth (civic, market, inspired, fame, industrial and family) which provide criteria for

ascribing worth to person or action, raising the possibility of conflicting ‘worths’ and thus the need to develop ways of justifying worth. There is insufficient space in this book to engage Boltanski and Thévenot fully. Nonetheless, it is worth noting that they do not address the affective link of identity to worth, and thus the importance of testing affective and relational narratives which may hold views of worth in place and motivate persons or groups.¹

Practice

Practice is often seen as value-neutral. In this view, testing practice demands an awareness of one’s actions and of the effects of those actions on the social and environmental context. None of this prescribes a particular response. What it does demand is awareness of what one is doing and of how it affects others.

Practice, however, is always value-laden. As Ford (1999) notes, all action involves communication. What practice communicates is precisely the values and purpose at the heart of the person, organization or wider project. Here the practice of integrity cannot be confined to putting into practice the intentions that have been stated (behavioural integrity). There may be other significant meanings which individuals or leaders have excluded or not engaged, but which others remind them of. Hence the power of the public reaction to the UK MPs’ expenses crisis. The electorate felt that they had been betrayed because the practice with regard to expenses in many cases was contrary to the shared view of the purpose and worth of MPs, focused on service to society. The response from many MPs was that they had followed behavioural integrity, meaning they had followed expectations mediated by rules or by accepted practice. This is the ‘I ain’t done nothing wrong, guv’ argument. The resounding response was that this did not represent the practice of integrity, and that the MPs had forgotten their core identity and purpose.

This also suggests that the relationship between meaning and practice is two-way, not simply ‘applying’ value to practice. The very practice itself

¹ This includes engaging cultural, political and organizational narratives which may be held in place by power structures.

tests the stated meaning, and opens it up to dialogue. The dialogue in the case of the MPs began to move back to wider questions about pay, and whether it was fair in the first place, but by that time the case, and still more importantly the relationship with the electorate, had been lost.

This also locates integrity in a developed sense of reflective practice. Schön (1983) and Gibbs (1988) both see professional practice as involving reflection on and development of practice in its wider context. Schön (1983) noted, through observation of a range of different professions, that in practice there was a response which led not to an imposition of knowledge but rather to a 'reflective conversation with the situation'. What emerged was a process like this:

- analysis of the situation in order to work out what the problem might be and what issues are involved
- noting 'appreciative' or value systems which help to find significant meaning in the situation.
- consideration of overarching theories that might provide further meaning
- an understanding of the professional's own role in the situation, both its limits and opportunities
- the ability to learn from 'talkback', which involves reflective conversation about the situation.

The professional would also treat clients as reflective practitioners.

Gibbs (1988) takes this further, in reflecting on the feeling involved as well. Far from being value-neutral, practice always takes place in the context of relationships and thus ethical value. The values underlying reflective practice, which also tie ethics to competency, include:

- the person taking responsibility for his/her own ideas and values, and how they relate to practice
- responsiveness to the situation, enabling dialogue with the client and stakeholders
- awareness of the professional's role and limitations
- respecting the autonomy of the client
- the value of continued learning

Relationship with the Social and Wider Environment

Whatever the relationship we should have to the social and physical environment, there is no doubting that we do have such a relationship. How much responsibility we take for that environment will take us into what Ricoeur (2000) refers to as positive responsibility. In this mode of responsibility the key questions are about awareness and appreciation of the social and physical environment and our relationship to them. In the credit crisis there was a lack of awareness of the wider community and connections to it. The thinking of leaders was insulated. Merrill Lynch and WaMu, for instance, built large portfolios of mortgage-related securities that were based on the assumption that housing markets were localized, and thus that failure in one area would not affect other areas. The credit crisis, however, showed that markets were interconnected, linking Kansas to Shanghai, and thus that leaders need to be aware of the possible effects of any practice.

Critically, awareness of the wider community was linked to the values held in the credit crisis. Alan Greenspan, for instance, claimed that he was unaware of any data prior to the credit crisis that would cause him to question his 'ideology'. Since the 1970s, however, there were over 120 bank-centred crises globally. Most of these followed booms in house prices and markets, and all of them showed similar characteristics (Carroll and Mui 2008). This suggests either that Greenspan did not know this data or that he knew about it but denied the significance of it. In other words, he still could not 'see' it. Either way he was not practising integrity, by not taking responsibility for his awareness of the wider community. In this case his belief about the invisible hand of the market caused him not to understand either the nature of an interconnected finance industry or the significance of the various failures. In a sense this mirrors exactly the individualist belief of Rand, which was still in place for Greenspan after the crisis. Equally, he was not able to see the same blindness there in the practice of the different parties to the crisis, including the regulators. Black (2013) notes how the regulators in many cases did not even access relevant data before giving excellent credit ratings. Greenspan was not able to recognize the pervasiveness of fraud.

This suggests a lack of connection to reality, and the question I posed above. In Chap. 3 and the final chapter I will argue that this is a sign of psychological pathology, fixation with a dominant idea and losing touch with reality. One example of reality in the human experience is that risk cannot be totally prevented, only managed. Companies such as LTCM and AIG claimed that their portfolios and securities were risk-proof. Even disregarding the subprime base of the securities, the very idea of a financial instrument as being risk-free is problematic. Much of the belief in the lack of risk was founded in the mathematical modelling that was behind the development of the CDOs (see Lanchester 2010, 97). This showed that by selling on the debts the firm was no longer responsible for ensuring repayments of the debts. This reinforced little sense of responsibility beyond the immediate, and no sense of shared responsibility, for the industry or the wider community. Behind this there was another, equally naïve, assumption, that things would not go wrong. LTCM, for instance, thought that, even in the event of problems, it could always unwind its projects in orderly fashion. In fact, all buyers disappeared at once.

This same lack of contact with logic and reality was there with the people who sold the mortgages. In the example of Green Tree Finance (Carroll and Mui 2008), the financial mismatches should have been obvious. The reality here was that customers were being consigned to a no-win situation, where they would experience financial loss and in many cases loss of health. Customers were not seen as human beings, and were being discouraged from taking responsibility for informed decision-making. Firms and sellers were abusing their power. Further up the chain, the perception of wider society was encouraged by bonus systems for investment managers, leading to a short-term focus on immediate profit. At no point did the firms involved appreciate the reality of the pain their actions caused to customers, to other stakeholders or to the industry as a whole.

The effects of this crisis have been far-reaching, and are still being calculated. The IMF estimated that the resulting global economic downturn has cost governments worldwide more than \$10 trillion to bail out the banks, with a massive adverse knock-on effect for employment, public spending and general well-being. The only difference was that the early mistakes were restricted to individual corporations or a small number.

The firms did not see any sense of connection to the wider industry. The values and worldview held caused individuals and organizations simply not to see the world and thus not to see the effects of their actions on countless individuals.

Critically, then, the idea of responsibility includes responsibility for meaning and practice. Taylor (1985) argues that self-interpretation is key to identity. He distinguishes linguistic meaning, knowing what I am saying and experiential meaning. He argues that the first of these is key to agency, and that the meaning involves three things. First, it is tied to a subject in relationship. Meaning does not occur *in vacuo*. Second, meaning can be distinguished from any situation. Whilst we find meaning in situations, such as a football game, we chose to give that situation a meaning, often based in group values. Third, meaning is only developed in relation to other things. Hence, value, as noted, is espoused in relation to other value meanings. For Taylor such meaning is at the heart of making any ethical decision.

Mustakova-Possardt (2004, 262) sums up this critical engagement in terms of spirituality,² which she refers to as critical moral consciousness, involving four dimensions:

- a moral sense of identity. What are the values that form and frame me?
- a sense of responsibility and agency. This very much about having a critical stance in relation to ideas.
- a deep sense of relatedness on all levels of living.
- a sense of life meaning or purpose.

In this light integrity involves criticality, coherence (logical), congruence (between concepts, values and practice) and consciousness (of our relational context and its significance). The re-presentation of the self begins to emerge from that dynamic and not from imposing a predetermined identity on society. But integrity, then, involves engagement with what increasingly looks like a complex self. It is to the self that I will now turn to explore these dynamics.

²This refers to generic spirituality, which includes but is not exclusive to religious spirituality.

Integrity, Identity and Agency

Underlying any view of identity is the concept of the self. In *Hamlet*, Polonius' advice to his son is often seen as the basis of a psychology of integrity (cf. Schlegel et al. 2009):

This above all: to thine own self be true, And it must follow, as the night the day, Thou canst not then be false to any man. (*Hamlet* I.iii.78–80)

This suggests a fixed view of the self to which one relates. Of course, Shakespeare offers this not as a serious view of the self, but rather as a humorous counterpoint to the central issue of the play itself, the idea that the self is not fixed but is the product a dialogue between very different narratives. Hence, Hamlet engages Christian (Wittenberg), pagan (Norway and Denmark), classical and other narratives (Greece and Paris) in his response to his father's death, and works through different views of honour and relationships before making a decision (Cantor 2004). It is precisely the decision-making which itself constitutes identity and thus a sense of the self (Greenblatt 2012, Burkitt 2008, Taylor 1989, Cottingham 2010)—in Hamlet's case, all too late.

Developing Identity

The focus on identity inevitable takes integrity into social psychology. Erik Erikson (1963) views integrity as part of the ongoing development of identity. For him, integrity communicates the sense of life coming together, making sense, for the individual, as distinct from the despair in a life that has not expressed such meaning and purpose. Central to the development of integrity is accepting life for what it is, complex and often in conflict, yet integrating these dynamics into a perspective which is content with the overall meaning (Capps 2004). Erikson characterizes this as 'a state of peace and serenity' (Erikson 1963), which connects integrity to a sense of well-being.

Erikson set out a life-stages theory to explain human development, with each stage involving transitions which pose crises of identity

(cf. Bridges 1980). This suggests a series of virtually continuous struggles that have to be worked through to come to a sense of integrity developing virtues along the way. Erikson locates the development of integrity mostly, though not exclusively, in late adulthood. Integrity here is seen as being in conflict with despair. Friedman (1999) sums up Erikson's view of integrity as:

luminous, clear communication; *active*, involving sense of movement; *central*, being present rather than peripheral; *whole*, not fragmented; *coherent*; *continuous*, connected to an on-going narrative; *generative*, creative with a focus on the next generation; *inclusive*, embracing difference; *aware*, without numbness; *indivisible*, not divided; *chosen*, a sense of being called by others; *safely bounded*, with identity not blurred or overrun. (Friedman 1999)

Schachter (2009) argues that the dynamism of this view of integrity is not individualistic but related to interaction with society, culture and the environment. Erikson suggests that questions such 'Who am I?' and 'How do I fit into an adult world?' are challenging precisely because they demand the practice of responsibility for the self and how we see ourselves in relationship. It is much easier to have a self-image which does not involve interaction. Erikson, however, argues for integrity which holds together the different relationships and their narratives which give meaning to our lives. This suggests that integrity in the postmodern context can be seen as a form of 'inclusiveness, retaining identity elements in a loose confederate structure' (Schachter 2009).

The Plural Self

Postmodern theory reinforces this idea that there is no discrete self, but rather that there are very different 'selves' and that identity is socially constructed (Burkitt 2008). At first sight this seems to rob the self of any settled identity. However, the importance of a more dynamic view of the self is reinforced by two things. First, it is difficult fully to know the self. There are many aspects of the self that are not immediately accessible and which demand the perspective of others (Luft 1969). In other

words, the self can be known only in relationships and through dialogue. Fawkes (2014) extends this to professional ethics in the light of a Jungian perspective. She argues that, like individuals, organizations, including the professions, have a shadow side and that this demands continual reflection. The 'shadow side' is not necessarily a malign aspect of the self, or of the identity of the organization, but simply represents aspects of the self which are not, or have not been, examined.

Second, such a view of the self suggests that integrity is less a discrete individual virtue and more a relational virtue, to do with how individuals and organizations view and present their identity (Calhoun 1995). Cottingham argues that this means that integrity is directly related to developing knowledge about the self: 'The search for integrity is a quest of self-understanding' (Cottingham 2009, 5). Argyris (2007) argues that there is a continual gap between what people think they are doing and what they are doing. This is the result of a gap not between theory and action but rather between the theory we espouse and the theory we actually act upon. The theory (what gives significance to action) we espouse is precisely about the identity we want to present. The theory in action is often different. One example offered by Argyris (2007) is of a manager who was interviewed about how he would deal with a disagreement with a client. His espoused theory involved respect for the client and the importance of good data-gathering and negotiating a solution. A video tape of the manager revealed that his theory in use involved unilateral control, and little empathy for the client. Critically he was unaware of this. Hence, the development of integrity requires the kind of reflective practice which enables the critical engagement noted above (Giddens 1991, Mason 2001, Schön 1983, Gibbs 1988).

Argyris (2007) distinguishes two different kinds of learning which relate to key values. The first is single-loop learning. This involves examining an action in relation to the core values and simply trying to make the action more effective in relation to the value. The second is double-loop learning. This involves critically examining the core value. For example, a manager may have a core value of conflict avoidance. A critical examination of this will question how appropriate this is in every situation of conflict in the workplace. The second approach is the one that most people espouse, focused on: getting better information, free and

informed choice, internal commitment and shared participation. The first approach is what most people practice. This work suggests the presence of many different narratives which makes up the self, and Ricoeur (1992) argues that the self is constituted not simply through decision-making but rather through engaging different narratives, and that this involves a rewriting of the self (cf. Freeman 2015).

Narrative Identity

Ricoeur (1992, cf. Taylor 1989) develops the idea of narrative identity. This stresses the responsibility to generate meaning in relationships through becoming the author. Narrative has a number of characteristics for Ricoeur. First, because it engages complexity, it holds together both harmony and dissonance, mediating sameness and difference over time (Ricoeur 1992). Second, life is both experienced and reported, which means that we are both author and reader (Ricoeur 1992). This focuses on self-understanding as interpretation. Third, narratives involve both innovation, developing new identity, and sedimentation, setting out an agreed identity (Ricoeur 1987). Fourth, narrative identity mediates between ‘what is’ and ‘what ought to be’. Narration occupies a middle ground between neutral description and ethical prescription. Narrative identity is not reducible to neutral description, and ethical identity is also not reducible to narrative identity. Fifth, narrative identity mediates between two kinds of permanence in time, between two poles of self-identity, broadly involving sameness and uniqueness. Sixth, narrative identity demands both reliance on a situated and bounded self (which enables a sense of distinctiveness), and sustained scepticism about the self. This leads to re-reading of the self and the provocation to think and act differently. Ricoeur (1992) suggests that taking ethical responsibility then becomes the most important aspect of the self remaining constant.

In narrative identity, the person is not merely the one who tells the story, or merely the one about whom the story is told, but ‘appears both as a reader and the writer of its own life’ (Ricoeur 1987, 246). Thus, the individual is both the interpreter and the interpreted, as well as the recipient of the interpretations. This enables awareness of otherness, of

the social and physical environment and of the self as another. The reader can begin to see the author and how the narrative is being played out in time and space. This is close both to the idea of meta-cognition, able to reflect on how we think, and mindfulness, awareness of oneself in relation (see Chap. 5, on the virtues). Van der Ven (1998, see also Freeman 2015) suggests that narrative enables 'distanciation' and thus perspective from which to see the self in relationship, in effect to perceive the self as other (Ricoeur 1992).

Dialogic Self

Narrativity involves dialogue, and thus as Bakhtin (1984) argues, the idea of polyphony, of many different voices which go to make up the self. The person becomes author of the self as he or she responds to the different voices, in making sense of the practice and making decisions. The decision-making and reflective dialogue on meaning provides the consistency for the self and the basis from which development continues.

Dialogue for Bakhtin (1984) always involves truth, defined in terms of personal involvement. Hence, he is careful to distinguish dialogue from dialectics, the process of logical question and answer in an attempt to find the truth of propositions (1984). Because dialogue always involves something about the self, it involves the presentation of identity. It is suffused with values and beliefs that are attached in varying ways and which affect what we think, the depth of our thinking and our capacity for change, from moment to moment. Hence, dialogue both tests the understanding of the self and other and reveals the self, and related beliefs and values. The very nature of dialogue, then, is central to integrity, because it enables knowledge of the self and other, and more authentic presentation of the self.

Dialogue, then, involves epistemology and ontology: knowledge but also personal involvement (Sidorkin 1999). Importantly, increasing understanding emerges from the collision of difference. This is not just different ideas but different narratives, with very different relationships attached. For Bakhtin this difference is most forcefully expressed in the overall dialogue between authoritative knowing and carnivalistic

knowing. The first of these comprise the narratives of authority that everyone has to deal with, from family, school, professions, institutions and the workplace and so on. Such narratives are based on relationships of authority which both communicate the wider group's values and also dominant relationships. Moral and psychological development involves relating to these narratives over time in such a way that they can be challenged. Kohlberg (1984) noted that in later stages of development the person becomes more aware of the different narratives outside her community and more able to engage them. Such a challenge, suggests Bakhtin (1984), comes from the carnivalistic engagement with hitherto authoritative values. In contrast to authoritative knowing, carnivalistic knowing is marked by the breakdown of hierarchies and inequalities. Social and structural distance is suspended.

Critical to this dialogue is enabling reflection which goes beyond unthinking compliance with authority, allowing a recognition of the basis of positions of authority, but also a freedom from the fear of authority: 'In order to look at the world soberly, I must cease to be afraid' (cited in Emerson 1997, 96). The theme of fear runs throughout case studies on governance, as I will show in subsequent chapters. It is precisely such fear which crowds out the possibilities of dialogue and with it the practice of integrity.

With difference comes awareness of ambiguity and incongruity. With incongruity comes humour. Bakhtin (1984) notes the importance of laughter in that context, and I will return to this in Chap. 5 as part of the virtues, and Aristotle's virtue of wit. Of course, authority and carnival are extremes of dialogue. The point is that both are necessary, to guard against governance which ossifies or is chaotic. The internal dialogue, what Bakhtin calls I-for-myself, becomes critical in his view for engaging dialogue with those outside, including institutional authority.

Adams, Bennion and Huh (1989) propose four ideological domains (politics, religion, occupation and philosophical lifestyle) and four interpersonal domains (friendships, dating, sex roles and recreation) which form the framework of the dialogic self (cf. Raggatt's 2012, and the idea of life history). Dialogue across these domains develops multiple identifications. Hermans and Gieser's (2012) dialogical self theory sums much of this work up, recognizing ongoing 'oppositions to and negotiations

with the *other-in-the-self*. Each of the narratives and related voices needs to be heard and questioned rather than silenced, denied or suppressed (cf. Cooper-White 2007). In the light of this Hermans (2012) argues that globalization is not just a reality outside the individual but also a constituent of a dialogical self. This suggests that integrity isn't necessarily bound up with bringing things together, but is about engaging multiplicity within ourselves.

Integrity and Identity

More light is cast on this view of integrity by Lebow (2012). He situates the idea of remaking ourselves as Western, beginning in the post-Enlightenment Romantic philosophy of Rousseau.³ His view of modernity (beginning in the classical modernity of the Enlightenment) is one of imposing a 'totalizing' perspective which suppresses divided and diverse identities. This encourages denial of apparently contradictory identity narratives, projecting rather the appearance of committing oneself fully to one affiliation. This tendency can be reinforced by how people only show part of themselves to others, and others having no means of accessing other people's reflections about themselves.

The idea of a unitary, consistent and essentially stable identity is illusory, with identities as multiple, discontinuous and shifting. Lebow argues for accepting multiple, dispersed and even fragmented (*zerstreut*) self-identifications. He recognizes that this involves accepting the other in the self and that this is 'psychologically unsettling', not least because it involves exercising 'the capacity of the subject to let itself go' (Benhabib 1986).

Lebow (2012), then, argues for integrity which does not involve suppression and denial of diversity (or other) within oneself. This confirms integrity as focusing not on principle-based solutions imposed upon a situation, but rather on resolution of the different narratives and related relationships through related critical dialogue, leading to resolution. What he refers to as 'multiple selves' are 'not necessarily incoherent selves', but do not present themselves as uniform, seamless without ambiguity. If the

³ Though, as noted above, there is evidence of the idea in Shakespeare.

person can ‘renounce the fiction of consistent and stable identities’, then organizations can do so also, something I will examine in more detail in Chaps. 6 and 8.

Integrity and Agency

Thus far in this chapter I have suggested that integrity involves taking responsibility for critical reflection on one’s identity or the identity of the organization. This involves engaging the holistic and relational aspects of the self. Engagement is not about asserting a single focused identity on the world but about developing narrative and dialogue. Narrative is illustrated experience, bringing together cognitive and affective aspects of meaning and relating them to the social and physical environment. It is essentially about learning through ongoing interpretation (hermeneutics). Interpretation both provides ‘sediments’, statements of identity (which I will explore in the next chapters), but also is practised in planning and decision-making, thereby confirming developing identity. Narrative is focused over time, showing how identity has developed and expressing the commitment over time to people and projects. Hence, truthful and reliable re-presentation is ongoing. Narrative also relates meaning and experience and provides a bridge between the individual and the organization. The individual’s narrative relates to the organization’s narrative above all through dialogue.

This takes us away from the idea that integrity is somehow quantifiable, measurable or about a claim to some sort of moral perfection, and moves to a dynamic, relational and developmental view of integrity. It suggests that any leader, for instance, who claims to be focused on substantive values has to open up those values, and how he or she believes they are embodied, to the self-critical gaze, and the gaze of the wider community—who may have a very different view of what they see. In the light of this, any sense of agency, and with that any sense of the self, depends not just upon core values but also upon how the leader handles the plural relations and the related plural narratives which inform or challenge those values. Taylor (1989) suggests that agency in this involves how the person engages personal as well as external plurality. He argues that this involves a strong valuation that connects action to deep decision-making.

The process and act of decision-making in relation to the different narratives (which go to make up 'plural persons) involve an existential constituting of the self (Taylor 1989, cf. Korsgaard 2009), something quite distinct from having identity conferred upon the self on account of owning certain values.

It is precisely the internal dialogue which develops agency, through testing the holistic elements of different narratives, including ideas, values, worth and practice. This dialogical view of integrity does not involve holism in the sense of smooth integration or wholeness. On the contrary, it involves continued struggle, and even pain, not least because as Pianalto (2012, cf. Cottingham 2010) argues, different value narratives are held in place by affect, sometimes providing strong motivation to avoid even critical reflection on the different narratives. Hence, integrity can be viewed as a managed struggle (Pianalto 2012).

Insights from psychiatry and psychology (Callender 2010, Noelliste 2003) suggest that integrity involves continued growth and learning, and that what makes integrity come apart or fragment involves the psychological mechanisms of self-deception, denial of responsibility, the related dissociation of the self from action and focus on defence of the self or dominance of the other. This suggests that integrity demands avoiding intentional deception but also testing unintended self-deception. Hence the need for effective critical dialogue which tests out such mechanisms and develops responsibility in the sense of agency.

This more complex dialogical view of agency takes the discussion beyond simply behavioural integrity and beyond substantive leadership integrity. It also develops any sense of authentic leadership, focusing on the depth of critical engagement which brings together ethics and psychology, and on the individual or organization genuinely engaging the meaning and significance of thought, value (and related affect and worth) and action (cf. McFall 1987, 6, and Covaleskie 2011). Cottingham (2010) also argues that psychological theory suggests that we are essentially conflicted or divided beings, in the sense of always being pulled in different directions. The idea has cross-cultural currency, expressed, for instance, in the Islamic moral psychology of the greater *jihad*. This is not about holy war but about the internal conflict or struggle with the so-called *nafs*, the source of both disorder and creativity (Kurucan and

Erol 2011).⁴ This struggle (Pianalto 2012) is both synchronistic, with different narratives addressed at the same time, and diachronistic, with different narratives addressed over time. Hence, part of the struggle might involve narrative from childhood, which sets up values and a view of the world which affects perception and action. Hence Fleischacker (1984) writes of a continual wrestling with ‘forefathers’.

That struggle in itself reflects what Cottingham refers to as an ‘opacity’ in mental life (Cottingham 2010, 5), caused by the fact that we are not always aware of the nature of the conflict until it is too late. Jung (cf. Fawkes 2014) characterizes this ‘blindness’ as involving a reluctance to engage the irrational or affective elements of narratives associated with the self, often the shadow side of the person or organization. As noted above, ‘shadow’ here has nothing to do with darkness in the sense of evil, but simply the part of the self that we choose not to examine. We might forget it or repress it. The argument goes that every person or organization has a shadow side and that integrity cannot be developed without this being engaged. This is developed in terms of what Jung refers to as individuation. He sees this as a psychological process of integrating the opposites, including the conscious with the unconscious, while still maintaining their relative autonomy, necessary for a person to become whole. This is a process of transformation enabling the unconscious to be brought into consciousness, through means such as [active imagination](#) or [free association](#). The area of difference would then be assimilated into the whole personality. Besides achieving physical and mental health, Jung observed that those who achieved individuation tended to be harmonious, mature and responsible, embodying values such as [freedom](#) and [justice](#), and having an awareness of the social and physical environment (cf. Fawkes 2014).

Integrity and Struggle

In this final section I want to reflect on some of the psychological dynamics involved in this view of integrity. These are not discrete dynamics but are precisely involved in engaging different narratives, some of

⁴ So-called ‘holy war’ is referred to as the ‘lesser *jihad*’ (see Kurucan and Erol 2011, 60 ff.).

which aim to dominate meaning and practice or to subvert the practice of responsibility.

First, psychology suggests (cf. Festinger 1962) that we all try to present an image of ourselves as constant, stable, competent and good. Self-image is important for a sense of self-esteem and well-being. The recent Volkswagen scandal⁵ came as a genuine shock to the leaders of VW, because their self-image was one of concern for the environment. It should not be a surprise that individuals and organizations may seek to maintain a 'good face'. The good face may, of course, be counterfeit. This is a useful term, connoting imitation. The point about imitation is that it seeks to mimic behaviour without necessarily taking responsibility for the meaning of that practice. Imitation can, of course, be an important part of social learning, in the context of ongoing social relationships. Counterfeit integrity which is not focused in social learning is focused on deception, of the self or other, whether intentionally or not. Or it may involve a simple failure to engage responsibility. A good example of all of these together was the leadership of the Roman Catholic Church following the clergy sex abuse scandal (Robinson 2011). There was recorded concern for the 'bella figura' of the church, leading to a series of denials of responsibility, as part of an attempt to defend the institution.⁶ There was no attempt at a critical examination of the meaning or purpose of the institution and/or its culture, which was built around intentional deception and injustice. I will return to this theme in the final chapter.

Second, evidence suggests that the majority of people do not want to practice responsibility (Bauman 1989). Milgram's experiment (2005) reveal that almost 70 per cent of participants accepted the direction of authority figures even where the action of the participant seemed to be causing risk to another person's life. The experiment involved participants who controlled what they believed to be an electric current attached to a person whom they could either see or hear. They could see that what they perceived was pain in the other (who was actually an actor simulating pain) was being caused by their actions. However, they did not consider

⁵ <http://www.theguardian.com/business/2015/dec/10/volkswagen-emissions-scandal-timeline-events>

⁶ Blaming Western values, homosexuality and other groups.

themselves responsible for this pain. The ‘actor’ was seen as partly responsible, because they got the questions wrong, in an experiment that the participant was told was about the relationship between pain and learning. More importantly, the experiment director was a figure of authority who assumed overall responsibility, both for the practice and the ideas and values behind it. A minority of the participants took responsibility for critically questioning either the values or the practice. Hinrich (2007) suggests this is the default position in any large organization.

Underlying psychological dynamics can reinforce this, leading to a distortion of individuals’ and organizations’ views of the wider social and physical environment. Characteristically, these involve:

- a polarized view of the world (which often involves a splitting of the self in which the person cannot handle feelings related to the different narratives. This might lead to a projection of aggressive feelings on to others. This can often lead to a loss of significant data [Cohen 2001].)
- denial of the significance of events, exemplified in Alan Greenspan
- denial of connection to events and others (Cohen 2001)
- fragmentation of the world in which the person becomes alienated from the social environment
- inability to understand how others see one, including lack of awareness about our effect (and related perceptions of power) on the other.

Third, a popular way of avoiding struggling with difference is to occupy the moral high ground. Such ascent can be practised by very different organizations or individuals, from major corporations, to NGOs, to whistleblowers. However, just because someone claims integrity based on principles does not mean that the high ground has any substance. The integrity argument on this point suggests that the moral high ground especially has to be tested. In Chap. 4 I will note one major corporation which claimed the moral high ground, but which after several years began to question the underlying position. Pattison and Edgar (2011), writing about whistleblowing in the context of the nursing profession, point to a narrow view of integrity which can fuel some whistleblowers. Such a view is often based on uncritical ideologies, which reinforce a self-image of heroism, standing up against the powerful organization. This in turn

can lead to blindness about both the critical data and the organizations involved, with no attempt to challenge critically their own perception of themselves. Such integrity is characterized by polarization and defensiveness. A good example of this was Greenpeace, who felt they were acting with integrity in boarding the Brent Spar Oil Platform (Entine 2002), only later accepting that their ideology, and related identity as defenders of the environment, blinded them to the actual data about the rig. They had estimated a much greater extent of toxic sludge, radically affecting estimates of how the environment would be affected. Nonetheless, true to their perceived identity, they argued they would still do the same thing again.

Fourth, as the brief reflection on dialogue theory above suggests, the practice of integrity always takes place in the context of power asymmetry. There are different forms of power—intellectual, emotional, physical, relational, organizational and so on—which provide the context within which people make decisions. In every organization it is precisely the abuse of such power which can reinforce the denial of responsibility. A key part of integrity, then, is how it relates to power. The issue of power and leadership will be examined in more detail in the next two chapters, and the issue of corruption and the range of attacks on integrity in Chap. 8.

Conclusion

The argument of this chapter has been that a first element of integrity is taking responsibility for critically engaging the self and the ideas, values, purpose, practice and social environment which make up the self or the identity of the organization. This practice engages the intellect, emotions and the physicality of the self, expressed through practice. This involves the interaction of logical, moral, psychological and practical meaning. In a sense this exactly reflects the developing meaning of integrity, as not dominated by, or summed up in, any single aspect: i.e. moral, intellectual integrity and so on. This suggests that integrity is as much about health and well-being as it is about morality.

Hence the proper framework, engaging each of these aspects, is reflective practice. None of this was practised by Alan Greenspan, or the leaders

involved in the credit crisis, leading to a narrow perspective on, and thus failure to engage, reality, both inside and outside their organizations.

The truth about the self that is re-presented is dialogic, focused in different relationships and their related narratives about meaning and practice. Engaging such difference is a key part of opening the self and related intellectual and affective dimensions of the self. This suggests self-identity which is continuously tested and developing, involving ongoing learning. Integrity in this respect requires the regular and rigorous practice of testing meaning, worth and practice, focused on the development of narrative. It cannot be assumed that individuals or organizations actually know what they are doing or saying if they do not practise narration, and own authorship.

The chapter also noted that there are pressures which work against the exploration and testing of the self, psychological or organizational, and the ownership of narrative. These pressures and related values can influence how we see the world and thus how we practise, with negative pressures leading to a loss of sight and voice, which characterized the great governance failures. These pressures are expressed through different narratives, not least those which try to occupy the moral or strategic high ground.

Three things are clear, even at this stage. First, it cannot be stressed enough that integrity is not a luxury, to be added to business practice as usual. The practice of integrity, thus far described, determines how we engage society, and indeed how we make any business decisions in that society. Second, it is about the whole person or organization, including moral identity. Third, organizational integrity can be viewed in the same terms as personal integrity, and the two are connected around the appreciation and engagement of complexity and the practice of dialogue. In the next chapter I will move more clearly into the practice of responsibility in the organization. Once dialogue opens up, then we move to accountability and what that means to relationships inside and outside the organization. The re-presentation of the self involves giving an account beyond the self (thus going beyond simple autonomy, cf. McLeod 2005), and giving an account presumes others to whom one owes such an account. It is to that account I will now turn, moving from being true to the self to being true to others.

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3

Integrity and Accountability: Being True to Others

Abstract This chapter sets out the meaning of accountability, arguing that it is central to integrity. Focusing on the case of the Mid Staffs Hospital Trust, it explores mutual accountability for meaning and practice and plural accountability (including to colleagues, profession, client, institution and so on). Central to this is responsibility for relationships, being true to them. Breakdown of the practice of this integrity is characterized as analogous to a breakdown of health. This view of accountability is critically contrasted with the corporate capture of accountability, where one contract is dominant. Narrow perspectives are then contrasted with the complexity of businesses relationship to the social environment, inside and outside the organization.

The chapter, then, focuses on the practice of dialogue as the means of engaging complexity and practising accountability, illustrated by the example of Henry V at Agincourt, and ends by noting the connection between the first two modes of responsibility.

In the last chapter I focused on one aspect of integrity as giving an accurate and faithful re-presentation of the self or organization, being true to the self. This stressed the need to explore a more complex view of the

self, involving the holistic self, the self as author and the self as involved in dialogue. The evidence of the credit crisis showed many businesses not prepared to engage with the different narratives, and so unprepared to deal with reality. This ties integrity in with continual learning about the self in relationship.

In this chapter I will look at the other aspect of re-presentation, giving an account of the self or the organization, both to the self and others. This partly involves an extension of agency, involving ongoing answerability to colleagues, leaders, organizations, professions and so on, focused on ideas, values, worth, practice and relationships, developing a clear vocabulary of accountability (Trevino and Nelson 2008, Gentile 2014). This also enables greater awareness of the social environment and its interconnectivity.

Accountability raises questions about to whom the account is to be given and what giving an account involves. I will begin with the case of Mid Staffs Hospital Trust, and focus on multiple and mutual accountability. This reinforces a social view of integrity: i.e. that it involves being true to the other as well as to the self. I will then contrast this with a critical examination of narrow business accountability, and of related narrowness of professional accounting, and raise questions about the nature and identity of business, questions I will address more fully in the next chapter.

From this discussion will emerge the importance of how dialogue is developed within the organization and beyond as a key means of giving account. Far from a simple idea of behavioural integrity, as 'walking the walk', this focuses on relationships and awareness of different value narratives, some of which may be dominant, and constitute the moral bottom line (often focused on core principles or purpose), others of which may require holding in tension. The final section of the chapter will use *Henry V* as an example of leadership dialogue in response to such complexity.

Mid Staffs Hospital Trust

The case study of the Mid Staffs Hospital Trust is not straightforwardly to do with business. Nonetheless, a key element in it was how a public organization used what it took to be good business practice to ensure

the sustainability of the organization. The case demonstrates an absence of the practice of integrity, including inter-organizational integrity, the integrity of the overall project and purpose. It illustrates the lack of the second mode of responsibility—accountability to—as well as the first. In particular, it illustrates the complex nature of accountability and how attempts to simplify such accountability, ignoring dialogue, lead to forms of instrumental rationality.

Organizational Breakdown

The first Francis Report (2010, cf. Campbell 2013) detailed a massive failure in professional care for patients in the Mid Staffs Hospital in the UK, including:

- patients left in excrement in soiled bed clothes for lengthy periods
- assistance not provided with feeding for patients who could not eat without help
- water left out of reach
- patients not assisted in their toileting in spite of persistent requests for help
- wards and toilet facilities left in a filthy condition
- privacy and dignity, even in dying and death, denied
- triage in A&E undertaken by untrained staff
- treatment of patients and those close to them with what appeared to be callous indifference.

The second Francis Report (2013) tried to address the leadership and governance of the Mid Staffs Hospital Trust. Both documents reported a disconnect between the values and meaning espoused by the organization and the actual practice, suggesting that many of the problems are likely to be more widespread.¹ The overview of the case suggests that there were many voices involved in a complex situation, but little valuing of these,

¹ For example, <http://www.telegraph.co.uk/health/heal-our-hospitals/10130024/Name-the-NHS-Watchdog-staff-responsible-for-hospital-cover-up-minister-says.html>

little dialogue and little shared meaning or sense of shared responsibility. What meaning there was seemed to be fragmented or detached, with individual employees left to establish their own sense of meaning from their work, all leading to lack of critical awareness of the core values and purpose of the whole project, and the complex relational network of healthcare.

Key findings from the Francis report (2013 executive summary) were summed up as:

- A culture of fear, focused on doing the system's business;
- An institutional culture which ascribed more weight to positive information about the service than to information capable of implying cause for concern. When monitoring occurs it is often felt important to get the best story across, to give the regulator what you think they want to hear. This is because survival is predicated on success, not least the success of the leaders;
- Standards and methods of measuring compliance which did not focus on the effect of a service on patients;
- Too great a degree of tolerance of poor standards and of risk to patients;
- A failure of communication between the many agencies to share their knowledge of concerns;
- Assumptions that monitoring, performance management or intervention was the responsibility of someone else;
- A failure to tackle challenges to the building up of a positive culture, in nursing in particular but also within the medical profession;
- A failure to appreciate until recently the risk of disruptive loss of corporate memory and focus resulting from repeated, multi-level reorganisation.

The more this story is worked through, the more echoes appear of Enron, Arthur Anderson and the credit crisis, with a parallel disconnect between institutional core values, locally and nationally, and practice. The core vision for healthcare involved the good of health and well-being, focused on inclusive care, and wider responsibilities to society, but the practice was quite contrary to this vision. The board and management operated in a teleopathic way, defined by Goodpaster as:

‘the unbalanced pursuit of purpose in either individuals or organizations. The mindset or condition is a key stimulus to which ethics is a practical response.’ (Goodpaster 2007, 28)

He suggests that the key symptoms of *teleopathy* are fixation, rationalization and detachment.

The narrow view of accountability in this case began to shape the key purpose of the organization: viz. its own sustainability. This brought the Trust close to what Bauman (1989) and others refer to as instrumental rationality, involving focus on means, efficient or cost-effective, rather than on the value of the end. The most extreme example of this is the Holocaust, where the focus of the Third Reich was on solutions (Bauman 1989).

Such practice, nonetheless, demands rationalization: i.e. some sense of justifying the action in terms of underlying value. In the case of Mid Staffs this led to a focus on identity seen in terms of achieving targets and financial/organizational status, expressed in the aim of recapturing the three-star status. A three-star rating was necessary to apply for foundation status, tying this also to a competitive narrative with other trusts, and which was set up by the UK government (Campbell 2013). In turn this meant that, whilst the organization had specific values focused on care, the worth of practice was associated rather with survival and status. In effect, this produced an institutional version of Argyris’ (2007) espoused and actual theories.

From fixation on targets, to rationalization in terms of organizational sustainability, this led to detachment, from wider meaning and purpose, from other related organizations and from people. In a sense this was more remarkable than Enron, because the neglect of patients did not involve intentional deception.

Recommendations

The Report’s recommendations included:

- Government changes in the National Health Service should be cut down. Frequent change serves to focus on the changes and related actions, not the core purpose.

- All practice has to focus on the patient, particularly in terms of standards, possibly through tighter codes.
- A more open and positive culture has to be developed, not focused on narrow targets and not based on fear. This should include clarity about core values across the institution.
- Leadership should be reinforced and shared amongst the different professions.
- There should be clearer standards and guidance on compliance. There should be no tolerance of non-compliance and the rigorous policing of fundamental standards. Information about compliance should be accessible and usable by all, allowing effective comparison of performance.
- The need to develop thinking laterally across boundaries; more shared leadership with managerial, clinical and board leaders working together; and greater transparency and willingness to give and accept challenge. (Francis Report 2013)

The Francis Report also notes the lack of attention to responsibility at all levels, and the reluctance to critically examine and address unconscious models of leadership that are embedded in organizations, and evidence that better-performing hospitals had more devolved power and shared responsibility.

Accountability

At the heart of much of this is a lack of accountability. Accountability is in one sense another aspect of moral agency. A lot of the stress in moral agency is about making sense to oneself: self-justification. Accountability is about making sense to others: a wider sense of justification. Typically we will have different kinds of accountability, depending on the kind of relationship we have to people or groups. Nonetheless, social identity suggests that accountability involves dialogic engagement with the different relationships in the social and physical environment, and that this cannot be restricted to a single dominant narrative.

Accountability is about being answerable to another, hence an ongoing opening of oneself to judgement. It presumes a relationship of some

significance which might be embodied in formal or informal contracts of some kind. Such contracts set out the nature (meaning) of the relationship and what is expected, from function and role to ways of relating. Integrity requires an awareness of these relationships and being prepared to give an account of them to the other.

Accountability in the Trust was one-way and focused from the bottom to the top, directly to the managers of the Trust. The line of accountability then goes back to the government and in particular to the Treasury. The characteristic pattern of one-way accountability is cultic, with elements reminiscent of the Enron case (Cruver 2003). In that case, leadership was dominant and could not be questioned. Even the board, which included many eminent figures, such as Lord Wakeham, did not question the chair or CEO, or any of the actions which were reviewed by the board. A second characteristic of cults is the culture of fear, which causes members of the organization to focus primarily on the reduction of fear, associated with achieving targets (Paine 1994). Enron leadership developed the so-called 'rank and yank' mechanism, with the least productive of the workforce fired each year. In actual cultic organizations the dynamic involves first 'love bombing', in which new members come to identify their worth and well-being as focused on the cult. This is followed by increased demands on the person, financially and emotionally, accompanied by threats to expel them if these are not fulfilled.

A third characteristic is to focus on compliance and control rather than individual judgement. Thinking for oneself and framing professional judgements in particular situations in the organization is precisely what is discouraged. Hence, there is an increase in isomorphism. This leads to the fourth characteristic: a polarized dynamic, defending the organization against people and organizations outside it. The organization becomes the locus of value and truth, and reality is perceived in terms of those outside as against the truth. The CEO of Enron expressed that dynamic through characterizing himself, albeit jokingly, as Darth Vader and his immediate staff as storm troopers (Cruver 2003).

Finally, this typically leads to depersonalization of the different stakeholders. This radically affects how members of the organization view the different stakeholders of the organization and related practice. In actual cult cases the members of the cult becomes exclusively accountable to the

head of the cult and stop being accountable to family and former friends. In the Mid Staffs case, patients and their families were ignored. When staff received complaints, these were dismissed, in *ad hominen* dynamics, as problem patients, or data was said to be misconstrued, leading to both pain and humiliation (Boseley 2010). Families were not given an account of practice or of what this signified. Staff were not open to challenge or question, typically because in a cult dynamic they were more concerned to please the line manager. All communication therefore was aimed at giving the best possible view of data: in effect self-promotion (Francis 2013, 44), not a critical reflection on the case in hand.

In Enron's case this dynamic led to fraud, involving intentional deception, and intentional ignorance. Hence, the CEO and chair demanded certain targets be met, but refused to take responsibility for knowing how these were being achieved. In the case of Mid Staffs there was not the level of fraud, but the focus on the financial factors made institutional survival the rationalization for their practice. At the heart of this was a lack of accountability to all of the stakeholders from the key professions and managers. Behind much of this was an imbalance of power, which discouraged weaker stakeholders from holding staff and leaders to account.

Without the practice of mutual accountability any attempt to re-present the truth of the organization is lost, and with that key relationships are broken.

Mutual Accountability

The lack of mutual accountability in the Mid Staffs case extended to the different professions, different institutions (including the government), the patients, volunteers, families and different regulators. All these groups were responsible for what might be termed the project of health. Hence, all were accountable to each other for the project. The mutuality was supposed to be expressed in different ways. Regulators were accountable to the government, professions and others, to give an account of their findings. Ultimately, they were accountable with others to the patient and to the wider community, to ensure that right level of care was maintained. Key regulatory bodies, however, raised the alarm without ensuring that a practical response occurred

(*ibid.*, 45 ff.). They assumed that other bodies would take responsibility for this. Some regulatory bodies were focused on finance and financial and institutional responsibilities, others on care, with little sense of how they all connected or how different narratives had to be critically sustained. Audits had no sense of holistic or responsibility connection.

The dynamic here was essentially one that lacked mutuality. Reports go one way rather than leading to dialogue and action. Mutual accountability demands that value narratives of all parties be shared. It is precisely the appreciation of different perspectives and values (Bauman 1989) that guards against a totalizing perspective, and with that a loss of truth. The truth in the Mid Staffs case should have been focused on the overall narrative of care, which was meant to sustain the core purpose, with all parties accountable to each other for that purpose.

It is perhaps not surprising that the second Francis Report reflects a sense of shock that the nursing profession in particular did not speak out—that is, did not practise accountability to different professions or the patients or the wider community. The Francis Report (2013) focuses on the teleopathy of the nursing professional, the Royal College of Nursing (RCN), moving from functioning as a professional body to becoming a trades union. The latter focuses on the support and protection of its members, with a defensive stance, guarding against any possible negative action from management against its members. This remains a strong value narrative, not least concerned about an abuse of power from leadership that might disadvantage the workforce as a whole. However, this prevented the RCN at the time from fully functioning as a professional body: i.e. one that was aware of its accountability to all stakeholders for the project of care. Such a body would be expected to provide a focus on the good at the base of the profession, a disinterested perspective on professional practice and a strong framework of critical reflective practice and professional discipline. A pre-emptive response to the second Francis Report came from the Chief Nurse, producing a philosophy of care for nursing, based on compassion, care, competence, communication, courage and commitment.² These are an important reminder of the

² <http://www.england.nhs.uk/wp-content/uploads/2012/12/compassion-in-practice.pdf>. Accessed 2/2/13.

core good and associated values and virtues of nursing. And there is no doubt they needed to be reasserted. However, equally important was the lack of the practice of mutual accountability, and thus the lack of dialogue with other stakeholders. The identity of nursing is not simply based on the core values set out by the Chief Nurse, but also on the engagement with the different narratives that make up the healthcare project. All the groups involved fell down on this precisely because they did not feel responsible, accountable, to each other for the project. Doctors were not able to have dialogue with nurses about patients, nurses were not able to have dialogue with families about patients and so on. The fixation on a dominant narrative led to a fragmentation that was a breakdown not of a system *per se* but of relationships (cf. Thorlby et al. 2004, 23ff.). Hence, critical questions were not raised until too late.

Central to the loss of integrity was the lack of any critical leadership. The Trust board provided none in terms of their internal dialogues, unable even to engage key warning signals (Francis 2013, 41) provided by some major professional bodies. Allied to the absence of critical leadership from the board was, then, a lack of critical and holistic leadership from all the professional bodies. The lack of mutual accountability for the core purpose meant that they were not communicating the truth to each other about that core purpose in practice.

The UK Government was a significant part of that failure in mutual accountability. The broad assumption is that the Government is accountable to the electorate. However, in the Mid Staffs case they were precisely accountable to the patients and staff for instituting a focus on narrow targets, and for allowing a system of regulation that did not focus on mutual accountability for the shared project. The Government was also responsible over time for instituting too many major changes in practice and process, with the effect of focusing professional attention further on process and targets, rather than on the overall shared purpose of care (Francis 2013). This had the effect of a form of teleopathy generated by the Government. In healthcare in general this has involved a focus on saving costs rather than on best-care practice. As Seddon (2014) argues, this often has the unintended effect of wasting money and bad practice, as in the use of call centres for initial diagnosis. Critically, there was no articulation of the narrative of the overall project, or of the related purpose and

worth at any level. The narrative was assumed, and not therefore part of the ongoing professional reflection. Without the articulation of such a narrative mutual accountability begins to erode, because it is based on accountability to each other, which is both horizontal (collegial) and vertical (spanning the power relationships).

The case suggests that value, purpose and worth are not engaged unless there is regular account given of these, reinforcing mutual accountability. This demands ongoing articulation and justification of values, and consciously using such values in work vocabulary, such that they are genuinely engaged in decision-making. Without this conscious engagement with values it is possible to lose the identity, and with that the integrity, of the organization, or in this case the overall project and the different organizations which were a part of that. I will examine this in terms of the governance developments in Chaps. 6 and 7.

Plural Accountability

Just as the person may be said to be plural, so the organization may be said to be plural. Good examples of this are professional institutions. These relate to the different narratives of clients, members, corporations or other organizations which members work in, other professions who may share a wider purpose, and future generations (through the different creations, from bridges to healthcare facilities). They also relate to wider society through the good which forms their key purpose and thus their identity (Airaksinen 1994), such as health and well-being for the medical profession or justice for the legal professions. The identity of the profession is thus a function both of moral underpinning and of ongoing dialogue with the different relationships.

Plural accountability simply reflects the different relationships and their associated narratives which go to make up the social interactions of personal or organizational life. Our accountability to family is expressed for many in the formal contract of marriage, for others in different expressions of commitment. The associated narratives are both about the nature of that commitment, and, in the case of marriage documents, the commitment of society to such relationships. This multiplicity is highlighted in the professions.

Professions are, of course, ambiguous. The major professions embody power in relation to vulnerable clients and can easily abuse that power for the protection of their status or even from good intentions (cf. Illich 1977). Nonetheless, the major professions are characterized not just by specialized skills, high levels of training, power and impartiality (focused core purpose) but also by the focus on an underlying good (Airaksinen 1994, Browning 1983). The good of the health professions is to do with the distribution of health and well-being, and it establishes the purpose of the profession. In the light of that good, professions exhibit plural accountability which reflects relationships to different stakeholders. From the perspective of the individual professional this can involve accountability at the same time to:

The profession

This is essentially the accountability a professional has to the profession for his/her own professional performance, including ongoing learning and supporting the values of the professional body. Hence, it is possible to speak of the professional as being responsible for the integrity of that profession: i.e. maintaining the core values and purpose of the profession.

Oneself

This includes developing and maintaining personal development throughout working life and ensuring a proper balance between work and personal life.

The employer/corporation

This involves: being accountable to and responsible for the performance of duties to an employer—so long as they are consistent with the professional code.

The client

This includes giving impartial and competent advice and reporting any conflicting areas of interest. The key aspect of this accountability is enabling the client to take responsibility for a decision about their work, treatment and so on, based on a truthful communication of the data and an awareness of the significance of that data.

Environment and the community

This includes awareness of the overall social and physical context of work, and the impact of the project on society and the environment.

Other groups or professions

This includes links to the wider industry, which in turn may be accountable to wider society (cf. Robinson and Kenyon).

The Mid Staffs case showed none of this plural accountability. Different professions, organizations and even regulators did not feel accountable to others, even when, in some cases, they saw what was happening. The idea of feeling accountable is important, because it takes us back to identity, in this case as focused on multiple relationships, and to the related feeling of worth.

Being True

If integrity is viewed as the accurate and reliable re-presentation of the self, this involves both being true to the self and being true to others. I will explore this in a little more detail in Chap. 5. At this stage I simply want to underline that thinking. The professions and institutions in the Mid Staffs case were not being true to their professional selves because they had lost sight of their core purpose: i.e. what was significant about themselves. This meant that they were also not being true to the any of those involved in the project of care. In effect the professionals were betraying those relationships. The relationships were significant because they were focused on the meaning and practice of care, and the professions (including politicians) had not owned that meaning or practice of care. They had not practised self-governance or accountability. The truthfulness of those relationships demanded truth as knowledge (the facts of the situation), truth as meaning and purpose (the significance of any action), and truth as commitment (being true to) the project (and its core purpose) and to the people involved. Being true to project and people, *pace* Francis, is not simply about focusing on the patients but also about how mutual and plural accountability is practised across the piece. This aspect of integrity, then, is not simply about individual ownership of meaning and practice but about shared ownership of meaning in the context of different and complex narratives.

Breakdown

The Mid Staffs case can be characterized as a breakdown of meaning (moral and practical) and relationships. Care practitioners who ignored patients in sometimes extreme need were literally not in their ‘right mind’, and did not even think to practise the broader sense of accountability. There was no engagement with the complexity of narratives in the Trust, and with that a lack of awareness of the distinct professional narratives that could effectively work together to share responsibility.

The term breakdown intentionally suggests pathology. McKenna and Rooney (2011) have argued that organizational breakdowns of this sort are actually a form of institutional schizophrenia, in the sense of multiple personality. In fact, they mischaracterize the term ‘schizophrenia’. Multiple personality or dissociative identity disorder refers to a form of guilt-induced clinical hysteria where distinct personalities are unconsciously created to avoid either guilt or memory of earlier trauma (Halligan et al. 2001). Schizophrenia rather refers to a ‘breaking down’ of the mind, losing touch with reality, often involving a paranoid view of the world. It literally involves a breakdown in the person’s capacity to make shared and realistic meaning in relation to their social network, sometimes involving auditory or visual hallucinations. There is, then, no capacity for genuine dialogue, and thus all meaning becomes insular, self-referential. Use of either of these terms is analogical in this context.

In the Mid Staffs case and others examined so far, there is a strong sense of the second view of breakdown: a breakdown of meaning and relational connection such that there is no sense of the significance of the organization in relation to the wider social and physical environments (dissociation), a defensiveness which sees external relations as some form of threat, and a breakdown in awareness and connection to the social history and responsibility of the organization—a form of organizational ‘madness’. The term ‘madness’ recurs in narratives about the credit crisis.³

It is ironical that psychosis, especially schizophrenia, is often associated with ‘hearing voices’ (Robinson 2013), something characterized as negative. In fact, the breakdown in Mid Staffs was precisely because the many

³ Cf. the DVD *The Inside Job*, 2010.

voices were not ‘heard’, or their meaning was not understood. The voices of the different professions, the key regulators, the nurses, the families and, above all, the patients, were deemed to be not part of reality. This resonates with some views of leadership. Furnham suggests that breakdown in the organization is often associated with psychopathic personalities.⁴ There may be cases where a psychopathic personality can be very effective as a leader (Furnham 2004), not least in times of crisis, where immediate action is called for. However, over the long term, the effect of psychopathic leadership is to break down meaning and awareness, and thus break down relationships, inside and outside the organization. The original term for psychopathy was ‘moral insanity’ (ibid.), indicating what is now seen as a personality disorder, where the individual has no awareness of or empathy for others, or for wider social meaning and values. Where leadership encourages such lack of awareness, this can lead to forms of collective pathology, where perfectly good people suspend critical thinking, and act also without empathy.

It should come as no surprise, then, that such breakdowns occur. At one level, meaning, as we have argued, is more than rational or conceptual or practical. It involves identity and worth in relation to the social network, values and thus feelings and emotions, and a narrow internal culture can lead to a real disconnection with reality. This breakdown connects directly to the fragmentation of organizations (Rozuel 2011), and I will examine this in more detail in Chaps. 6 and 8.

This underscores two key points. First, significant meaning is socially constructed; and second, we are all responsible for articulating and sustaining that meaning. Leadership which does not attend to these core levels of meaning (conceptual and practical) on a regular basis always runs the risk of breakdown. At its worst, this involves leadership that focuses on narcissism, the needs and narrative of the leader, with others as means to that end. In the Mid Staffs case there was a corporate disintegration of meaning, based on power and the fear of the leader. It might be argued that, given the difference in power between follower and leader, a child/parent dynamic is established, with followers taking the role of child, acceding all power and responsibility to the parent (leader), and

⁴ Adrian Furnham, *The Elephant in the Boardroom* (Basingstoke: Palgrave, 2004).

primarily concerned to please the parent. This is precisely why leadership has to develop the critical and mutual dialogue noted in the last chapter inside and outside her organization. I will illustrate the dynamics of such dialogue shortly, but first I will consider the traditional arguments against this practice in business.

The Purpose of Business

It is, of course, possible to have a quite different perspective for business: if you will, the non-profession view of business. Sternberg (2000), for instance, argues from what she takes to be an Aristotelian perspective that business has but one purpose (as distinct from a moral or pre-moral good), which is to make profit for the owners, or principals, of the business. The classic presentation of this argument was from Friedman (1983). The role of business is the creation of wealth, and thus the prime responsibility of business is to make a profit for its owners. In this, the executive director acts as an agent (defined here as someone who works on behalf of another) serving the interests of 'his principal'. The interest of the principal is profit maximization, and involvement in any activities in the community outside this sphere by the agent would be a violation of trust and thus morally wrong. Friedman does not argue against the social involvement of the company as such, rather, simply, that the company, and the owners especially, can decide to do whatever they think is fit. There is no moral or legal obligation on the company to be more socially involved, and the company can follow its own ends, so long as they are legal. Three things follow on from this. First, if the company executive does decide to get involved in a community project, Friedman argues that this is not an obligation but rather a means of achieving the company aims, such as improving the image and reputation of the company and thus contributing to improving profits. Second, for Friedman, pursuing social responsibility would involve costs that would have to be passed on to the customer, possibly to the shareholder in reduced dividends and to the employee in reduced wages. This is deemed to be unfair, constituting a form of taxation without representation and is therefore undemocratic. Moreover, it is both unwise, because it invests too much

power in the company executives, and futile, because it is likely that the costs imposed by this approach will lead to a reduction in economic efficiency. Finally, he argues that the executive is not the best person to be involved in making decisions about social involvement. S/he is neither qualified nor mandated to pursue social goals. It is social administrators and policymakers that understand the needs of the local area and who can determine local priorities. Such a task is better suited to local government and social concern groups, whose roles and accountability are directly related to these tasks. For business to enter this field would lead to a confusion of roles and a raising of false expectations. In short, Friedman is saying that for the business person to be true to the self and others, it has to be based on a narrow view of the core relationship, precisely avoiding engaging complexity.

There are a number of criticisms of this view of responsibility. First, seeing profit maximization as the exclusive purpose of business is simplistic. Managers may have several different purposes, each of equal importance: care for shareholders, clients, the physical environment and so on. Shareholders may want profits, but they could be equally concerned for the environment or for the community in which they live. This can only be tested in dialogue with each group, and in the light of the nature of the business and its effects on society. Second, there is an assumption that the ethical worlds of social concern and business are quite separate. In fact, the two are connected. The actions of a company affect the social and physical environment in different ways, demanding an awareness of those effects and a capacity to plan for positive effects (beneficence) respond to negative effects (non-maleficence). Third, it is difficult to predetermine what the exact responsibility of the business person or the business should be, just as it is impossible to be precise about the responsibility of, for instance, local or national government. In practice there are broad responsibilities, but these are continuously being debated and negotiated. In Chap. 8 I will note how in the global context the role of nation-states around human rights, for instance, is a matter of debate. Fourth, underlying Friedman's argument is a stress on freedom. In this case it is the freedom of the business person to pursue the purpose of making profits. His view of freedom involves largely negative freedom (Berlin 1968). In this case it is freedom from control, or the need to respond to

any ethical imperative other than the good of the firm. Friedman simply asserts this view of freedom, with no attempt to justify it. Berlin (1968) notes other views of freedom, including positive freedom, freedoms that enable groups and individuals to do things, such as rights. In any case, all freedoms exist within a social context where any assertion of freedom may affect the freedom of others (Tawney 1930). Behind that, there is for Friedman a worldview of a fragmented society which is neither interconnected nor interdependent. Hence he can only see two ethical imperatives for the business person: to keep the law and to make profits. Any good beyond that is purely instrumental.

The attempt, then, to restrict business to one purpose, and from that to restrict the breadth of its responsibility, is thus arbitrary. Moreover, predetermining responsibility tends to lead to a diminution of the capacity to take responsibility, to maintain awareness of the effects of practice on the social environment and to respond.

Sternberg (2000, 49ff.) argues against stakeholder accountability on several grounds. First, it is not at all clear to which stakeholders a company is accountable or what this might involve. Simply to say that a company has to be accountable to its stakeholders does not begin to differentiate what accountability might mean in any particular relationship. Being accountable to clients or customers, for instance, is very different from being accountable to local government. Second, the argument that firms are accountable to the stakeholders assumes that the firm should respond to the demands of the stakeholder by fulfilling its needs. Hence, the idea of accountability involves some idea of entitlement. It is not clear that stakeholders are entitled to have their needs met, or even if their view of needs is acceptable. Third, it is likely that the interests of stakeholders will conflict at times. How does the firm resolve this? There are no clear criteria for saying which claims should be prioritized.

However, the idea of accountability does not require that all stakeholders are entitled to have their perceived needs fulfilled. This is an example of a straw man argument. The logic of giving an account depends upon the relationship, and this will be different across the stakeholders. The relationship of the firm with the client or customer, for instance, involves concern for both standards and care. Hence, accountability is about working through continual improvement. The criteria of account around

standards may be set by the industry, including safety and marketing. In the case of the alcohol industry, this will involve issues such as how to focus on responsible consumption (cf. Robinson and Kenyon 2009). The firm is also accountable to the law. Laws themselves may embody a sense of the civic identity of the firm, which sees it as accountable to the wider community for the social and physical environment. Sternberg's argument fails to grasp the interconnectedness of relationships and purpose. Most organizations are in a position of having to handle quite complex multiple and mutual accountability. A commissioning firm is, for example, a stakeholder to the tendering firms and vice versa. Equally, each company would have some very different stakeholders, with different and sometimes conflicting values. The company is accountable to its shareholders, but also to its customers. By extension, the government and wider industry might hold them to account for professional standards, and even some non-governmental organizations and consumer associations might call them to account for the effect of their products.

Integrity and the Nature of Business

Integrity begins to work through meaning, practice and accountability in relation to a complex social and physical environment. This means that each firm, large or small, will have to work through its particular integrity. There is not a one-size-fits-all nature of business. In some cases this will be based on complex relations with professions and professional bodies. Engineering firms, for instance, relate directly to professional bodies which, as noted above, define their identity in terms of responsibility to clients, the profession, the wider society and its future well-being (Robinson et al. 2012). Accountability, then, does not involve a simple 'line'. It is worked out in the plurality of relationships within and outside any organization. The difference between forms of integrity is reflected in the different nature of the relationships. Hence, accountability is not fulfilling the needs of stakeholders as defined by them. It is, rather, a function of dialogue in relation to the complexity of relationships. Sometimes that accountability involves mutual and plural accountability for meaning and practice. Hence, the ICAEW (2009) stressed the role

of accountancy firms in sustaining trust and transparency in the wider finance industry. This is partly about the provision of clear and truthful information to enable choices to be made. It also involves clarity about significant meaning and purpose, and commitment to the relationships within the industry and beyond. In effect, the ICAEW is arguing that the functioning of the whole financial system relies upon the practice of integrity. This not about fulfilling stakeholder needs but rather about being true to stakeholders and enabling responsible practice.

The Sternberg/Freidman arguments assume that business is a single entity with one voice. Integrity from such a perspective would involve fulfilling one's accountability to that single/collective author. However, business has many different voices, even within the organization, which connect directly to the wider society, reflecting an organizational analogue of the dialogic self. This is expressed clearly in the credo of Johnson & Johnson, in terms of explicit responsibility to front-line medical practitioners and consumers, employees, communities and, finally, shareholders.⁵ The first of these shows a complexity of relationships, including with the supply chain. Even in this first section accountability is expressed in terms of the quality and moral value of the relationships. Accountability to suppliers and distributors highlights an obligation to enable them to make a fair product. Integrity, then, is seen in terms of maintaining such relationships and the moral meaning involved in them. The complexity is highlighted by the relationship to the medical professions. These provide a strong sense of common good, as noted above, to which the business implicitly relates. Most importantly, this tells us that a business can begin to focus on the wider good through reflection on the nature of the business.

The second section of the credo focuses on the employees, and begins to unpack in some detail what it actually means to relate to them. This includes several references to justice and fairness, to enabling the responsibility of employees and to a sense of mutuality at work. Hence, being accountable to employees demands judgement on the part of the employer about how they will fulfil this relationship.

The third part of the credo moves into responsibility to the community. This sets out the relationship of the firm to the community: one of

⁵<http://www.jnj.com/about-jnj/jnj-credo>

citizenship. Alongside any notion of philanthropy there is another concern for justice, in relation to tax. Wider responsibilities to the environment also begin to emerge, which I will focus on in the next chapter. With the final section we see the relationship to shareholders:

Our final responsibility is to our stockholders. Business must make a sound profit. We must experiment with new ideas. Research must be carried on, innovative programs developed and mistakes paid for. New equipment must be purchased, new facilities provided and new products launched. Reserves must be created to provide for adverse times. When we operate according to these principles, the stockholders should realize a fair return.⁶

First, this places the shareholders last in the accountability list. Second, even this relationship involves fairness. Taking just this argument alone, in the debate with Freidman and Sternberg, it suggests that, even if it were conceded that business had but one purpose, making a profit, there are still issues about the extent and nature of that profit. Third, the focus is on the enterprising nature of the organization. This adds to what is, in effect, the development of the identity of the organization, as a contributor to the common good, as employer, as citizen and as entrepreneur. Each aspect of this identity is linked to core relationship, and each involves core moral considerations, from fairness to respect. The accountability aspect of integrity then suggests that truthful self/organizational re-presentation, is not about 'doing the right thing'. The concept of the 'right thing' presumes that there is a singular thing and focuses on the moral act. Self-presentation focuses, rather, on identity and the relationships involved in that. The truthfulness of that presentation involves, then, giving an account of the identity and relationships, and working through what is involved in those relationships. Working that through demands the exercise of judgement about how the relationships should be fulfilled. This includes judgements about fairness in all significant relationships.

In a commentary on the credo Alex Gorsky, Chairman and CEO, notes that it provides the compass, but says that what is also required is

⁶<http://www.jnj.com/about-jnj/jnj-credo>

the road map, the Code of Business Conduct. In Chap. 6 I will note how these begin to work together to develop the culture of the organization. Gorsky stresses the importance of awareness of an increasingly complex world. Hence, ‘we all must remain vigilant that our words and actions reflect the right behavior’.⁷ Key to this is giving an account of values and purpose, and the development policies, procedures and guidelines, all of which provide additional guidance on expected behaviours: ‘Our actions, words and behaviors do matter.’⁸ However, even such a statement requires challenge. Given that the credo was instituted in 1943, it is perhaps time to review it, along with stakeholders.

The credo illustrates plural accountability in business. Alongside this are other narratives, each of which provides a different perspective and anchor points around values and purpose. There are, for instance, many professional bodies that may be part of any management structure. One such is human resources, focused on the development of human capital and well-being at work. Related to this is a developing professional body, the CIPD, which seeks to professionalize practice. Like all professional bodies, it has a Code of Conduct, in this case setting standards for behaviour as well as aspirations.⁹ At its heart is something about enabling the practice of integrity at an individual level, and how freedom is to be found in organizational practice. This is part of the sustainability of the organization, often focusing on leadership and trust. Alongside this is financial sustainability focused often on members of the accountancy professions, as noted above. Even the PR profession has professional bodies—the UKCIPR¹⁰ and the USPRSA¹¹—which increasingly focus on the wider good of communications. There is a proliferation of professional associations, all of which offer identity, protection and reflection on the good.¹²

⁷ <https://www.jnj.com/sites/default/files/pdf/Code-of-Business-Conduct-English-US.pdf>

⁸ Ibid.

⁹ <https://www.cipd.co.uk/binaries/5740CodeofConduct.pdf>

¹⁰ <http://www.cipr.co.uk/content/about-us/public-relations-register/cipr-code-conduct>

¹¹ <https://www.prsa.org/aboutprsa/ethics/codeenglish/#.VqzHxvmLTDC>

¹² <http://www.totalprofessions.com/profession-finder>

Brown (2005, cf. Cox et al. 1999) develops this theme of complexity, setting out the five dimensions of corporate integrity inside and outside the firm—cultural, interpersonal, organizational, social and natural:

Cultural focuses on difference and disagreement in meaning,

Interpersonal focuses on integration and wholeness, with quality of relationships in the organization as being primary, expressed in an outlook of interdependency rather than separation.

Organisational, focuses on consistency or alignment between organizational purpose and conduct.

Civic, involves the relationship of the organization to wider civic society, and the development of a cooperative relationship with private and government agencies.

Environmental, focuses on institutional and environmental sustainability and the responsibility for the future of both.

Integrity in this light demands both commitment to core relationships but also awareness and appreciation of the plurality of relationships that form the social and physical environment. Brown views integrity as wholeness, evidenced in the quality of the organization's relationships: what Srivasta and Barrett (1989) refer to as 'the wholeness of the interaction'. For Brown, then, the key strategy in achieving cultural integrity is dialogue, which is bound up, he argues, with openness.

Complex Integrity and Dialogue

Brown introduces dialogue through Pearce's (1989) typology of communicative practices, involving:

Monocultural communication—such patterns of communication can often be seen in traditional cultures 'where no one seriously questions the community's basic beliefs' (Brown 2005).

Ethnocentric communication—where there is awareness of but little engagement with different perspectives outside the organization.

Modernistic communication—involving discovery of new experiences, along with other customs and beliefs.

Cosmopolitan communication—giving primacy to coordination rather than coherence, and stories from all sources are welcomed with a view to seeking and finding meaning, which for the cosmopolitan is always more than any one source can provide.

Brown challenges corporations to look at their own communication practice, inside and outside the organization, in the light of these approaches. He drills down to the dialogue at the heart of cosmopolitan communication, arguing that it takes seriously the holistic elements (Brown 2005). The possibilities of dialogue, then become:

- *seeing others as different*—and hearing others as a distinct voice
- *asking questions of inquiry*—in the sense of revealing that you don't know the answer
- *acknowledging another's resources*—honouring experiences, talents and skills one doesn't have
- *exploring the unknown*—to learn more about a topic or subject
- *developing thought*—moving into what constitutes 'un-thought' territory
- *gaining self-understanding*—seeing ourselves in the communication we have co-created.

This picks up on dialogue theory, in particular the sense in which dialogue and articulation through narrative enable the person or organization to hear and see better their core meaning, echoing E. M. Forster's *bon mot* 'How do I know what I think until I see what I have to say' (cited in Adams and Hamm 1990, 121).

Engaging Dialogue

It is clear that integrity defined in terms of transparency, in the sense of reportage, is not sufficient (cf. O'Neill 2000). Giving an account and developing mutual and multiple accountability demand dialogue, and

a dialogue across several different levels, inside and outside the business. This dialogue engages core purpose, narrative, broad values (such as the narrative of justice, which I will examine in detail in Chap. 6), different narratives which have to be held together (e.g. sustainability of the organization and the social and physical environment), procedures which embody purpose and values, and account, which brings out mutual accountability for the purpose and values.

In Chap. 6 I will be looking at the way in which dialogue can bring together shared meaning, developing and presenting shared identity. In the remaining part of this chapter I will examine the dynamic of dialogue in engaging the different narratives, and its importance in enabling truthful reflection on the principles and practice of the organization and being true to the different relationships.

Dialogue recognizes the significance of different voices. This is not simply encouraging diversity—i.e. respecting different cultural views—but, rather, hearing different narratives in relation to the institution or project. The different narratives—professional, cultural and so on—provide the basis for challenging leadership. Hence, they are key to learning and development. Their articulation demands the leaders of the institution reflect and give an account of what they are doing, and what the values and purpose of that are. This is partly about clarification but is also about relationships. Holistic dialogue brings together accountability for ideas, values, worth practice and relationships.

Complexity in recent years has been summed up in the acronym VUCA (taken from US military thinking, see Bennett and Lemoine 2014). VUCA stands for ‘volatility’, ‘uncertainty’, ‘complexity’ and ‘ambiguity’. These terms sum up aspects of complex relationships. They express not just different narratives, but different attitudes which demand exploration. Ambiguity, for instance, expresses uncertainty about how another person or group perceives people and projects. There is more than one interpretation of motivation, values, perception and so on. Ambiguity is embedded in human relationships. Sometimes it requires clarification, sometimes holding different values in tension—embracing ambiguity (de Beauvoir 1997). At other times ambiguity may be consciously used strategically to avoid engagement and deny responsibility (Eisenberg 1984). A good illustration of this takes VUCA back to the military and to Shakespeare’s Henry V at Agincourt.

Henry V

The St Crispin's Day speech (*Henry V*, Act IV), famous for its spectacular rhetoric, is not a discrete 'event' but part of ongoing dialogues throughout the plays of the Henriad.¹³ Central to those dialogues has been the nature of a king, trust in leadership and the meaning of honour. Different narratives of honour come from Hotspur (as personal reputation), Falstaff (as without worth to the ordinary man) and Henry V (as focused on shared worth and purpose).

The meaning explored in these dialogues is much more than getting ideas and values right. It is attached to worth. Indeed, honour is a matter life or death (Council 1973). How the troops and, by extension the whole campaign, are seen is critical to their identity and sense of worth, and will in turn affect their practice. In disguise, the evening before Agincourt, Henry visits his troops ('a little piece of Henry in the night', *Henry V*, Act IV). His disguise is critical to enabling mutuality in dialogue. Unexpectedly he finds the troops wanting to hold the king to account (though, of course, there was no formal way of doing that), because they fear he will sell himself for ransom and so dishonour their dead fellows. Values and purpose are tied by them to identity and sense of worth. The pre-Agincourt moment of dialogue is one of volatility and uncertainty, with tensions unresolved, partly because Henry cannot show his true identity.

That dialogue, with echoes of Falstaff and Hotspur running through it, continues in a different context the following day. The dialogue is between Henry and the French herald on the field of battle, both surrounded by the English troops. Who is Henry speaking to? The herald, Hotspur, whom he admired, Falstaff and, perhaps above all, his troops. One can feel their unspoken recognition of Henry, as he turns down the herald's offer of ransom, confirming their worth, and shared purpose. Far from being simple behavioural integrity—doing what he said he would do—this is a multiple dialogue which leads to an account, and with that an increased understanding, of significant meaning and practice, and the allied significance of the relationships. This reminds us of Sidorkin's (1999, cf. Bakhtin 1981) insistence that dialogue is neither a tool of

¹³ *Richard II*, *Henry IV* parts 1 and 2.

communication nor simply about information but, rather, is about relationships (ontology) mutually revealing identity. More than the rhetoric of the St Crispin's Day speech, this is what establishes trust, something I will return to in the final chapter.

This offers a view of dialogue which differs from Habermas (1992).¹⁴ He tends to focus on reaching agreement based in rationality and symmetry, and focused on a bounded dialogue. Henry's example, rather, suggests that dialogue is holistic, plural and continual. It is, if you will, 'in the air', and part of giving an account is to recognize that, and lock into those dialogues. For Henry, even these multiple dialogues are framed with others, focused in his identity, with the Lord Chief Justice (*Henry IV Part 2*, Act V, scene ii), with bishops about grounds for war (*Henry V*, Act V, scene ii), with his father (as heir and son *Henry IV Part 2*) and with God (on the nature of kingship *Henry V*, Act V, scene i). These are ongoing, and struggle with ambiguity and conflict, sometimes confirming identity, sometimes challenging and developing identity—always around meaning, purpose, worth and practice. There is no simple solution of a problem, but rather a resolution through engaging the different narratives focused on action.

As with the Mid Staffs case, this suggests that the meaning of value, worth and relationships can never be assumed. Once dialogue is opened up, these are always tested. For Henry this involves both formal and informal ongoing account, developing a narrative. His big St Crispin's Day speech before the battle of Agincourt is often seen as a discrete monologue, and the way in which the rhetorical structure is set out seems to confirm the sense that it has been rehearsed. The speech itself addresses value and worth, partly through imagination and how his troops would be honoured in their communities, partly through engaging agency in his troops by offering a choice to leave (albeit not one that could be taken), and partly the focus on mutual worth and shared honour:

And Crispin Crispian shall ne'er go by,
From this day to the ending of the world,
But we in it shall be remembered;

¹⁴Who rightly argues for communicative action (focused in relationships) rather than instrumental action, goal-oriented behaviour.

We few, we happy few, we band of brothers;
 For he to-day that sheds his blood with me
 Shall be my brother; be he ne'er so vile,
 This day shall gentle his condition. (*Henry V*, Act IV, scene iii)

However, the speech is made in the context of the many different dialogues and emerges from the immediate dialogue amongst Henry's leaders expressing anxiety about the 'fearful odds'. This locks into the other dialogues noted above, not least because all contribute to the relationship between Henry and his troops. The speech locks these dialogues into a framing narrative of honour, itself imagined in different communities.

The dialogues are framed by boundaries of power which Henry works across. For Henry this sometimes involves informal contracts where the king gives permission to characters to articulate advice or challenge and even give critical input.¹⁵ His earlier dialogue with the Lord Chief Justice sets this out where Henry asks him to guide him in the law, as does his treatment of trooper Williams (*Henry V*, Act IV, scene iv, and Act IV, scene viii). Williams had challenged him when in disguise. When they meet again, Henry, whom Williams now recognizes, rewards the earlier challenge with money. Through this he establishes the possibility of mutual accountability through dialogue which is asymmetrical. He enables a mutuality across the different power divides. In the workplace asymmetry of power is ubiquitous, across colleagues, professions, managers, leaders and so on. Extending the point made in the last chapter about dialogue wrestling not just with meaning but with power, this demands the development of means of enabling such dialogue which recognizes authority and spans power. This directly relates integrity to power and to the dispersion of power, in effect the dispersion of self-governance in the workplace and beyond.

Critical to the dispersion of power is the dialogue linked up to different anchor points, around key values, above all honour, key relationships, around law, kingship and battle, the present and the future, the affective and the cognitive. These clarified and established shared meaning and sustained relationships.

¹⁵ Such contracts can also be formal and also can involve the establishment of boundaries. Hence, Henry newly crowned in *Henry IV Part 2*, Act V, scene v, firmly places Falstaff's outside the boundary of dialogue (reflecting Falstaff's nihilistic perspective).

Rehearsed or Unrehearsed Dialogue

There is no doubt that the Crispin's Day speech has the quality of an unrehearsed conversation. This is partly because Henry picks up on the conversation about the need for more men. In doing this, he is demonstrating that he has heard both his troops' argument and their anxiety, and is prepared to respond. He models a faithful and focused response. In one sense the speech has been rehearsed, not least because he brings with him the unresolved dialogues from the previous evening, with the troops and with God. The first he could not resolve other than through public statement as the king; the second he could resolve through putting faith into practice—hence the final line before battle is addressed to God. What is unrehearsed is the context, and being open to specific questions.

Oakshott (1962) begins to focus on the feelings associated with genuine dialogue, in his case in the context of higher education. He suggests that universities enable conversation with different narratives, mediated by teachers, fellow students, professional bodies and so on. This extends the identity beyond narrow utility, enriching meaning and practice. At its centre is the 'unrehearsed intellectual adventure' of a critical conversation. The word 'adventure' reveals that this conversation also involves feelings, associated with learning and development. Three things make this unrehearsed quality important. First, it confirms genuine responsibility for ideas, values, worth and how these relate to practice. This is a mark of authenticity that the leader does not have to refer back to a text, and that she has worked through the core ideas and values. This confirms that the leader is the genuine narrator. Second, the dialogue is focused on openness to personal encounter, not simply to rational ideas. Sacks (2007) uses the German term *Zwischenmenschliche* ('genuinely interpersonal'), suggesting that such dialogue does not attempt to change the other, but that both are changed by the very act of reaching out (cf. Brown 2005). Third, by being open to dialogue, this a partial demonstration that there is no deception, intentional or otherwise, going on. This is precisely what was missing, indeed intentionally avoided, by the leadership in the great crises of governance and leadership over the past two decades.

Perhaps the key issue around accountability and the question of integrity is that it involves judgement. By giving a public account of meaning and practice one is opening oneself up to judgement. It is not surprising that theology in most religions spends so much time on judgement, ultimate and literal. However, any major business will always be judged, by social media, civil society, the law, shareholders, future society and more. The different groups in the Mid Staffs case feared such judgement and sought to avoid it by not taking responsibility or being accountable, and thus blaming others. At every level the kind of human dialogue laid out above was missing, and the key to that dialogue is that it allows a mutuality of judgement.

The case of *Henry V* suggests several things. First, integrity links directly to the wider debates about leadership and complexity noted above. Second, volatility, uncertainty and ambiguity link directly to relationships and holistic meaning. Third, in addition to VUCA there is conflict. Some writers suggest that this might even be 'cooked' to point up difference and thus achieve better performance (Heifetz et al. 2009). However, Henry's case suggest that conflict is already there in relationships, in the experience of difference, and that the way of engaging is through dialogue which enables both individual and institutional narrative to be developed. This and the focus on paradox will be developed in Chap. 7.

Conclusion

The last chapter focused on integrity as being true to the self. This chapter has focused on being true to others, though accountability. The two are connected. Accountability without agency can lead to instrumental rationality, in which targets dominate and there is a lack of (and in some cases an attack on) critical thinking and awareness of the immediate environment, its worth and the worth of the practice. Agency without accountability can lead to individualism, and loss of a sense of the public self, open to account. Indeed a stress on self-governance alone can lead to a stress on retrospective and negative responsibility focused on the avoidance of culpability, polarization and defensiveness. Without truth to self and others, in terms of commitment as well as honesty, there is little

grasp of reality and shared sense of truth. Hence, lack of the practice of integrity can lead to breakdown of meaning and with that reality, a state analogous to mental illness.

These interconnected modes of responsibility provide a far more complex view of integrity, one which holds together: agency; relational awareness and responsiveness; and plural narratives. Consistency associated with integrity is found in the consistent practice of reflexivity, accountability, and in engagement with the holistic aspects of the different relationships. This also suggests a view of integrity which is focused not simply in clarifying ideas, values, purpose and worth but also on the actual relationships involved and the meanings of those relationships (which are part of individual and organizational identity). Because of this, alongside any sense of common good, key relational values of justice and respect come increasingly to the fore. They are part of leadership and governance, because they are part of any power relationship.

Different narratives add to the richness of the relationships but are also part of the test and clarification and reflection. Hearing the difference intensifies self-reflection. This reinforces the argument that whilst one can distinguish personal, professional and procedural integrity, all are related, because they focus on the interconnected identity of the individual, the profession and the institution of practice.

All of this offers a dynamic view of integrity in which it is about engaging complexity. It suggests that integrity is fundamentally social and not individualist in a narrow sense, and that it has to engage with difference, both in terms of different groups being engaged in shaping shared purpose and in terms of different values being held together. In Chap. 6 I will explore how a culture of such integrity can be established in a corporation. Before that I will turn to the third mode of responsibility, positive responsibility.

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4

Integrity and Positive Responsibility

Abstract This chapter begins to explore the third mode of responsibility: responsibility for. The importance of this mode of responsibility is that it moves us specifically into the ‘walk’, the taking action of integrity. However, as we might expect from the reflection on the other modes of responsibility, it does not supply us with any easier guidance for integrity. The case of Nestlé is used to introduce the complexities of responsibility in practice. This will introduce positive responsibility (as distinct from legal liability), moving beyond accountability, into responsibility *for* projects, people, purpose or place.

Some the great post-Holocaust thinkers argue from this for a sense of universal responsibility. Jonas takes this further, arguing for a sense of ultimate accountability to and responsibility for future generations and the environment. The chapter details that responsibility in the light of the Nestlé case and how it informs a view of proactive integrity which involves: a sense of multiple responsibility for clients, colleagues, profession, community and so on; the assumption of responsibility in grey areas not assigned to roles, avoiding denial of responsibility; further development of ethical identity through negotiation of responsibility; the development of shared and mutual responsibility as distinct from

shared interest; focus on positive creative action through the increase in possibilities and pathways, further developing identity; and the practice of justice and sustainability through shared responsibility.

In exploring the third mode of responsibility, this chapter takes the idea of integrity beyond soundness or wholeness in a limiting sense to engaging with a proactive responsibility for the exercise of moral imagination and moral enterprise. 'Walking the walk' in this sense involves the exploration of how the 'talk', the value and meaning, can be brought to life. The Nestlé case study will give an example of how such responsibility can be learned, and how the truthful re-presentation of the self/organization can involve precisely going beyond image presentation into identity re-creation. This will culminate in a brief reference to one of Nestlé's recent initiatives around water.

Nestlé Baby Milk Substitute and International Marketing

The so-called 'Nestlé Case' began in the 1960s. The case focuses on the work of Transnational Corporations (TNCs), in particular Nestlé, and how they market products in the Third World. It presents a difficult mixture of issues: questionable marketing practices, injustice, poverty and healthcare priorities.

Whilst the case had come to the attention of the public in the 1970s, the underlying history begins much earlier, focused on the need for alternative nutrition for babies whose mothers could no breast-feed. Hence, in 1867, Henri Nestlé developed a formula which aimed to be suitable for infants 'fulfilling all the conditions sought for by physicians' (Nestlé 1869). In the twentieth century breast milk alternatives were increasingly commonly used and, in the USA in particular, hit a sales peak in the 1950s. In the 1960s there was a decline in the birth rate leading to a major fall in the sales. Throughout this time there was intense competition between five major companies: Mead Johnson, Ross Laboratories, Wyeth Laboratories, Nestlé and Borden. Mead Johnson and Ross Laboratories had cornered 90 per cent of the American market,

but Nestlé were the world leaders with over 50 per cent of the global market (Newton 1999).

With the declining western birth rate, the companies began to focus on the soaring birth rates of developing countries. In doing so, they began to cross what had been a boundary between commercial and pharmaceutical industries that had been in place in the developing world, with food companies advertising directly to the consumer and with pharmaceutical companies promoting their goods primarily to the health professionals. Their marketing strategy had several elements. First, booklets were produced which gave advice for pre- and post-natal care, including pictures showing correct feeding methods and recommendations for 'mixed feeding'. This approach was both informative, aware of breast-feeding (though some versions hardly mentioned it), and extolled the excellence of the product. Second, sustained radio advertising, posters and information and pictures on cans again gave the impression of the importance of breast milk alternatives without initially mentioning breast-feeding. Third, promotional offers included free samples of the formula. Free samples were also supplied to hospitals, a promotional technique known as 'dumping'. Fourth, the formula industry worked through the medical and healthcare professions, including employing milk nurses to advise mothers on children's nutrition. Fifth, milk banks were set up in some areas to sell formula at reduced prices to poor mothers, at discounts of between 33 and 40 per cent (*ibid.*).

This promotion of formula was making use of three connected changes in the developing nations to reach a wide audience: increased urbanization, which maximizes product visibility; a growth in medical services; and an increase in live births in health centres and hospitals. Not surprisingly this led to a series of criticisms of the industry. It was argued, for instance, that the use of health professionals in the work of education led to what D. B. Jelliffe (1971, 55) described as 'endorsement by association' and 'manipulation by assistance'. In some cases the health worker might be influenced by the promotion to accept the claims of bottle-feeding. In others the simple fact that posters and cans were on display in the hospital gave the impression that the product was being endorsed by the medical staff. The use of milk nurses, in particular, was problematic. Despite the claim to be essentially educational, they were, however, in a

unique position to influence the mothers, especially if they were on commission for formula sales. At the very least, the practice raised a conflict of interest.

Above all, it was argued, the promotional techniques ignored the deep vulnerability of mothers in the developing nations, focused on poverty, lack of hygiene and illiteracy. Mothers left hospital with a limited amount of free formula and continued to use it, leading to breast milk drying up. Because of illiteracy the formula was not always mixed correctly, often involving the use of unsterilised water and resulting in diarrhoea. This meant the baby was unable to absorb the nutrients in the formula, leading to death from malnutrition and dehydration. The milk banks were not a solution to the problem, as the poor could not afford even these prices. Criticisms such as these came together in the work of D. B. Jelliffe, who proposed the term 'commerciogenic malnutrition' (ibid.). Jelliffe argued that the increase in infant mortality rate in the Third World and the decrease in breast-feeding were directly connected. The United Nations Protein Advisory Group recommended that the three major stakeholders—the formula industry, paediatricians and governments—take responsibility for ensuring that this situation was addressed.

The Global Debate

In March 1974 the debate became global through Mike Muller's pamphlet *The Baby Killer*. This was a broad restatement of an article which appeared in *New Internationalist* (Hendricks and Morely 1973). Muller's article focused less on appropriate uses of milk substitute than on the problems of marketing. A subsequent translation (ADW, Third World Working Group) entitled the article 'Nestlé Kills Babies'. Nestlé's response was to sue ADW, leading to a two-year court case, which they won (ibid.). However, instead of global concern being dampened down, there was increased collaboration between international health organizations and concerned groups, including the churches and NGOs, which led directly to a worldwide boycott of all Nestlé goods in June 1977.

Nestlé was greatly concerned for its reputation, and it tried to give a better account of its position. First, in evidence to a US Senate hearing, Oswald Ballarin (head of Nestlé Brazil) characterized those responsible for the boycott as ‘a world wide church organization with the stated purpose of undermining the free enterprise system’ (quoted in Sethi 2012, 76). Second, key professionals were targeted, including 300,000 clergy and community leaders, trying to directly refute the allegations. Third, after a meeting between the World Health Organization (WHO), UNICEF and the formula companies, there was the development of some initial guidelines on practice. The intention was to develop a full code of practice for marketing. Nestlé argued that they were already following these guidelines. This signalled a change in approach, urged by new PR consultants, aiming to avoid confrontation. Finally, Nestlé tried to align itself with and fund ‘independent’ research into child nutrition, and began to work with an industry council to try to develop self-regulation.

The WHO Code

The World Health Organization Code on marketing took until May 1981 to be ratified. Progress was stalled by communication difficulties and disagreements in the ‘formula’ industry, not least about the interpretation of the basic data on morbidity and mortality of babies in the developing nations. Nonetheless the Code was passed, was accepted by Nestlé and formed the basis of marketing practice. Its regulations included:

- All direct advertising and sampling to consumers should be stopped.
- Labels should carry the advice that breast is best and there should be no text or picture that idealized the formula.
- Marketing should continue, but only if it did not undermine breast-feeding.
- Health authorities in member states should educate health workers on the benefits of breast-feeding.
- Donations could be made to healthcare workers but not as sales inducements.

- Employment of milk nurses was to be stopped, and industry personnel were not to receive any reward for the volume of formula sold.
- The responsibility of complying with the Code and whatever legislation resulted from it in any particular country was to be left to individual governments.

End of the Boycott

At this time Nestlé began to widen its non-adversarial approach. It entered into dialogue with the American Methodist Task Force, set up precisely to review this issue in detail. This set up the Nestlé Coordination Center for Nutrition (NCCN), serving as an information and dialogue centre for key issues in nutrition. By May 1982 the continuing dialogue led to the development of the Infant Formula Audit Commission. This was to act as an independent monitoring agency around the WHO Code, and chaired by Senator Edmund Muskie. Nestlé's practice was now seen as increasingly transparent and in line with the Code. Hence, support for the boycott of Nestlé products began to wane, leading to an official suspension in October 1984.

The Second Front

It appeared, then, that the issue had been sorted out through the Code, the various forums and the audit commission. This led gradually to a decrease in allegations about bad practice and an increase in integrated working, leading to a scaling down of the NCCN, and eventually of the Muskie Commission. Various NGOs feared that this signalled attempts by Nestlé to get round the Code (*ibid.*).

Though the practice of supplying free formula to the health centres was neither banned by the code nor illegal, Nestlé remained committed to end all such supplies in developing countries, except for the limited number of babies who needed it. The result of such initiatives was mixed. Some organizations, such as the Church of England (in 1994), suspended their support for boycott. Others demanded tighter control on interpretation of the Code. In part this was driven by WHO and

UNICEF's goal of universal breast-feeding. This led to further pressure on Nestlé especially from UNICEF. UNICEF (1993) issued a document called *An End to Ambiguities*. In an attempt to end ambiguities UNICEF expanded the code, without consulting either WHO or the industry. The first response from Nestlé was to argue that this went against the Code. Hence, far from resolving ambiguities it led to further wrangles.

In 1996 Carol Bellamy, the new head of UNICEF, suggested that UNICEF and the formula companies meet to discuss their sales policy and practice, country by country. Bellamy argued this was the only way in which transparency could be achieved and ambiguities resolved. The action, however, was stalled because of the danger of violating US anti-trust laws.

Meanwhile, a new activist coalition was formed: the Interagency Group on Breast-Feeding Monitoring (IGBM). Without fully consulting the formula industry, IGBM issued a sizeable document called *The Code Handbook*, aiming to provide the definitive approach to interpreting the Code, and even providing a model law for countries to adopt. Supported by UNICEF, this led to a document called *Cracking the Code* (IGBM 1997). The document, aiming to present independent research into the controversy, detailed Code violations over a period of twelve months, and recommended that marketing policy should be altered. Nestlé responded with detailed questioning of methodology, noting that, even if this were accepted, the report included few details of Nestlé transgressing the code. Once more, then, common understanding, even about data collection, proved to be elusive. UNICEF moved away from dialogue with the formula industry, and even extended this to criticizing the International Paediatric Association for its discussions with the industry.

Whose Responsibility?

At the heart of the Nestlé case study is the integrity of this corporation and its leaders. This clearly mattered to them. This is why they took their accusers to court. Nestlé's view of integrity, however, was defined by strict legal liability, by a narrow view of what they were responsible for and by the vision and values of their corporate history. Nestlé clearly believed

that in taking on the *New Internationalist (NI)* they were practising with integrity. This involved several aspects. First, their identity was fixed in their role as international retailers. From that they held the basic value that they had a right to practise with freedom from constraint (cf. Berlin 1968). Second, Nestlé believed that production of infant formula was a social good. Henri Nestlé in 1867 began producing infant formula for babies who couldn't be breast-fed. Third, the company questioned the veracity of *NI*. In this light, recourse to law was a reasonable response. Fourth, it was committed to operate within the law of the countries involved, and to ensure product safety. For Nestlé this included commitment to research both the need for breast-milk substitute and the quality of the formula. It also accepted the need for truthful marketing. Advertising should not make claims for the product which were inaccurate or misleading. Finally, it was concerned to identify and answer the consumer's needs.

This then involved the practice of 'reasonable responsibility', in which the corporation saw itself as responsible for its core activity and little beyond—other than relations with the customer. However, it is precisely this view of integrity which led to the breakdown of the relationships. First, it led to myopia in the Nestlé approach. They saw the developing world as a market and the stakeholders as operating with the same freedoms, including freedom to choose, as Western stakeholders. Hence they had no sense of the social or cultural complexity, including the issue of Third World poverty and related questions of social justice. At their most basic, these arguments support the need for practical wisdom and social and political awareness when entering a market place which is politically and culturally different from the First World nations. Nestlé, however, was not ready for such a debate, and certainly not one which raised different views of justice.¹

Second, they had little sense of the effects of their own actions. This is partly because they had no sense of what their responsibility was in this situation. Without a wider sense of connection to the social environment

¹ De George notes that debates about justice are a key feature in international business ethics; R. De George, *International Business Ethics*, in R. Frederick (ed.), *A Companion to Business Ethics* (Oxford: Blackwells, 233–242).

they were not able to appreciate how their actions interacted with a complex situation. Third, in the light of the first two points Nestlé's view of responsibility was mostly in the legal mode. If this is the exclusive focus of responsibility, then it begins to focus on the question of who is responsible for a particular action (Ricoeur 2000). As Ricoeur reminds us, this is where the law operates, and hence Nestlé were happy to take this issue to court to determine who was actually responsible for the death of babies. Exclusive focus on this leads to a defensive position and usually to polarization of the debate. This is exactly what occurred in Nestlé's response to the coalition of NGOs, where they were characterized as Marxist who were aiming to overthrow free enterprise. It is always problematic to make general points about a coalition because most coalitions involve many different narratives. More importantly this was an *ad hominem* argument, aiming to re-present and defend Nestlé's identity. There is even a suggestion that Nestlé, along with free enterprise, were the victims. The mutual demonization that resulted from this led to further myopia, including an inability to see each other as part of the solution to the issue. Fourth, from a polarized position Nestlé had no critical awareness of the wider complexity of the situation, in particular of the WHO's and UNICEF's argument for the primacy of breast milk and defence of children's rights, or how that might relate to the ongoing debate.

Finally, Nestlé showed no evidence of understanding how they were perceived or how perceptions of their identity affected the dynamic of the debate. Hence, when they hired nurses to work with the mothers, they did not realize that this was perceived as an attempt to influence the patients. More broadly, when they began to realize how they were perceived, they responded by seeing this as a PR exercise and trying to influence key professionals such as the clergy in the UK. Key to much of this was the perception of the power of Nestlé and the way in which this was being used to influence figures of influence. In *ad hominem* dynamics it is precisely the perception of power which fuels the polarization. I will return to this in the final chapter and the case of Siemens.

The problems with Nestlé's integrity came to a head in the 1978 congressional hearing on global formula marketing practices. Senator Ted Kennedy (TK) interrogated a Nestlé representative (N), resulting in the following uncomfortable exchange:

TK: 'Would you agree with me that your product should not be used where there is, uh, impure water? Yes or no.'

N: 'Uh, we keep all the instructions—'

TK: 'Just, just answer. What would you—?'

N: 'Of course not ...!'

TK: 'Well, as I understand what you say is that where there is impure water it should not be used.'

N: 'Yes.'

TK: 'Where the people are so poor that they're not going to realistically be able to continue to purchase it, which is going to mean that they're going to dilute it to a point which is going to endanger the health, then it should not be used.'

N: 'Yes.'

TK: 'Well now, then my final question is what do you do, or what do you feel is your corporate responsibility to find out the extent of the use of your product in those circumstances in the developing part of the world? Do you feel that you have any responsibility?'

N: 'We can't have that responsibility sir' (quoted in Oyugi 2012, 14–15)

The exchange illustrates well the inadequacy of basing integrity purely on a defensive view of responsibility. Most tellingly, the Nestlé representative was so determined to defend the company that he appeared to be losing any coherent thought. This was partly because of the interrogation context, partly because of fears about the admission of responsibility forming the basis of a legal challenge but also partly because he did not understand the nature of Kennedy's challenge. He assumed that what Kennedy was doing was blaming Nestlé, whereas he was using the term responsibility in a different way. Ironically, the responsibility which Kennedy talks about is not massive, a responsibility to find out how the product is being used in the developing world. I suspect that, even as the Nestlé representative denied that responsibility, he was very unsure about what he was saying. Importantly, such responsibility is itself part of the first and second modes of responsibility, an awareness of practice and effects that the corporation has or might have on the social or physical environment, and the capacity to give an account. This brings us to the key idea of the third mode, responsibility for.

Responsibility For

Birnbacher (2001) distinguishes *ex post* from *ex ante* responsibility. The first involves ascription of blame, the second commitment to responsibility *for* projects, people or place, focused in the future (cf. Ricoeur 2000). The latter positive responsibility works against attempts to limit responsibility arbitrarily. Each person or group has to work these out in context, without necessarily an explicit contract. Working that out demands an awareness of the limitations of the person or organization, avoiding taking too much responsibility and a capacity to work together with others and share responsibility. The foundation of this, however, is acceptance of broad positive responsibility. Levinas (1998) suggests that the Enlightenment stress on the autonomous self sets up a false boundary. This preoccupation with the self leads to a preoccupation with power and image. Any sense of responsibility for the other is, then, always secondary. Hence, he argues that all ethics begins with responsibility for the other.

Jonas (1984) views this as an imperative which is there for all. He contrasts ethics in the late twentieth century with the ethical turn from Greek thinkers to the Enlightenment. The traditional ethical theories, principle-based, utilitarian and virtue, tended to focus on the action of the individual in response to the immediate ethical challenge. Moreover, this was focused on reciprocal action in the human realm. The long-term future was out of human reach and thus ethical concern. Hence, the future was the domain of fate or deities. They would determine how the future would be shaped. Moreover, the human culture remained much the same, and cities and towns existed in the context of a natural environment which was so much more powerful.

In the twentieth century and beyond things changed massively. Advances in technology now mean that humankind has the power radically to affect the environment, and thus in turn to affect future generations. The technological threat to air, water and food—all of which humankind now, and in the future will, depend on—is potentially unbounded. The focus of ethical concern has now flipped from the present to the future, from the familiar and known others to others who

are and who will remain unknown. Environmental responsibility stresses the responsibility of all social actors. There are different versions of this, stressing responsibility to future generations *per se*, developing arguments about the basis and nature of what we might owe to these generations (Robinson et al. 2012). Most have a powerful relational framework of accountability, from theological, with accountability to the creator, to philosophical, with accountability to future generations and for the wider environment. Jonas (1984) recognizes the usefulness of creator myths to reinforce this sense of responsibility for and to the social and physical environment over time. This is a recognition of responsibility transcending the individual or organization, suggesting a level of answerability for all actions in relation to these. The voice of God for religious spirituality may seem singular and powerful because it is located in a 'person', but the wider environment in all its complex relations is also relational, and thus able to 'call' all of us to be answerable for our actions (cf. Ricoeur 1992). It is perhaps not surprising that this sense of the transcendent has led some thinkers to personify the physical environment, as in the Gaia hypothesis (Lovelock 1979). Jonas (2001, 269) uses the mythic idea of the 'book of life', which sets up a 'timeless seat of justice'—again an eschatological frame. Underpinning this sense of shared responsibility, then, is a sense of accountability. This relational accountability (cf. Levinas 1998) provides the basis for a shared, inclusive, morality, without making it prescriptive or totalizing. All are responsible and have to work out how to practise that responsibility in the light of context and capacity. Jonas argues that the imperative to be responsible is answered by the capacity of humankind to feel responsible for the whole (the analogue of God writing in man's heart the consciousness of the good). Responsibility in this is based on an identification with the environment and an acute awareness of man's role in relation to the environment (cf. Robinson 2015, May 1992, for Islamic and existentialist perspectives respectively).

Arendt develops this, arguing 'that in one form or another men must assume responsibility for all crimes committed by men and that all nations share the onus of evil committed by all others' (Arendt 1991, 282). Here, Arendt does not necessarily mean strict liability for the crimes of others, but more the sense that humankind must take collective responsibility for learning from those crimes.

Positive Responsibility

Emerging from this philosophy, and exemplified in the Nestlé case, are several aspects of positive responsibility which inform proactive integrity.

Undetermined Responsibility

Positive responsibility works against predetermined and fixed statements of responsibility, and thus against denial of responsibility based in limited role or resource. Of course, both role and resources will inform an assessment of responsibility but neither can predetermine it. When the Nestlé representative was faced with the Kennedy question about responsibility he wanted to defend against any responsibility imposed on Nestlé from outside. Hence, he denied any responsibility for knowing about the context of the marketplace. This is essentially a conflict approach which can never be won.

Kennedy's question opens up the uncertainty of integrity, and with that the importance of a view of integrity which handles uncertainty. On the face of it Nestlé might have wanted to concede the responsibility of knowing about the context of marketing. Knowledge, after all, does not necessarily presume obligation. If, however, having sold goods in good faith, new knowledge occurs with evidence of negative effects on the customer, this raises the legitimate question of what responsibility the firm has to change either the product or their marketing practices. The firm is immediately drawn into the ethical reflection and has to be able to give an account which demonstrates its good faith, its integrity. Nestlé's initial defensive position precisely could not provide that because it had not entered into dialogue to examine the situation in more detail and learn more from the different narratives involved. The predetermined position simply ascribes responsibility to governments to supply clean water. The dialogic position opens up issues of shared responsibility, with developing countries often not able to fulfil that responsibility, with NGOs and others involved in this area adding more detail. Positive responsibility, then, proactively explores the 'grey areas', where responsibility has not been determined, actively looking for ways to address the wider situation.

Plural Responsibility

Like multiple accountability, this accepts that organizations are responsible for their interaction with the different areas in their social and physical environment (cf. Brown 2005). Corporate integrity involves multiple responsibilities, including for culture, the organization and the wider social and physical environment. Integrity demands developing awareness and appreciation of these relationships. Such relationships establish social identity, and response to them determines whether the individual or organization actually takes responsibility for ideas, values, creation of mutual worth, and practice.

This sets up the identity of the firm as both corporate citizen and environmental steward. It also bridges the gap between individual responsibility and collective responsibility, affirming that, whilst primary responsibility may be defined by role, this is not exhaustive. Responsibility is both/and: individual and shared, for profession and institution. It is this uncertain area that both Nestlé and Mid Staffs found it hard to traverse. Hence, the easiest response is to divided responsibility, focusing on narrow liability. The problem for both cases was inability to do one's own job and to take responsibility for the whole. In this sense the first step is to assume responsibility for the whole and then determine how this is to be embodied.

Proactive Responsibility

The dynamic is one of always looking to fulfil positive responsibility, rather than defending a narrow view. In accepting such a second-order impact, Nestlé was not accepting full liability for the death of the babies, but that it directly contributed to a complex situation where several stakeholders *shared* in responsibility for possible negative impact on the babies. This involves a more proactive approach, which seeks to anticipate and prevent ethical problems from arising. Following the development of the Code and related dialogue, Nestlé, for instance, proactively stopped the provision of free milk supplies in some forty countries, other than under the direction of the local health services. It put more money into research on breastfeeding and offered to increase collaboration with the other stakeholders.

Responsibility Shaping Perception

This sense of responsibility radically shapes how the world is viewed. As Spohn (1997, 116) suggests there is no value-free awareness of any situations: ‘

We make choices in the world that we notice, and what we notice is shaped by the metaphors and the habits of the heart that we bring to experience.’

Positive responsibility precisely increases awareness and appreciation of the social and physical environment, because it does not exclude concern for and thus possible response to any aspect of the social and physical environment.

Negotiated Responsibility

Such shared sense of responsibility involves negotiation about how it is to be shared in practice. Finch and Mason (1993) argue this is central to the development of ethical identity. In their research with single-parent families they concluded that most families developed their ethical identity not with reference to principles but rather through the practical negotiation of responsibility: for instance, around the care of vulnerable family members. This suggests that such negotiation is critical to the development of the identity which is at the heart of integrity. Such negotiation takes place both within groups and beyond. In the Nestlé case this responsibility was developed in several ways. First, Nestlé began to let go of its responsibility in the situation. In the first phase it focused on its leadership and responsibility for defending its reputation. It was clear, however, that Nestlé could not stay in that position once the boycott happened. Hence, WHO and the American Methodist Task Force began to take over critical roles. The first involved enabling working through a detailed code for practice, which in turn enabled other stakeholders, from national and regional medical organizations, legal bodies,² the baby food industry and NGOs,

²Used, for instance, to determine the regional language to be used for marketing in areas where several different languages were used.

to develop responsibility. The shared concern was focused not on the business but rather on the consumers and the wider effect of marketing. Responsibility was roughly apportioned along these lines:

- The milk powder industry would be responsible for maintaining standards in marketing.
- The health services would be responsible for the distribution of the formula, according to need.
- The multinational corporations (MNCs), WHO and NGOs would be responsible for monitoring practice
- The national governments would be responsible for policing practice and ensuring that bad practice was effectively dealt with.

The Methodist Task Force was critical in enabling dialogue between different stakeholders. Once the dialogue was developed, the perceived identity of Nestlé was further developed, not least because, as noted in the last chapter, authentic dialogue involves the development of mutuality and thus a different power relationship. Hence, a mutuality could begin to emerge in the relationships between Nestlé and the other stakeholders.

Responsibility Based on Dialogue

Negotiation was based on dialogue, and this enabled several things. First, as noted in the last chapter, dialogue is not simply about providing solutions; it engages the other, revealing something about the values and beliefs of the self or organization and the other. Second, again as noted in the last chapter, dialogue enables key data about facts and relationships in the social environment to be gathered. Third, it reveals the power of the different stakeholders, and thus how they could begin to contribute to any solutions. The financial power of the industry was critical to sustaining procedural integrity, in this case the Code and the Muskie Commission; the legal power of governments was key to monitoring these procedures and so on. Fourth, dialogue enables the development of options that could not have been achieved, still less imagined, if the firm had taken sole responsibility for addressing the issue.

Restless Responsibility

Honest exploration for creative response leads to a stress on the moral imagination (Lederach 2005, see Chap. 7) involving the creative search for the best ways of responding. Looking to work through this wider responsibility makes integrity far more proactive, with people and organizations judged not a narrow view of behavioural integrity, still less by a narrow legal perspective, but on the honesty of the exploration for ways of responding to the social and physical environment. Ignorance, role or limited resources are no defence for lack of awareness or inaction. Hence, responsibility is always being worked through, and in one sense can never be enough. For Bauman, 'the moral self is always haunted by the suspicion that it is not moral enough' (1989, 60).

Nonetheless, it is through this concern for and relationship to the other that freedom is found. As Bauman puts it, 'It is this creation of engaging of the Other, and thus also of myself, that my freedom, my ethical freedom comes to be' (1993, 86). This lies between Berlin's (1968) positive and negative freedom, expressed in freedom as autonomy.

Responsibility Expressed in Procedural Integrity

The Code and the Muskie Commission provided procedural integrity. The first did this through embodying the criteria for good practice. All parties knew what the standards were, and what to expect. The second provided independent arbitration. None of this precluded dialogue:

- Like any code it, couldn't be applied in an absolute way. It required interpretation.
- An international code meant that interpretation became ever more complex. Demands that the instructions on packs of formula be written in the local language might be hard to fulfil, for instance, if it is not clear what the local language is.
Hence,
- The monitoring of the Code was down to the national governments involved. This was difficult when some did not see this as a priority

and others had significant but occasionally conflicting legislation. In India, for example, two different laws, brought into force in 1993, made different conditions about wording and language. Nestlé filed a petition to the High Court in October 1995, not to contest either law but to clarify the position.

These procedures were all anchor points, enabling all stakeholders to have a voice in the ongoing practice, showing how any breaking of the code could be addressed. The procedures were all the more important in the light of major ambiguities surrounding the formula industry. The sales force was ranged across as many as forty countries, setting up the danger of receiving ambiguous messages, given the importance of increasing sales of the product but also the importance of encouraging the potential consumer to use breast milk. It was not surprising that local sales forces might have found this hard to sustain.

Responsibility and Justice

Should TNCs be concerned about matters of justice? The attempt to market breast milk substitute is seen by many to be in itself unjust. On this view, not only is the TNC using those in poverty to try to further its own profits, but its marketing approach also leads to suffering and the death of the babies involved. The plausibility of this view depends on the plausibility of competing views of justice, and this view questions the morality of simply operating in a free market orientation. Closely connected to this is the global view of child health. The medical judgement is that, where available, breast-feeding is best for the baby, whatever the nation.

The *New Internationalist* and Muller articles introduced a very different ethical view, raising major issues of justice from a global perspective. They were concerned about inequality, and in particular the impact which the use of formula appeared to be having on the poor. The actions of the TNCs, they claimed, were exacerbating the already massive problems of Third World poverty and health inequity. They also raised the issue of how far Nestlé were creating need through their advertising campaigns, rather than responding to need. Developing nations would be susceptible

to marketing campaigns that promised a Western view of well-being. More generally, once a business operates in a different culture, integrity demands that it take account of how that culture embodies justice, not least because the power of the business might reinforce practices which go against human rights. I will explore this in the later chapters. At this point it is sufficient to say that integrity demands that justice be addressed, both within the organization and beyond. Integrity in the last chapter partly involved engaging moral purpose (either of the organization or in relation to the organization, such as the extractive industries); justice is another core value to do with relationships and thus another anchor for integrity.

Proximity, Power and Responsibility

Proximity and knowledge of a situation demand responsibility to be addressed, precisely because the person or organization is in a position to respond, but also because response will affect not simply a particular situation but rather part of the interconnected social world. Jonas extends this to the principle of sustainability, which suggests that everyone is in position to take responsibility for the future of the planet (cf. Singer 2004).

This raises the critical question of the power of the TNCs and of their global interconnectedness. TNCs have more financial power than certain governments and are part of the global economic system that many believe has directly contributed to Third World poverty. Business in this context can influence politics. All these issues raise questions about the responsible use of great power. Nestlé, initially, did not see this.

Responsibility and Identity

The re-presentation of the 'self' is further embodied in the creative action of shared positive responsibility. This is partly through negotiation around particular actions and partly through identification with shared concern. Through the practice of dialogue this also leads to greater self-awareness, partly about the power of the business, partly about the effect their actions have and partly about how they are seen by the rest of society. Hence such dialogue

also enables reflection on the shadow or the blind side of the business. Just as dialogue within the business can reveal, for instance, practice which is not just, so dialogue with stakeholders can reveal problematic practices.

Engaging the different narratives serves to challenge perspectives about responsibility, but also provides different perspectives on possibilities for action. This suggests a shared journey on which the other is discovered through intentional action. This positive view of responsibility also provides a moral bottom line, in addition to any consideration of wider purpose or good, which Mason (2001) argues is ultimately founded in respect for the dignity of the person. This suggests that, alongside engagement of different value narratives, integrity does have a moral foundation to stand up for. However, agency and universal responsibility also suggests that even that has to be tested.

Shared Value and Responsibility

This view of responsibility seems close to the Porter and Kramer's (2011) view of creating shared value (CSV). They argue that if poor practice, irrespective of company size, can negatively impact the reputation of businesses, then, conversely, good responsible practice can produce a number of benefits for the business organization. These include: stimulation of customer confidence and loyalty; enhancement of stakeholder relationships; improvement of staff retention and recruitment; and eradication of waste or wasteful practice.

Porter describes the concept of CSV as:

policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress. (Porter 2011)

Crane et al. (2014) suggest that CSV is problematic. First, they argue that the idea as such is not original. It has been developed in response

to a 'straw man' account of corporate social responsibility (CSR) which does not take account of recent developments in stakeholder management, strategic CSR or different views of responsibility. Second, whilst it looks to the alignment of core values, it does not take seriously potential tensions between social and economic goals, especially where social problems may have been caused by business practice. CSV says nothing about how we handle such conflicts, which are a key part of integrity. Third, it is naïve about business compliance. It 'presumes compliance with the law and ethical standards, as well as mitigating any harm caused by the business' (ibid.). This also presumes that ethical standards are simply a matter of compliance and that they do not themselves raise difficult issues. The issue of an ethical approach to the payment of business taxes is a good example, raising potential conflict between ethical and legal standards (see Chap. 8). This, rather, demands dialogue about ethical meaning and practice. Fourth, it is based on a shallow conception of business's role in society. I would argue that this is because it is focused on interest rather than responsibility. Interest approaches tends to focus on institutional or group sustainability and related needs rather than on the wider picture and the possibilities for the wider social and physical environment that emerge from dialogue and negotiated responsibility.

Positive responsibility does not simply address the interests of stakeholders, but rather, it also aims to mutually empower them so that they too can take appropriate responsibility. This is in effect the strongest form of dispersed leadership, dispersing responsibility through dialogue. Such shared responsibility is not focused on achieving consensus *per se*. It is about enabling reflective and responsible practice, such that the groups as a whole and the members can own and work through purpose and practice at all levels. The responsibility model may in fact question or challenge consensus. Porter's concept of shared value, then, is related to shared responsibility but distinct. Shared value recognizes the values interest and that it is therefore in the interest of all parties to respond to these. Shared responsibility looks to empower fellow citizens in the exercise of responsibility for the common good and to negotiate how this can be shared.

This should also be contrasted with approaches to stakeholder management, such as Mitchell et al. (1997). These argue that salient stakeholders should be analysed in terms of:

- power*—their capacity to influence the outcome of a given project;
- legitimacy*—the moral or legal claim a stakeholder has to influence a particular project;
- urgency*—the degree to which their claims are urgent or compelling.

This approach has several problems in the light of the Nestlé case. First, it is difficult to assess issues of power. Nestlé did not appreciate the power of the NGOs, the media or the customer. Part of the reason for that, as noted above, was their polarized view, which led them to treat many of these as threats, or not to see them at all. This also showed their lack of awareness and appreciation of the different actors but also of themselves. Second, in that context, the moral claim of any stakeholders is very hard to assess. Only with critical dialogue can this begin to be worked through. Third, making any assessment of stakeholders demands an awareness of complex relationships in the wider social and physical environment, including how stakeholders influence each other. Fourth, the model is flawed because it assumes that the business project is central, and all others work around it. Other stakeholders in the Nestlé case, such as the WHO, see their concern as central, with the major value as breast-feeding. Business in this context becomes one of many actors who are challenged to fulfil global responsibility. This concept of shared or mutual responsibility of different stakeholders is what led to the WHO Code, both the outcome of negotiated responsibility and the means for continuing practice of responsibility.

Identity and Image

Nestlé in the meantime has continued to attempt to get its case across, especially in key areas such as universities, where many student unions continue to ban Nestlé products. In terms of presenting its case, the higher education sector is important for two reasons. First, over 45 per cent of school leavers enter higher and further education each year in the

UK, and these will be the opinion-formers of the future. Second, academic support would lend credibility to Nestlé's arguments.

However, even this approach has had its problems. Denied the chance to set out their case in the Oxford student newspaper, Nestlé UK decided to place an advert in the local free paper. One of several claims in this was that 'even before the WHO International Code for Marketing Breast Milk Substitutes was introduced in 1981, Nestlé marketed infant formula ethically and responsibly, and has done ever since' (quoted in *Marketing Week*, 4 February 1999). The response from Baby Milk Action was to take these claims to the Advertising Standards Authority (ASA). Here was an arbitrator who might be able to judge the case.

In the event, the ASA ruled against the adverts (ibid.) on the basis that they contained implications that could not be easily substantiated. The response of Baby Milk Action was to claim that the ruling finally showed that Nestlé were unethical (ibid.). Of course, the ASA was not saying that Nestlé was unethical. It was simply making a ruling on the narrow claims that were in the advert. The implication of the ruling was that, if the advert had been reframed, then it might have been permitted. Moreover, the ASA were clearly uneasy about having to make judgements on matters of ethics. In sense this goes to the heart of integrity as a truthful and reliable re-presentation of the self. This involves developing self-awareness, continual critical reflection on values, purpose and practice, giving an account of that meaning and practice, and continued embodiment of that meaning in practice with others. It is a continual learning experience, and there is no point at which one can claim to be fully ethical; there will always be gaps and ambiguities. Hence, any account of values is better focused on narrative and dialogue. Narrative can begin to show awareness of the problems faced and attempt to address these. Dialogue shows openness to critique and creative change. Both avoid claims to moral high ground.

Postscript

More than forty years after Kennedy's questions about infected water and responsibility, the global issues have become wider. As Mike Muller (2013), one of the original protagonists, notes, now the issues include

the right to and distribution of water. Earlier this had drawn the Nestlé Chairman, Peter Brabeck-Letmathe, into debate about water, as a human right and as a key part of wider stewardship (Corfino 2013). Brabeck-Letmathe (2015) argues that water is a human right but that in the developed world there is poor stewardship of water. Nestlé has begun to respond to the issue through a commitment to develop water stewardship, including in its supply chain (Nestlé 2014), and to develop ongoing dialogue between civil society, business and governments (<https://www.2030wrg.org/>).

Responsibility and NGOs

The issues around responsibility also apply to NGOs. Their advocacy work has led them either to represent vulnerable stakeholders or to be direct stakeholders of business. Their activism has also led to ethical criticisms of their practice, focused on their view of purpose and accountability (Kaldor 2003). NGOs are accountable to donors who are different from the beneficiaries of their work. This can lead to many different problems, not least around purpose. The two main purposes of NGOs are service provision and advocacy. In the first, NGOs may work closely with governments in providing services in areas such as famine relief. In advocacy, the NGOs look to stand up for the cause of minorities, which may involve critiquing the governments or big business. This leads to criticisms from developmental agencies about working too closely with service provision (to satisfy donors) and not enough on advocacy, and from business about stress on advocacy skewing the service provision role (Kaldor 2003). In some developing countries the service provision is further skewed with TNCs subcontracting to NGOs CSR policy and practice. The problems with purpose are exacerbated by the fact of increasing competition amongst NGOs. The NGOs in turn rely on publicity, and this can lead to exaggeration of crises to develop and maintain image (see the Brent Spar case below). In turn, this can lead to the polarization of ethical debate, where it is in the interest of the NGO to be perceived as occupying the moral high ground and for the business to be seen as a 'the enemy'. Questions of accountability are also raised about relationship

of NGOs to their beneficiaries. It is not clear how NGOs can speak for their beneficiaries, leading to a potentially paternalistic approach to the service provision.

A good example of the ethical debate within NGOs about purpose is the Amnesty International's support for Moazzam Begg. Amnesty wanted to develop a campaign around the prisoners at Guantánamo Bay, and Begg had been associated with this. However, he had also been associated with the Taliban and other Islamist extremist views. The comments from donors (Sunday Times 2014) show that even within NGOs there are major ethical differences that have to be addressed.

Dynamic and Proactive Integrity

The third mode of responsibility, then, focuses on creativity. It also adds to the dimension of integration in integrity. In particular, it integrates enterprise into integrity because of the focus on the future and on possibilities. The more an organization is aware of and responsive to the social environment, the more opportunities for business emerge. For Nestlé this meant a different way of marketing their product, with the assent and cooperation of all the social agents involved.

Jonathan Sacks (2007) offers a similar view of integration and creativity across society, including the following elements:

Integration without assimilation. This involves working with the other, based on respect and dignity, without trying to change them or make them conform. This applies to the different narratives inside and outside the firm. As Sacks puts it, 'integrated diversity values the dignity of difference' (Sacks 2007).

Building together. Integration is furthered through building together. Increasingly, as I will note in Chap. 7, NGOs are working with major corporations around developing responsibilities, evidencing mutual respect and effective projects which do not negatively affect the firm's growth. To build together in this sense switches the focus from rights to responsibilities, from claims to contributions (Sacks 2007).

Redrawn boundaries. This leads to a redrawing of boundaries. What constitutes difference is no longer across the table, but instead is found alongside, working together to resolve shared issues.

In the process of shared creativity this is a further element in the re-presentation of the identity of the organization. From the re-presentation of the self to the self, and the re-presentation of the self to others, there is the re-presentation of the self with others. If this involves being true to the self and to others, then positive responsibility involves being true to, and creating truth in, the future. I will say more about the public identity of business in Chap. 8.

All three modes of responsibility interact. The first mode focuses on knowledge of ideas, values and purpose, and awareness of the intellectual and affective elements involved. It also focuses on how we see the wider society and attempt to respond. The second mode opens this to account. It demands an account of purpose and practice. It tests such an account through dialogue, thus extending the critical reflection on practice. Without the second mode the first could easily become fantasy, hence the breakdowns in meaning and practice noted above, which have the air of psychological pathology. As noted also, without genuine reflection and testing of the first mode the second can become a shell, with means of accounting becoming the 'ends' of the organization. Without the focus on the third mode, proactive responsibility, there is the danger of the first mode retreating to the negative view of responsibility as culpability, leading to defensiveness. Clearly legal responsibility has to be balanced with wider integrity because of the potential threats to the sustainability of the organization. However, the Nestlé case shows that an exclusively defensive position is ultimately untenable. I will test this view further in Chap. 8 around the issue of tax and the 'big four' accountancy networks.

Proactive responsibility also connects to the development of agency. Working through the different possibilities further tests just what the core values and purpose of the organization are and how they can be developed. This can lead to changes in the stated values and purpose and practice of the organization. Integrity in all this is not an individual entity but relational, hence personal, professional and public integrity are

interconnected. Each contributes to identity. Each aspect of responsibility reveals something about the identity of the person, organization or overarching project, and thus re-presents the 'self'.

As I noted in Chap. 3, much of this is based on thinking known as 'social constructionism'. The danger in some forms of this is complete relativity. However, the view of integrity I propose is not based on such relativity. It recognizes that there are critical anchor points in society which tie any business to reality, a reality based in social relations. These include: the law and government; professions (which have a sophisticated view of value, worth and purpose); moral values (principally respect and justice), which are often at the base of civil society organizations, from religion to NGOs; and environmental values, focused on sustainability. Practising integrity in business demands taking responsibility for critically relating to each of these anchor points in developing: a narrative of values, purpose and worth; a public account of meaning and practice; and creative responsive practice. Hence, the practice of integrity is never just about relationship to principles narrowly conceived.

What holds all this together is reflective deliberation (decision-making), critical and reflective dialogue, and the development of narrative. These enable the constitution of the self and thus any sense of identity, through self-dialogue, mutual dialogue and creative dialogue. This in turn demands structure and culture in the organization, which enables such ongoing deliberation and dialogue. Moreover, this requires a community/culture of integrity which enables the practice of responsibility at every level. In Chap. 6, on governance, I will explore how this can be developed. In Chap. 7 I will explore how the moral imagination can be developed in practice. None of this suggests that integrity is about a state which fully realizable. It is rather focused on ongoing learning (cf. Lederach 2005), with critical dialogue revealing new meaning and practice.

Conclusion

This chapter completes a view of integrity as the reliable and truthful re-presentation of the self or organization. Being true to the self involves taking responsibility for ideas, values, practice, sense of worth and how

we perceive and relate to the social and physical environment- owning narrative. Re-presentation involves giving an account through (a) critical engagement in plural and complex relationships via dialogue and narrative and anchoring the account in core moral values, especially respect and justice, and purpose, and (b) holding together different value narratives, including sustainability of the organization and the social framework. Both of these span both truth about and truth to: truth about complex identity and our sense of the self, and truth to the projects, principles, purpose and people with whom this is shared. The ultimate test of that meaning is in relationships and the exercise of positive responsibility, developing shared creative response to the social and physical environment.

To practise such integrity demands the development of: criticality (in developing authentic meaning through dialogue), consciousness (of the self and others), connectivity (an understanding of the significance of social relations), commitment (to purpose, project and people), communication (in giving an authentic account) and creativity (in embodying values in practice). Each of these requires the development of related qualities and skills. In particular, they require the practice of virtues, which brings us to a further C-word: character. Integrity, as I noted in the first chapter, is associated in some ways with the virtues, and in some views is seen as a virtue itself. It is to the virtues I will turn in the next chapter.

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5

Integrity and Virtue

Abstract This chapter sets out the relationship between integrity and the virtues. It argues that integrity is not a virtue in the Aristotelian sense but involves, rather, a dynamic interactive complex of virtues. What connects the virtues is the practice of the different modes of responsibility. The chapter looks at the underlying virtues ethics theory, and then sets out some of the key virtues and how they relate to the three modes of responsibility and from that to integrity, including: courage, patience, temperance, humility, practical wisdom, care/respect, empathy, faithfulness/trust, justice, hope, *eros* and negative capability.

Previous chapters have focused on integrity based on the three interconnected modes of responsibility. Before going on to look at further implications of this in business practice, I want to return to one of the original meanings of integrity, as a virtue. In Chap. 1 I noted broad and thin views of integrity as a virtue. The broad view of integrity sees it as a super-virtue or the collection of the virtues (Solomon 1992). The super-virtue involves the capacity to connect the different virtues in some way. The thin view of integrity as a virtue focuses on the Aristotelian view of truthfulness in

the representation of the self. The problem with the second of these, as I noted, is that it is tied to a specific understanding of Aristotle's virtues. In addition to truthfulness about the self is required knowledge of the self, which is seen as a separate virtue (Curzer 2014). We are still left with the question of how the different virtues comes together.

The problem with the broad view of integrity is that it is not clear precisely what a super-virtue involves. It might be a form of meta-cognition (Flavell 1987), for instance, defined as the capacity to see the self and how one is thinking and acting. This takes us into the key idea of seeing ourselves as others see us, involving something like Ricoeur's idea of perceiving the other in the self, the self as another. If this is the case, then integrity needs to be more than meta-cognition as a rational capacity. To see the self demands also affective understanding, the use of empathy. Moreover, as I suggested in the third chapter, it demands not just my perspective of myself as another but also the perspectives of others.

In the intervening chapters I have argued that the meaning of integrity is grounded in the practice of responsibility. Broadly speaking, this means: taking responsibility for one's ideas, feelings, view of worth and purpose, perception and awareness of social and physical environment and of how this relates to our practice and how our practice affects the world; practising accountability to the different stakeholders in the social and physical environment, including how our relationships with the different stakeholders involve shared meaning about purpose, worth and value and also an awareness of plural value narratives; and practising a proactive responsibility for people, projects and procedures, involving exploring what is possible through shared responsibility.

The modes are interrelated, and stress on one without the others can lead to fragmentation of meaning and practice. Each of the modes contributes to an understanding and presentation of the self, of one's identity as individual or organization. The first involves clarity about that identity. The second recognizes that identity is based on shared meaning and also different narratives. The third involves creative action and the negotiation of shared responsibility, which establishes the ethical identity of the person or organization through such action. Hence, the practice of each of the modes helps to present the self to the self and others. This involves the ongoing practice of dialogue inside the organization and beyond.

Such dialogue enables more rigorous thinking, better data collection, greater awareness of how values relate to practice and more options for action. Dialogue is focused on reflective practice and brings meaning and practice together.

Virtues are themselves a bridge between meaning and practice. A virtue describes a disposition to behave in a way which is of value. They show something about the overall character of the person or organization and thus how behaviour embodies ethical meaning. I will begin with an illustration of the virtues in practice, and from that illustrate key virtues.

Case: It's Only a Game¹

Following the success of a computer game based upon a horror film scenario, the CEO of a computer software development firm was invited to California by the multimedia global company who had commissioned the game. Following a fine lunch, which involved alcohol, the CEO was taken to the boardroom to discuss other possible commissions. Representatives of the commissioning company assured the CEO that he would receive the final payments for the first game, adding that this had been so successful that they wanted to commission a sequel. The sequel, they said, should include increased shock value, and the inclusion of the explicit death of young children. If the CEO was agreeable, the company's lawyers were ready with the contract to sign. The CEO felt a strong sense of unease about the new commission, and was initially uncertain what to do. His firm, of no more than thirty staff, had experienced a lean time since the first game, and he knew that the staff were looking to him to secure future contracts soon. He decided to stall and tell the commissioning company that for such a contract he would need twenty-four hours to consult his board. The company representatives tried to put pressure on the CEO to sign, but reluctantly agreed to the delay.

That evening the CEO set up a conference call with the small board and some other members of the workforce. His colleagues shared a deep sense

¹ This scenario is based on an actual case used by a colleague in his inaugural lecture. It has been anonymized.

of unease, and they began to rehearse the reasons for that. One member of the board insisted that they should turn the offer down flat. The majority of the board were family members, and he argued that the family ethos was critical to their sense of identity. Using the killing of vulnerable children in a game was simply against what they stood for. Another board member questioned just what this moral stance was about. He argued that increased violence was now simply expected in computer games, and that there was little evidence to suggest that this led to violence in general. The artistic director, not part of the board, argued that a representation of the death of children might not necessarily be bad. Were there not many examples of books or films which included the death of children in order to make a moral point?² The discussion then went through the question of responsibility. Would the responsibility for the changes in the game not be down to the commissioning company, and would the government and families not be responsible for making sure that the only adults used the game? The senior member of the workforce then asked about their responsibilities to their colleagues and their workforce.

They concluded that they could not 'solve' the issue there and then, but were clear that they wanted to work through their responsibilities to all the stakeholders and that they wanted to avoid extreme responses at this point, either simply signing or refusing to accept the commission. They wanted to work through a dialogue with the commissioning company and see how these issues panned out. They decided that such a dialogue should be formalized in writing, and rapidly put together a letter which noted their desire to accept the commission and their unease about the terms, and asked for clarification about the terms of the commission: in particular, about what increased violence and the death of children might involve, which did not seem to be included in the terms of the contract the lawyers had drawn up. The letter was sent to the CEO of the commissioning company, copying in the legal department.

The firm received no formal reply about the terms of the new commission; the money owed to the software development company was rapidly released, and a new game made, without the two additions.

² Famously Dickens spent some time on the death of little Nell in his *The Old Curiosity Shop*. Nell had become the centre of a fight between good and evil (embodied by the character Quilp).

This case was brief and handled simply but was complex. First, it reminds us that ethical decision-making is not simply about rational reflection. One of the key issues about the discussion of integrity so far is precisely that it involves the identity of the person of organization, and that this is focused on value and sense of worth, and thus feeling. Hence, much of the concern for the CEO and his firm was less about precise values or principles than about their identity, including their history as a family firm. Often ethical decision-making is seen as largely rational, in the sense of cognitive, with straightforward 'sections', including: data-gathering; value clarification and analysis; examination of options and consequences; and a final decision based on key values. However, whilst such elements of decision-making are important to articulate, they are far from simple or focused on logic or empirical data. On the contrary, as the argument has suggested to this point, each of them demands engaging others, involving relationships and, with them, feelings. In the case at hand, the CEO felt strongly that showing the death of children in the context of a game was wrong. This felt like a moral imperative, partly because of social taboos, and partly because it felt as if he was contradicting the moral identity of the firm. However, he equally felt the importance of signing the new contract precisely because as head of a small firm he knew all his workforce and their families. He had come to California with a strong sense of his role in sustaining the business. The strong conflicting feelings were, it must be said, intensified by the 'liquid lunch'. Nonetheless, he was able to acknowledge the conflict and that there was no simple solution, and look to reflect on the dilemma with his colleagues. Of course, the very term 'solution' assumes that we are faced with a difficult choice between stipulated options. The reflection with the board showed that this was a false dichotomy. It began to work through different responsibilities, and thus to a resolution (taking account of the affective aspects of relationships) rather than a solution (involving rational problem-solving). The focus of this reflection was, first, to question the underlying assumptions of both positions, and with that the identity of the firm that each thought was obvious. For the first speaker it was clear that they had to stand out against this kind of practice. This was a matter of integrity. But it quickly became apparent that, whilst no one in the discussion was unconcerned about the proposal, this view of integrity

was itself based on an assumption about the nature of the request and in feeling-based values that had not been fully worked through. Integrity, as I have argued already, demands that values and assumptions be critically challenged, enabling responsibility for feelings and ideas. Accountability then had to be worked through, not least, the multiple accountability to customers, clients, firm, stakeholders and so on. Importantly, the board then wanted to build a resolution precisely on practising accountability to all of these.

At this point the dialogue had to go beyond the board and firm and take in the commissioning company, with the possibility of involving the wider stakeholders. Dialogue with the company would already involve both the leadership and the legal department, both present at the first meeting, and significantly involving different expressions of the commission. Dialogue with wider stakeholders was implicit in the firm's discussion about responsibility and regulation. Hence, the board determined that a formal letter would ensure a focused dialogue with the company on the record, but also provide the basis for wider dialogue with stakeholders at a later date.

The first stage of such a dialogue was precisely to seek clarification about what the company meant. In framing that question, the firm radically changed the nature of the relationship. Request for clarification was, in effect, a challenge to the commissioning company to take responsibility for ideas, value and practice, and to clarify accountability. It did not take long then for the company to realize that, just as the games firm had stakeholders, so they too had stakeholders, with different and sometimes conflicting values. The commissioning company, for instance, had a strong line in family entertainment. In recent times, there was also an increase in customers from different cultures, including the Muslim world, with a strong family ethic. The computer game was targeted at late adolescents. A public confirmation of the requirement to show the death of children could potentially spoil the company's family-focused identity. The company would have rehearsed the dialogue with stakeholders and seen the importance of developing their responsibility in this situation.

For the firm the alternative to a stipulated choice was to work through their own responsibility in terms of their identity and to involve the other party in such a dialogue. In the space of doing that, they also touched

base with their own historical narrative and began to learn more of what their core values actually meant. Integrity, focused on the practice of responsibility, involves just this dynamic.

The Virtues and Responsibility

The practice of responsibility in this situation was difficult because it involved stress, including the fear that different stakeholders would be let down. For some leaders such stress might also attach to the feeling that different people or groups depended on him or her. Being faced by different pressures demands the practice of psychological and moral strengths or virtues. Integrity as taking responsibility for the self requires all of these virtues to be practised. In a sense the practice of these virtues involves being true to the self.

The term ‘virtue’ comes from the Latin *virtus*, which is in turn from *vir*, ‘man’. *Virtus* means ‘the male function’, expressed in terms of strength or the capacity to accomplish. In this sense, virtues are the qualities of the person that enable something to be brought into being. Moral virtues are the qualities that enable meaning, value and purpose to be embodied. By extension they are the qualities that enable underlying meaning to be lived out in individual and corporate practice. Hence, we would normally refer to the virtues of the individual, but it is also possible to use the term in relation to a community or group. Virtues are in themselves a bridge between the internal life and the external. They characterize certain strengths which we then confirm in the behaviour of the person or organization.

Virtues, argues Aristotle (2004) are of the ‘mean’—that is, middle—between extremes. The computer game gives a good example of the importance of the mean. The board decided precisely that they did not want to extreme responses to the challenge they faced. This enabled them to practise responsibility and thus make better decisions.

Some (Higginson 1988) argue that virtues cannot always be characterized as the mean. There may be virtues which are associated with extremes. The virtue of justice, for instance, may look to embody values such as equality, and ensuring equality may require extreme acts,

including resistance against coercive powers. However, the idea of the mean does not preclude forceful or extreme action. On the contrary, the virtues are dispositions to act in certain ways which enable action that is responsive to the situation. As such, the virtue enables the practice of responsibility, being able to be aware of the social environment and respond, with others, to challenges and needs. Hence, in an extreme environment, such as one involving conflict, courage demands awareness and appreciation of the situation and an effective response, which may be seen in other contexts as extreme. It is precisely the dispositions of cowardice or foolhardiness that lead to the denial of responsibility, denial of awareness of the social environment or response which is precipitous.

The positive psychology movement in sport and health see virtues as performance-centred (Miller 2003). The development of good performance or health is tied to the practice of virtues such as mindfulness.

Virtue Ethics Theory

Virtues give a view of ethics located in character and community (Murdoch 1972). They are the building blocks of character and together show what values and related ethics look like—meaning in practice. Ethics and values are not just about ideas, or solutions, but about who we are, and how this is expressed in ongoing practice.

Alasdair MacIntyre (1981) is responsible for the re-emergence of virtue ethics, perhaps the most important ethical theory to challenge the rationalist theories, utilitarianism and deontological ethics in the last three decades. He argues that we must choose between Aristotle and Nietzsche. Aristotle locates ethics and significant meaning in an intelligible framework that makes sense of ethical dialogue (Aristotle 2004), and so emphasizes the collective. Nietzsche (2003) argues more for the individual and suggests that the traditional moral terminology should no longer bind us. He argues that traditional moral terminology tends to impose meaning on society, robbing the individual of the freedom to determine his or her own values.

MacIntyre argues for Aristotle. Ethical meaning, he suggests, is situated in a community of practice, and is communicated less through principles

than through stories and community ritual. These precisely show what good practice looks like and enable ongoing reflection on the key virtues of the community. The stories also say something about the underlying worldview, the beliefs that help the community and its members make sense of their practice in relation to the world. MacIntyre (1981) argues that virtues underlie the pursuit of excellence in whatever practice a person or group develops. Such excellence is achieved through mastering the goods which are internal to the practice. An example of such mastery would be a profound understanding of the nature and strategy of Olympic sports. However, such goods and their mastery are not the ultimate object of the practice. This lies beyond, in contribution to the common good, expressed in local and even global community. In the example of the Olympics this would take us to values of Olympism (Parry 2007), including a concern for justice and peace-building, which, of course, was central to the first Olympics. Core purpose, then, lies beyond narrow group interest.

In the case of the computer game, purpose was focused beyond the interest of both the client company and the firm. As the board explored this, they could see their identity in relation to several different stakeholders. The board were in effect exploring their own family tradition and how they related to the any sense of the wider good, but also exploring other traditions and debates about what constitutes the common good. MacIntyre (1981) contrasts this with institutional goods, which are to do with sustaining the institution. He argues that over-stressing institutional goods runs the danger of corrupting the good of the community of practice.

Virtue ethics is an important move forward in ethical theory, but has its difficulties (cf. Laidlaw 2013). First, it does not really get over the problem of how to handle ethical relativity. If each community is the basis for meaning, then it is difficult to establish common values or ethical practices and, in particular, any sense of universal justice. Hence, for many leaders simply to operate from within the tradition cannot be sufficient. The leader of a transnational corporation, for instance, is always faced by global concerns, not least those involving human rights. Human rights, and the underlying meaning, have to be critically engaged.

Second, it is very difficult to see how virtues can simply replace principles. By MacIntyre's own admission any practice is based in goods, and goods in one form or another tend to be expressed as principles or values.

All professions, for instance, are based on some form of wider or even pre-moral good (cf. Airaksinen 1994). This means that virtues cannot exclusively define the good. Gillon cites the case of the ‘sincere ethnic cleanser’, the man who had all the Aristotelian virtues, patience, justice, courage and so on, but chose to use them to a bad end.³ He wants to argue that any virtue is dependent upon the logically prior content of moral principles. In the medical context Gillon suggests that this involves the core principles of respect, justice, beneficence and non-maleficence (Beauchamp and J. Childress 1989). Of course, so-called ‘principalism’ has itself been attacked on the ground that the principles in question are not that clear (Seedhouse 2009). Respect for autonomy, for instance, could mean several things, and is thus itself dependent on some other prior meaning or understanding of human nature. The key point is that principles have to be used critically.

Third, there is often lack of clarity about what the core virtues are. MacIntyre, for instance, argues that practical wisdom is central, whilst Hauerwas (2003), based on an understanding of the Christian gospels, argues for peaceableness, the capacity to end conflict and build peace. Once more, this takes the leader back to underlying narratives of the good to explain why these particular virtues are important. In the light of the focus on sustainability there are several other candidates for virtues, from hope to imagination.

Fourth, MacIntyre’s view of institutional goods is unnecessarily negative. As I have argued above, an exclusive stress on institutional goods is problematic insofar as it prevents reflection on other goods. Nonetheless, institutional goods are important. Without institutional sustainability business cannot contribute to the wider goods, and the balancing of these goods is exemplified in the computer game case study.

Virtues

If, as Aristotle (2004) suggests, virtues are only learned through practice, then when they are not practised the virtue is lost. This is the ethical analogue of the relationship between muscle strength and physical activity.

³ Cited in A. Campbell 2003, 292–296.

In the case this was exemplified by the board practising the virtues as they reflected on the issues—not least, practical wisdom and courage. Through reflection the board were rehearsing not just ideas and views of the good but also how they related to the different stakeholders, including each other.

From twelve virtues Aristotle suggested four cardinal virtues: justice, temperance, courage and wisdom. There are many other virtues, such as empathy (from modern psychology) and faith, hope and love (from theology). I will focus on several of these in relation to the case and the practice of integrity. First I will focus on the virtues that enable critical agency and good decision-making, and then on the virtues which enable accountability and finally on those which enable creative responsibility.

Courage

An obvious virtue that was practised in the case above was courage. It took a degree of courage for the firm's CEO to call 'time out' when faced by the pressure to sign. It also took courage to call the board together, not least because of the perceived pressure for him to 'do the business' and bring home success.

Aristotle (2004) sees courage as resilience and the capacity to withstand a variety of pressures. Courage is one of the clearest examples of virtues as involving the mean. In this case the mean is between the extremes of foolhardiness and cowardice.

Foolhardiness involves knee-jerk reactions. Cowardice involves giving in to pressures, and not addressing the issues. Courage for Plato (cf. Reid 2002) is quite a complex idea. It is not about thoughtless bravery. It includes a capacity to persevere with an aim, whilst also holding a critical relationship to that aim, enabling one to modify it as and when it is right to do so. Again there is tension in this virtue, between the courage to stick something out, 'going the extra mile', surviving perhaps great suffering and knowing when to stop. Any leader will need courage to articulate, test and stay with, or alter, a moral purpose, faced by competing purposes. In this sense courage is also tied to relationship

and how we deal with different narratives. A key aspect of the abuse of power in the workplace is the way in which the narrative of power is accepted by the workforce. Courage is required even simply to ask questions about meaning and practice in oneself and others, challenging the narrative and unexamined assumptions. It is worth adding that the Alcoholics Anonymous prayer refers to the virtue of courage, as well as wisdom and serenity. Harle (2005) suggests that this is important for leadership, as it involves *ataraxia*, or peace of mind, enabling steadiness under stress.

Patience

The case above is a beautiful illustration of patience. For Aristotle this is partly about good temper. At one extreme is irascibility, and at the other is lack of spirit. This has clear implications for how we see and handle time. The irascible person will tend to try to do this quickly. The person without spirit will have little sense of the need to make a timely decision. This suggests that patience is important for making a timely decision. ‘Timely’ is not in the measured sense of time, expressed in the Greek concept of *chronos*. Rather, it refers to a more qualitative view of time expressed in the concept of *kairos*, the right time. The idea is expressed well in Ecclesiastes (3:1–2):

To everything there is a season, and a time to every purpose under the heaven:

A time to be born, and a time to die; a time to plant, and a time to pluck up that which is planted ...

The right, or ripe, time for the firm’s CEO to make a decision was not at the point of the company’s invitation, but only once those involved had reflected on the values and practice. The importance of such patience was demonstrated in the credit crisis, not least in decision to acquire the ABN Amro bank by RBS in 2007 (Martin 2013). This was taken at speed, without any effective due diligence, thus saddling the bank with further toxic debts.

Temperance

This involves not abstinence—from drink or anything else—but rather moderation, balance and self-control, hence a virtue of the mean, between abstinence and incontinence (in a general sense). This is important for effective judgement, self-reliance and the acceptance of responsibility. Plato's *sophrosuné*, 'temperance' or 'self-control', Reid (2002) suggests, corresponds to discipline. Discipline, for the business leader involves continued good practice for decision-making, regular meetings that focus on core objectives. The firm's board meeting exemplifies such disciplined thinking.

Humility

Plato notes the virtue of piety, involving awareness of or obedience to a god, or something or someone that is greater than oneself, and actions or rituals that demonstrate this awareness. Reid (2002) suggests that this can be recast as self-knowledge or -awareness. This relates closely to the virtue of humility, defined as an awareness of the limitations as well as the strengths of the self or the organization. The point about piety is that awareness of something greater than oneself puts the self into perspective, thus enabling a realistic assessment of the self. This also involves a proper appreciation and acknowledgement of the authority and contribution of leadership. The virtue of humility is an important corrective when the expertise of the leader becomes a *raison d'être* or the basis of status or identity. Most governance crises involve a lack of humility on the part of leaders.

Humility is often seen as a nervous doubting of competence: self-deprecation, quite the opposite of the leadership image. Tangney, however, summarizes a very different view of humility, reminding us that all virtues rest between extremes. It involves:

- accurate assessment of one's ability and achievements
- ability to acknowledge one's mistakes, imperfections, gaps in knowledge and limitations

- openness to new ideas, contradictory information and advice
- keeping one's abilities and accomplishments—one's place in the world—in perspective
- relatively low self-focus, 'a forgetting of the self', while recognizing that one is but part of a larger universe
- appreciation of the value of all things, as well as the many different ways that people can contribute to our world. (Tangney 2000)

In other words, humility is directly related to meaning-making and practice and awareness of the nature of the social and physical environment. Vera and Rodriguez-Lopez (2004) sum up the importance of humility for leadership as key to organizational learning and resilience. The first of these involves: openness to new paradigms; eagerness to learn from others; acknowledgement of limitations; pragmatic acceptance of failure; and the ability to consult and ask for advice. Organizational resilience involves: acceptance of simplicity; avoidance of narcissism; and avoidance of self-complacency.

Practical Wisdom

This is Aristotle's virtue of *phronesis*, the capacity for rational deliberation that enables the wise person to reflect on his or her conception of the good and to embody this in practice. Aristotle sees this not as a moral virtue but as one of the intellectual virtues. The other intellectual virtues are: knowledge how (*techne*), intuition (*nous*), rational understanding (*sophia*) and scientific or empirical knowledge (*episteme*). It is important to stress that this is a view of the intellect not as something apart from practice but rather as a key part in relating to practice. The virtue of *phronesis*, in particular, is essentially about practice. As the manager signs off the marketing strategy, has she considered the purpose of the strategy, how purpose and strategy are viewed by key stakeholders and whether there are different views of how the business might contribute to the wider good? How she decides between those different views of purpose will depend on how she sees both the values and consequence of those purposes, and how the board sees them. This is not about searching for some

luminous meaning but rather coming to a considered view of the good in that situation, something that requires openness to other perspectives and a wrestling with competing ideas of the good, and the narratives and related emotions which hold these in place. This ties in directly with the first mode of responsibility as making meaning, and is exemplified in the computer game case.

Within any large board this virtue can be practised on a regular basis, not least because at any time a board may need to be aware of difference aspects of the good, from the sustainability of the corporation to the good of the local community. As I shall note later, the board can become the place where *phronesis* is rehearsed. The board of the computer game firm showed that they were already familiar with this kind of reflective dialogue. Indeed, it was precisely because of this that the CEO was able to get them together so quickly and enable a focused dialogue. Often such dialogue is most sharply characterized in public organizations such as universities or hospitals. These also have to work through issues of justice which relate to the core purpose or pre-moral good of the institution, such as the distribution of health or educational opportunities.

A key point about the earlier case of the Arthur Andersen firm was that they had stopped practising this virtue. The induction and other training courses had involved this, and the new recruits neither did this nor saw the need to do it. The absence of this meant that firm members did not critically examine the firm's past narrative and the core values, or different competing values and purposes, or even see that there was an option. In business and in other areas of leadership, such as the armed forces, it is not uncommon to hear the argument that the objective is clear and there is no need for *phronesis*. Hence, the leader in wartime, for instance, has the simple objective of defeating the enemy. However, this ignores the context of any situation. As Tawney (1930) observed, the aim of the UK in the Second World War was not simply to defeat the enemy but also to fight for core values such as freedom and equality. Those values in turn determine the purpose of action in and after war, focusing not on simply winning the war but also on how core democratic values can be achieved. Hence, an occupying force always has a choice, at least, between actions that establish primarily the safety of the occupying force and those which develop a democratic practice and mind-set. Both short- and long-term

purposes may be important at different times. However, too great a stress on the first could lead to the loss of the second, long-term purpose, as happened in Iraq (cf. Robinson 2011).⁴

The case also shows how the practice of *phronesis* is essentially dialogic and thus not narrowly individualistic. Examination of the different narratives, and of how the organization relates to competing views of the good, demands engagement of different perspectives. This is most effective precisely when the different perspectives are embodied in the board. Hence this case showed how the different narratives were raised by the board members focused on their views of the firm's identity, and thus on their relationship with the social environment. It is precisely the practice of critical dialogue which brings together the different narratives, professional, institutional, social and so on, suggesting that effective practice of *phronesis* demands genuine engagement with difference.

For Aquinas (1981) practical wisdom (*prudentia*) goes beyond reflection on the good. Included in several aspects are three elements which focus on awareness of the social and physical environment over time as well space: openness to the past (*memoria*), openness to the present, involving the capacity to be still and listen actively (*docilitas*), and openness to the future (*solertia*). This stresses openness and care before any hasty judgement or decision. In being open to the present and the future, it also stresses an appreciation of reality and thus of both constraints and possibilities in any situation. Because of this concern for reality, Aquinas saw this as the foundation of the virtues. It works against a primarily target-centred approach to leadership and management. It also ties directly into the first mode of responsibility, taking responsibility for perception and awareness of the social and physical environment over time. Hence it is not simply about living in the moment, as some views of spirituality at work suggest (cf. Parry et al. 2007).⁵

⁴Another excellent example of *phronesis* is Abraham Lincoln's focus at the end of the American Civil War on ending slavery. In a cabinet which was strongly dialogic (including all the main rivals in his race for the presidency) there was a strong push first to end the war. Lincoln remained focused on the actual reason for the conflict and the need to address that in law before peace negotiations. See Doris Kearns Goodwin, *Team of Rivals: The Political Genius of Abraham Lincoln* (London: Penguin, 2012).

⁵Living 'in the moment' could be seen as a form of psychopathy, excluding the past, future and present social environments.

At least two other virtues focus on such awareness, and begin to enable the practice of the second mode of responsibility, empathy and justice.

Empathy

Judgements vary as to whether empathy is a virtue (Murphy 1999, Verducci 2000). Some would argue that it is closely connected to the virtue of benevolence or compassion (Verducci 2000) and enables the professional to identify with the other. If wisdom is an intellectual virtue, then empathy is an affective (to do with feelings) virtue, offering a holistic balance to *phronesis* in the practice of the first mode of responsibility. It is the capacity to hear and understand, or identify with, underlying feelings. This involves an awareness of others and their needs, regardless of who they are or whether they are a member of the community (MacIntyre 1999, 122ff.). It does not mean total identification (sympathy), but rather enables an appropriate distance between the self and the other. Such a distance is necessary if the other is to be understood, and if the professional is to operate impartially and effectively (Robinson 2008). As such, empathy can form the basis of the professional's perception, data collection and judgement. Similarly, empathy enables the professional to be aware of and accept his or her own limitations, and to avoid the kind of self-conscious caring that wants to impose the manager's own needs on the relationship.

There has been much criticism of the concept of empathy, not least because it seems patronizing to assume that one can know what the other person feels (Verducci 2000), a sort of affective imperialism. Hence, many argue that the dynamic of empathy is one of mutuality (Swinton 2001). Augsburg (2014) extends the term to 'interpathy', to include cultural awareness. Epley (2014) argues that the associated idea that empathy can understand what the other is feeling without any account offered is false. The 'inner' feeling can only be discovered through the articulation of some language, of the body or the word. Empathy, then, involves awareness of the emotional meaning so expressed, or any conflict in that meaning.

Empathy enables attention to the feelings of the other and enables the other to articulate feelings and so in turn transcend them and understand

how they relate to practice. This is not necessarily a symmetrical mutuality, and we shall see in the next chapter how mutuality can be developed through dialogue between people in different power relationships.

Empathy is closely connected to the capacity for humour. Aristotle sees wit (*eutrapelia*) as one of the virtues. There are, of course, negative aspects to humour, not least the danger of using humour to put down the other (Bakhtin 1981). At its best, however, humour is a vehicle of empathy. It enables a distance and perspective so that the self and the other can be seen and accepted in all their incongruity (Pattison 1988, 186). Hence, Shakespeare and Bakhtin (1981) stress the importance of comedy, often expressed in the carnival, enabling us to see different perspectives more clearly. Many of Shakespeare's plays include the fool, the institutional jester who is able help leaders see perspectives they have lost.⁶ One of the foremost poets who practised this wit was Robert Burns, not least in the memorable stanza from the poem 'To A Louse: On Seeing One On A Lady's Bonnet, At Church 1786' (Burns 2011, 138):

O wad some Power the giftie gie us
To see oursels as ithers see us!
It wad frae mony a blunder free us
An' foolish notion.⁷

This directly informs the idea of integrity that I have argued for thus far. It is worth underlining that, whilst empathy is a key virtue for caring professions, it is not exclusive to these. It is also necessary for effective management and leadership, not least around the developing of awareness of the identity, value and needs of stakeholders. Several skills, such as listening and communication skills, are based on empathy, which in turn demands an attitude of openness. It is very easy, especially in professional training, to focus on the skills, seeing them as a form of technique, and thus not see them as related to, or based *on* the self, or on the context of relationship to others.

⁶ Such as Feste in *Twelfth Night* and the fool in *King Lear*. Even poor Yorick in *Hamlet* was such a jester.

⁷ 'O would some power give us the gift to see ourselves as others see us. It would free us from many a blunder and foolish notion.'

Lederach (2005) extends the idea of empathy in his approach to conflict resolution in ideas akin to Aquinas' *prudentia*, involving: stillness, humility and sensuous perception. By 'stillness' he means pause to be open to the other. It involves the practice of attentiveness and awareness. This has again to do with ontology, the person, not with tools. Humility is enabled through engagement with the other, showing one's place in wider projects and narratives, and involves the recognition of my relationship with the other and therefore that the world is not summed up in my needs—the opposite of narcissism. Sensuous perception involves perception of the physicality of the space, and an appreciation of that, and often this requires a physical sense of otherness, of light, colour, texture, touch or smell, such as might be found in gardens or wilder nature or religious buildings.

Justice

If *phronesis* and empathy are two virtues that enable clarity about and awareness of the social and physical environment, justice enables fair and disinterested practice in those relationships. As noted in relation to professional principles, justice can involve several different meanings, from fairness as equal distribution to receiving just deserts. Perhaps the key point about justice is concern for the other, for fair treatment that applies to all. This demands both rationality, with attention to deserts, and awareness of the needs of the other. This connects justice directly to accountability. This applies to relationships both within the organization and outside. In Chap. 6 I will show this relates directly to the concern for fairness and remuneration. In Chap. 7 I will show how this leads to a concern for the practice of responsibility in the supply chain. Both of these will be expressed by the leader, in the light of a concern for the members of the organization and for the core moral purpose of the organization. It will also be expressed in relation to respect for the wider justice enshrined in law. In all this, justice is focused on relationships and is in turn closely related to the care or respect for the other and for a sense of self-esteem. Justice in this sense is a capacity for fairness, both inside and outside the organization. This relates directly to the care of the

employees in the organization and to the development of meaning in the sense of self and organizational value.

How this is embodied in the organization is of equal importance, demanding both a clear philosophy of justice and procedural justice that anchors the idea in the practice. Once more members of the organization are able to see the embodied virtue.

Respect

Equality of respect (Outka 1984) is most often expressed as respect for the rational autonomy of the other or unconditional positive regard. The first of these is very Kantian and runs the danger of excluding those who are not rational individuals from respect. The second runs the danger of including all, without challenge of their responsibility. The Christian analogue of respect is *agape* (Outka 1984). Often seen as unconditional love, it is, rather, an attitude of care that sees the other as of ultimate worth, as well as capable of negative practice. As such, it directly affects how the other is seen and empowered, but retains an awareness of reality. It is important, however, in seeing *agape* as a professional virtue to see how it is located in the practical context. Campbell (1984) notes how, far from being a 'precious' virtue, it is highly practical. It generates empathy and thus is balanced—enabling professional distance as well as particular concern. It is not simply an affect but a matter of the will, enabling shared power. It does not attempt to dominate but enables the other to take freedom, treating her as subject not object. It recognizes and appreciates the common humanity of the other, never losing a sense of their particular needs. *Agape* also involves *veracity* and *fidelity*—both focused on integrity, as being true to the self and other. Veracity is not simply about telling the truth to the client. It is, rather, about sharing the truth in such a way that he or she can begin to take responsibility for it. In a sense the practitioner takes on a pedagogical role, enabling the client to reflect and to explore. Genuine reflection and exploration will not only begin to handle the truth about the situation; it will also explore the different possibilities for the future. Fidelity is also about truth, in this case remaining true *to* the different stakeholders—in effect, commitment

to people and projects. It is precisely this truth and the capacity to communicate the truth that was practised in the computer games case. This contrasts sharply with the Arthur Andersen case in Chap. 1. That lost any fidelity to the clients, leading to a lack of respect for the client, seen only as a means to an end. Hence, they were unable to see the reality of the relationship or any consequences of not respecting the client.⁸

Agape is often seen as a virtue that is entirely other-centred. Though it is not based in the attraction of the other, feminist philosophers (cf. Koehn 2005) argue it is based in mutuality, care of and respect for the self as much as the other. Some oppressive behaviour to women can often be seen as based on a religious stress on altruism as focused on motherhood.

If empathy and justice focus on awareness of the social and physical environment, and with that on accountability, there are other virtues which focus on proactive responsibility and creativity, principally hope and *eros*.

Hope

Hope has often been most closely associated with the so-called theological virtues: faith, hope and love.⁹ However, any organization needs hope if it is flourish, not least because it is necessary in empowerment for change. Hence, it is directly relevant to leadership, and the capacity to create or give hope. For many people the idea of hope is about giving hope to someone and about the ground of that hope, based on the action of another. Medical hope, for instance is often expressed in terms of the medical model, based on the action of the doctor or therapist. Here there is a clear outcome, health, as the ground of hope. Hope in this sense is future-orientated.

Hope, however, is more complex than a passive acceptance of the work of the other, involving existential as well as doctrinal dimensions. Hope as a virtue is about the capacity to envision and take responsibility for a significant and meaningful future. As such, it is distinct from a generalized

⁸A good example of not respecting clients is the miss-selling of PPI in the UK. See <http://www.guardian.co.uk/business/2011/may/05/how-ppi-scandal-unfolded>. Accessed 31/7/13.

⁹I Corinthians 13.

attitude of optimism. Snyder (2000) suggests that the development of hope as a real virtue depends upon three factors—goals, pathways and agency—thus connecting directly to the practice of responsibility.

Goals

The capacity to hope is generated through a sense of morally significant purpose. Such good hope provides meaning which affirms the worth of the person or group. In the light of such purposes, realistic goals need to be set out. Hopefulness develops through goals which can be achieved. Hope may be a major virtue, but it needs specific aims for it to be meaningful, aims worked through in dialogue.

Pathways

Hopeful thinking looks to find ways to the goals. This involves a development of the creative imagination to be able to see what ways forward there are. This is enabled through the development of method and through practice, not least the widening of possibilities through negotiation of responsibilities. Snyder (2000) notes that hope is associated with the development of multiple pathways. Such pathways increase through collaborative work with others, which is enabled as resolution and shared responsibility are achieved. Through that real possibilities began to emerge as the basis of hope.

Agency

Hope centres on the experience of the person as subject, capable of determining and achieving the goals she looks to. This is achieved to begin with through the development of the narrative and its related skills. In particular, hope is generated when the person finds she is able to own and take responsibility for the feelings which may have dominated her life. It is also achieved by the owning of values, the development of one's own method and by the practice which demonstrates capacity in the relationship.

Realistic Hope

If hope is to be realistic, then, as Lester (1995) notes, it cannot thrive on deceit or untruth. Enron generated much hope for its employees and for its stakeholders, but all of it was based on thinking that had not reflected on purpose, and which had not been subjected to the challenges of critical thinking.

Ground of Hope

In all this it can be argued that the primal ground of hope is not in the future but in the present, and above all in affirmative relationships. Many people have a sense of being hope-less in themselves. They feel this largely because they have internalized the explicit or implicit judgement of significant others. The ascription 'hopeless' often means that they have no perceived worth, and therefore by definition no future. For leadership to enable hope, then, means developing a culture of respect that values the members of the group or institution, the development of decision-making, process and partnership that enables clarity about goals and maximizes pathways. In the next chapter I will show how hope relates to the development of vision and how this relates directly to the practice of responsibility.

Hope is also generated by leadership embodying the virtue of hopefulness, showing how the future can be envisioned, and the worth of the enterprise as a whole for that future (cf. *Henry V*). This is also reflected in the practice of hope in institution, ranging from the possibilities for professional promotion to different ways in which individuals might affect the direction of the group, increasing possibilities and thus broadening hope.

Eros

It may seem strange to include a virtue related to business whose meaning forms the root of the word 'erotic'. However, the core meaning of this form of love is love based on the attraction of the object (Outka 1994). It is to do with a passion for something. Hence, it is focused on the attraction of creative practice, from exploration, to research, to enterprise.

It is nicely summed up in the term ‘existential pleasure’, coined by Florman (1976), focused on the profession of engineering. Engineering, Florman suggests, is an attempt to engage with and utilize the social and physical environment in order to fulfil human needs, desires and aspirations. This first offers the joy of creating something, a bridge, a building, which may have aesthetic and utilitarian worth: the joy of simply creating. It also focuses that joy on wider worth, the pleasure of service. Florman writes: ‘The main existential pleasure of the engineer will always be to contribute to the well-being of his fellow man’ (ibid., 147). In turn, the leader and organizations can take pleasure in creating, serving and enabling, embodying *eros* as a virtue. Hence, *eros* is tied to motivation. In the next chapter I will note different motivations in the workplace. Tillich (2001, 132–133) argues that for *eros* to be balanced it has to be alongside *agape* and *philia* (friendship), and it possible to see much of the cause of the credit crisis as focused on unbalanced *eros*, from the pursuit of money or the thrill of the market.

If hope and *eros* focus on creativity, then two other qualities, not often seen as virtues *per se*, are needed to hold together the tension between commitment and creativity and the complexity which is the context of both: faith or trust and negative capability.

Faith/Trust

Fowler (1996, 394 ff.) defines faith as:

the foundational dynamic of trust and loyalty underlying selfhood and relationships. In this sense faith is a human universal, a generic quality of human beings.

Such faith will vary from complete trust in the other to partial or working trust. Trust can be seen as an essential prerequisite to relationships and therefore key to leadership. It is not clear how a leader can lead without trust. However, such trust is based on the practice of responsibility and related virtues, such that members of an organization can see that a leader has credibility. Such credibility is based on the core competence of

the leader, knowing what she is doing, and about the social and physical environment within which she operates (the first mode of responsibility), the capacity of the leader to give a credible account and be open to question (the second mode) and the capacity of the leader to enable shared responsible practice (the third mode). In effect, such trust is always conditional upon an adult (mutual) relationship with the leader, not one based on dependency, or the assertion of power over followers. Hence, trust is a function of ongoing integrity. In the final chapter I will draw out how the different aspects of integrity relate to trust. It is sufficient at this point to suggest that trust can be seen as a virtue, a capacity that can be developed and practised, and thus enabled in an organization. The extreme wings of trust would be inability to trust (total scepticism) and naïve trust (giving trust to another without grounds).

Negative Capability

I thought it important to give this ‘virtue’ space to itself. There are elements of it in other virtues noted above, but this focuses on handling complexity and ambiguity (cf. de Beauvoir 1997). The term was coined by Keats, who ascribed to Shakespeare’s writing as a whole the capacity to be open to ‘all the multifarious otherness of the world and human beings’ (Ou 2009, 9), and not be drawn into either particular interests or thinking which tries to end uncertainty too quickly. This is critical to handling different narratives, and the cognitive and affective aspect of those narratives. It is important for holding together very different values that may be equally important, and for avoiding polarized thinking and attempts to make one view dominant. It is important in handling variability, uncertainty, complexity and ambiguity.

Integrity

The argument thus far is that integrity involves taking responsibility for ideas, values (and associated feelings) and relationships now and in the future. In one sense, as Audi and Murphy (2006) observe, this makes

integrity a virtue which is different from moral virtues in general. Moral virtues, such as justice, have some clear moral content which can help us determine what is right. The idea of integrity, as we noted in the first chapter, does not of itself provide such content or provide motivation to be ethical. Hence, Audi and Murphy view integrity as a necessary but second-order virtue, more to do with how we make moral judgements than the actual moral content. Scherkoske (2013) makes a similar distinction in suggesting that integrity is an epistemic virtue. Thus, just as 'epistemic virtues such as accuracy, open-mindedness and analytical insightfulness do not specify any particular content, integrity does not supply a characteristic thought, either' (Scherkoske 2011, 201).

Scherkoske describes the virtue of integrity as 'a stable disposition that reliably places its possessor in good epistemic position and leads to cognitive success' (2013, 84). Critically, this involves 'reason-responsive epistemic habits, skills and practices that reliably place their possessors in good epistemic position' (ibid., 90). This is an important view of integrity as a virtue, but leaves several questions unanswered. Principally, it raises questions about the narrowness of the focus on cognitive success. As I have argued, integrity is as much about relational knowledge, of the self and others, as about rational knowledge. If we are to view integrity as a virtue, then it would seem to be a complex capacity involving metacognition, mindfulness, and moral relationships and responsiveness. The first of these (Flavell 1987) involves the capacity to think about cognition, focused on reflective practice. The second involves holistic awareness, enabling both the development of the observing self and thus awareness of the self and social and physical environment, and also an awareness and acceptance of impermanence, the continually changing nature of life (Marlatt and Kisteller 2003). This includes knowledge of one's own capabilities and limitations. Awareness of social relationships inevitably involves determining meaning and response. Hence it is not clear how this could divide the cognitive from the affective or practical or moral. The key to the computing case above was that the board was not simply trying to work through rationally to a moral solution. They were trying to understand their own initial affective responses, and what this challenge meant to their relationships.

The focus on the work of the virtues above suggests that, whilst it is possible to make a distinction between moral content and means, the two are connected. Once we accept that moral decision-making is not simply a rational activity, and that there are competing views of the good based on relationships, then enabling critical reflection on the self in relationship is not secondary to the moral decision-making. Without it, it is not possible to arrive at a proper understanding of the different moral elements, precisely because the moral values, principles and so on are all mediated by the different relationships we are involved in. The importance of reflective practice focused on the self and social awareness is critical to proper understanding of moral meaning.

It is worth noting that epistemic distance is a theme which recurs through all the virtues noted above. Empathy, for instance, involves the distance to see the other as other, and not simply the same as you. In one sense this takes us back to Aristotle's view of virtues as focused on the mean. The two extremes of the virtues are precisely those which involve good judgement being overtaken by the passions involved in the two extremes. In courage, for instance, fear overcomes the person's judgement, leading to cowardice. At the other extreme foolhardiness is based on an impulsive response going against good judgement. It could be said that epistemic distance is a key element in all the moral virtues.

Scherkoske argues that all virtues are connected to key motivations. The motivation for pursuing integrity as an epistemic virtue is the search for truth or justification. Hence, one would characteristically think of what will answer this quest. But, once more, this would seem to take his view of integrity closer to a moral virtue precisely because in addition to a disposition to develop and maintain convictions in a responsible way, and awareness of the quality of one's judgement and convictions, Scherkoske wants to add a disposition to do justice to one's convictions in action.

The motivation to develop integrity as a moral virtue is clear. First, persons and organizations are concerned for reputation, as I have noted. This is not simply a business case, but about experienced sense of worth. Second, when a person or organization is involved in any indiscretion, such as the recent VW scandal, there are associated feelings of failure and shame. Critical to the feeling of shame is that it attaches to the person

or organization. Guilt is more focused on the action (Robinson 2008). This is precisely why major organizations find it very difficult to deal with breakdowns of integrity, because they imply something about the nature and culture of the organization and its leadership. It is also why the natural response is to seek to deny that the organization *per se* is corrupt. I will examine this dynamic in more detail in the last chapter through the case of Siemens. Third, in a complex business environment the identity of the corporation and its leadership are constantly being scrutinized by the different relationships and their associated narratives. Moreover, in an age of social media, where any significant event can be globally available within minutes, these narratives are constantly testing the integrity of the organization.

In that light it is difficult to see integrity as simply a virtue. It is better seen as an interconnected collection or cluster of virtues (Solomon 1992, 2005). Cox et al. (1999) suggest that what connects these virtues is the idea of successfully taking one's life seriously. They argue that this might involve different aspects of one's life (personal, intimate, social, professional, aesthetic, intellectual and emotional). I have argued thus far that all aspects are interconnected, and that a more exact focus of interconnection is about truthful re-presentation of the self or organization. The critical connection of the virtues, then, becomes responsibility. This involves first taking responsibility for the self and how one relates to the other. This includes responsibility for meaning and practice (values, worth, purpose, action and relationships). The second aspect involves responsibility for giving an account, and the third involves taking responsibility for embodying that meaning and the significance of the relationships in practice.

This account of integrity does several things. First, it shows how very different elements can be held together. For example, it shows how integration may both be about finding congruence in values but also about giving space to different values. Second, it shows how the person of integrity cannot be 'complete'. Integrity is a learning idea which involves engaging often conflicting narratives, and discovering creative possibilities. Third, it shows how holistic dialogue and narrative development are central, involving not just reflection on meaning but also reflection on ongoing relationships, and the embodying of meaning in practice.

Hence, integrity can be compatible with changes in behaviour and substantial conflict, internal and external. Fourth, it links directly to the practice of the virtues. The practice of such virtues embodies responsibility and enables its development in all its modes. Practice of the intellectual virtues enables the development of agency and self-governance, demanding articulation of ideas, values and practice, which clarifies both what we think and do. Patience and temperance enable a focus on deliberation and dialogue which is not contrived or oppressive, but rather focused on the practice of *phronesis*. Courage enables the practice of accountability, needed especially where the account given involves possible conflict with other narratives. Empathy is needed to develop awareness and appreciation of the social and physical environment. Humility is also needed to be fully aware of how the person relates to the social and physical environment. Care and respect are needed to develop the frame of dialogue which enables responsibility to be practised. Faithfulness/trust and justice have to be practised if relationships are to be sustained and the authority of leadership developed. Hope and *eros* have to be practised if possibilities and their worth are to be recognized and grasped. Negative capability is needed alongside courage, not to be swayed by powerful and polarized narratives.

Fifth, the issue of holism leads to a focus on virtues in dialogue. The practice of open and critical dialogue precisely leads to the development of responsibility. It enables the development of agency, demanding articulation of ideas, values and practice, which clarifies both what we think and what we do. Articulation, and the development of narrative, become essential for reflection and learning, involving ongoing hermeneutics. They also enable a fuller awareness of the social environment, and better appreciation of the worth in relation to the self and others. Dialogue also demands the development of commitment to the self and the other. It is not possible to pursue dialogue without giving space and time for it to develop, and this in turn demands a non-judgemental attitude. Commitment to the self and others is also essential if the potential critique of values and practice is to emerge from articulation and reflection. Dialogue itself also sets up a continued accountability with those involved. This is partly because it sets up a contract, formal or informal, that establishes expectations that are, in turn, continually tested by that

dialogue. It also involves being open to plural voices and how they relate to core meaning. The focus on virtues once more moves dialogue beyond Habermas' principle-centred approach. It is the development of character which enables individuals and organizations to handle the ambiguity of social environments, and to hold together the different relationships.

Conclusion

Virtues, then, are connected through the practice of responsibility, and integrity is defined in terms of those three modes of responsibility. This points to a view of integrity which demands intentional practice. Integrity does not simply happen, nor is it an attribute you have; it has to be worked at in a disciplined way. Space has to be given for the virtues to be practised. Hence, Moore (2012) asks how we can facilitate the virtues in corporate governance. This inevitably raises the question of how the integrity of the organization can be developed. In the next two chapters I will explore governance and the culture of integrity, and integrity in corporate relationships.

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6

Anchoring Integrity

Abstract This chapter focuses on governance and organizational integrity. First, the case study of corporate remuneration shows something of the growth of integrity and compensation philosophy which engages both meaning and relationships, focused on giving an account of justice opened to all stakeholders.

This leads to an overview of developing a culture and narrative of integrity, under the three heads of orienting, institutionalizing and sustaining. From board to reporting the focus is on a dynamic of dialogue, embodying the three modes of responsibility. This shows how integrity is anchored in the organization through engagement with vision, values, procedures and relationships.

In Chap. 3 I looked at the nature of the business organization and argued that one aspect of integrity was openness to dialogue, which was focused on the complexity of the business environment and engagement with different narratives. This chapter focuses on governance and bringing together a shared view of values. In particular, I will explore a key function of governance, which is determining the level of leaders' remuneration. Recent governance practice has supplied procedures for dealing

with remuneration, not least through the remuneration committee of the board and the use of more independent board members. I will argue that this is not sufficient for the practice of integrity, because it does not enable a thought-through perspective on justice, and does not enable dialogue with stakeholders to test such an account and develop it. I will look at some of the arguments offered around justice and remuneration, none of which stands rigorous testing, and argue for the development of procedural integrity through setting out a compensation philosophy.

From the case of remuneration I will examine the ways in which good governance can develop a culture of integrity, from the dynamics of the board through to reporting.

Big Bonuses and Justice

Governance involves steering the organization in an agreed direction, and through the challenging waters of the social (including legal) and physical environment. Agency theory tries to explain the need for a firm's board to deal with the remuneration of the CEO and other leaders in the firm. Broadly, the theory suggests that the principals of the firm, the shareholders, need to hire an agent to run their business for them, not least because the task is too big for them. The CEO is highly skilled and understands the business more than the shareholders, and the function of the board then is to monitor the CEO, ensuring that he or she is keeping the firm moving in the right direction. One of the key functions of ensuring that the CEO achieves the desired performance is then to provide appropriate reward. Setting the proper level for that demands an open procedure. This is a matter of procedural integrity. Awarding bonuses needs to make sense, not least because there may be stakeholder relationships which are affected by the size of the bonus. For instance, significant bonuses may affect the return for shareholders or may occur in the light of company bail-outs by government.¹ This raises major questions about justice and how it is practised.

¹ <http://www.telegraph.co.uk/news/uknews/2022636/City-bonuses-defy-credit-crunch-and-hit-new-record-of-13bn.html>

The general procedure in large businesses is to establish a remuneration committee of the board, ensuring a majority of independent members. Does this model embody integrity? The definition of integrity that I have argued thus far involves: taking responsibility for identity, including ideas (including any theoretical underpinnings), values, worth, relationships and practice; being accountable to the wider community and environment; and sharing responsibility for the future of the social and physical environment. In terms of remuneration this would first of all require not only stating the criteria for making a judgement about remuneration but also understanding the underlying relational issues and even underlying philosophy: not least, the meaning of justice.

I have suggested that justice is a key anchor point for integrity. A view of justice is implicit in any relationship, partly because we judge who we see and relate to each other through ideas such as fairness. If a business does not make explicit its meaning of justice, it begins to avoid the practice of integrity. Not surprisingly, different views about justice begin to emerge which resonate with previous arguments. One involves the libertarian argument (Nozick 1972) that compensation is just if, and only if, the different parties agree to it. Underlying this is the assumption that compensation is the business of the firm, and that the firm is defined in terms of its board. Hence, this is less about justice than about freedom—the freedom of the firm to pay employees what it desires (cf. Freidman 1983).

Of course, there is a need for other criteria to determine exactly what the level of compensation should be. Here, the argument goes beyond the contract *per se* to the talent market and utility. The first of these begins with the assumption that there is a limited market of leaders who are capable of filling the core positions. Therefore there needs to be a compensation package that will attract the best, and retain them, not just in the firm but in the country (see Griffiths 2009).

Two further strands underpin this argument. The first is that the business leader deserves this high recompense because of the nature of the job. Leadership at this level is highly stressful. It involves long hours and the continued responsibility for a large workforce, for the effect of the company on a wider environment and for a market situation that is by its very nature difficult and combative. There are very particular qualities

needed to respond rapidly and effectively to crises and so on. It takes a very special leader to survive the demands of that situation. The second strand is the agency theory, noted above. Ekanayake (2004, 59) sums up the premise of agency theory as: 'agents are self-interested, risk averse, rational actors, who will always attempt to exert less effort (moral hazard) and project higher capabilities and skills than they actually have.' Not surprisingly, the principal will have in some way to control such an agent, making sure that he does not violate the rights of the shareholders. The most effective control mechanism, to curb the self-centred behaviours of the CEO, and to motivate responsible behaviour, is high financial compensation (*ibid.*). Compensation packages ensure that the leaders' and the owners' interests are aligned. A clever way of ensuring this is to give share options as part of a compensation package. This assumes that the CEO will focus on the price of those shares for his own benefit, as well as for the shareholders.

In addition to market, desert and agency there is a broader argument about the social utility of the leader. Not only is the firm dependent upon the leader for successful wealth creation, but this in turn has knock-on effects for society. Griffiths (2009) expands on this, arguing that it is reasonable to award the CEO several million pounds in pay and bonuses if his or her actions lead to several hundred million pounds' profit. This provides a good outcome for the shareholders, to whom the CEO is primarily accountable. It also creates wealth for the wider society. This is largely expressed in the trickle-down theory: i.e. that wealth creation eventually trickles down to the lowest-paid (Robinson 1992). Over time the market increases prosperity and equality, including the creation of jobs. Caldecote (1990, 7) can even argue that business leadership is 'just as meritorious as work in, for example, medicine, or social work for the disadvantaged where direct benefits to the community can readily be identified with the Christian duty to our neighbours'.

What emerges, then, is not a straightforward argument that attempts to justify greed, as some have suggested, but rather a number of different arguments, liberal, empirical and justice-focused, which are often used to reinforce each other. The question is: at what point are these arguments, and any underlying philosophy, put to the test, and who is involved in the dialogue? There is little evidence in governance practice that this

is engaged. The UK Corporate Governance Code (2012) stresses the importance of transparency in this area, of procedure, with a remuneration committee which has a majority of independent members. It also ties remuneration to a merit view of justice, proper reward, and warns against extremes of reward. The closest to accountability in this is the involvement of shareholders being invited ‘specifically to approve all new long-term incentive schemes’, and any major changes to remuneration policy or procedure (*ibid.*, 26). The first principle is striking:

Levels of remuneration should be sufficient to attract, retain and motivate directors of the quality required to run the company successfully, but a company should avoid paying more than is necessary for this purpose. (*ibid.*, 24)

What is not clear is the basis for attraction, retention and motivation, the meaning of quality or success or what counts as necessary. It is precisely now that the dialogue has to begin if the practice is to reflect integrity. Such a dialogue would first engage the arguments noted above.

Disinterested Freedom

There are two strands to this argument: the freedom of the different parties, agent and principal, and the disinterested framework used for decisions about remuneration. The two parties are free to make their contract; the CEO is free to work within that contract. However, as noted in Chap. 3, this is a view of freedom which does not relate to the reality of business relationships. Other stakeholders have an interest, including shareholders, employees and government, and for a company to maintain integrity it needs to give a plausible account to the stakeholders of what it deems to be just compensation. Dialogue here precisely tests the account.

The disinterested framework assumes an independent and rational approach to all these relationships, involving the board, representing the shareholders, determining the compensation. In fact, this is not always what happens. Moriarty (2005) notes, first, that the CEO usually has a major part to play in the bringing of independent directors on to the board. A seat on the board can be very valuable, involving finance,

reputation and improved networks. Hence, board members will be likely to be grateful to the CEO, and thus tend not to use independent criteria for deciding about bonuses. Second, for some board members it is a matter of immediate self-interest, such as executives of other firms co-opted onto the board. It is in their interest to maintain a high rate of compensation for the CEO of this company, because once they return to their own companies they can cite the high levels of compensation elsewhere and thus argue for similar figure for their own compensation. Hence, the reality is one of power arrangements that channel the interests of the leader. In other words the so-called disinterested freedom is far from disinterested, and certainly not value-neutral.

Perhaps most importantly, the focus on ‘independence’ can mask a lack of the practice of integrity, in the sense that the criteria for judgement are generally not opened up to critical dialogue. The narratives of the different stakeholders with an interest in the matter are not genuinely engaged. The most obvious engagement is a long way down the line in the AGM, when shareholders might assert some power. There are, however, many other stakeholders with a direct interest in the matter, including employees and government.

Agency Theory

Agency theory is often connected to the focus on freedom, but the theory has real problems in relation to compensation. The idea that compensation would actually control the agent is problematic. The board would tend to aim for a tight link between performance and compensation. This would be less acceptable to an agent purely concerned for his own ends, being a higher risk to him. Such a CEO would tend to pursue growth that gives short-term benefit for him rather than long-term benefits for the shareholders (Bucholtz et al. 1998). Connected to this, it is problematic to assume that CEOs are like any other shareholder, which is the basis of arguing that remuneration through shares leads to a coincidence of the shareholder and leader interest. Leaders have inside information that would enable them to buy or sell shares at optimal times to maximize compensation. Again this is short-term and not necessarily in the interest of the shareholders.

Agency theory also offers us the agency problem, which, broadly put, is that the CEO has the technical skills of management and knowledge about the organization and the financial environment which the board does not have. This makes it difficult for the board to control the CEO. However, the evidence which comes from governance crises seems to be to the contrary. Some CEOs argue that they could not know about decisions made at different levels in a huge organization.² Others in the credit crisis, such as Fred Goodwin (cf. Martin 2013), actively avoided gathering data about certain areas of the business. In other words, the ascription of knowledge asymmetricality in the relationship between board and CEO in agency theory is misleading. The CEO inevitably has knowledge limitations, just as the board has knowledge limitations. This is increasingly the case in the super-complexity of social media and the internet.

The critical thing, then, becomes how the mutual limitations are addressed. In other words, how can board and CEO work together to ensure awareness of what is going on in the organization? Once more this takes us into reflective and critical dialogue and away from myths about all knowing charismatic individual leaders (Robinson and Smith 2014). The other 'myth' in the agency theory which is too often not examined by boards is the view of the CEO as essentially focused on financial reward. Solomon (1992, 118) sums this up as the 'impoverished idea of *Homo economicus* who has no attachments or affections other than crude self-interest and the ability to calculate how to satisfy that interest vis-à-vis other people'. The basis for this view is simply a narrow economic perspective. In other words it is the assertion of a particular assumption about values. In practice there is often no attempt to question this critically. The model suggests that the CEO's role demands only skills and qualities focused on financial performance, that there is no sense of mutual accountability or awareness of the social and physical environment.

The practice of integrity in the board demands critical reflection on such underlying ideas and values and how they are related to practice and

²See, for instance, the CEO of VW <http://www.theguardian.com/business/2015/sep/25/volkswagen-appoints-matthias-muller-chief-executive-porsche-vw>

the relationship with society and the environment. This demands greater dialogue within and outside the board, including reflection on how the executives and the board work together.

Motivation

The empirical evidence about financial incentives actually motivating good performance or alignment with the goals of the shareholders is not promising. Several studies show little connection between high compensation and improved firm performance (Mishra et al. 2000). Some work even suggests that that high compensation decreases firm performance, and a tendency for firms to focus on the individual performer rather than the firm in assessing the CEO's work (Blasi and Kruse 2003). Other research suggests that, above a certain level, financial reward is not effective. Key motivators rather include opportunities to practise mastery, the practice of autonomous judgement, and tying into a significant purpose (Pink 2011). There is a parallel here with the attempts to develop the idea of business as a 'true profession' (Nohria and Khurana 2008), where motivation is based on fulfilling the core purpose of the profession.

Other research suggests that, far from providing control, large compensation packages provide an incentive to cheat (Taylor 2005), including misrepresentation of the finances and other resources in order to trigger incentives.

Wealth Creation

Tied to one view of the public purpose of business are variations of the trickle-down theory noted above. However, there is little evidence that the market place actually does intentionally or effectively lead to an equalizing of wealth or well-being in society (cf. Summers and Balls 2015). If that good were actually a part of the purpose of business, then there would have to be clear indications of how this is being achieved in the context of the business. It cannot be presumed simply to happen.

The Leadership Market

The idea that a limited leadership market should form the basis for an ethical argument about high levels of remuneration is another form of an argument that seeks to use a supposed empirical truth to take away the responsibility of thinking through ethical reasons. This is how the market works, so this is what we must do. In fact, none of this has been substantiated. Research suggests that openings for CEOs are scarce (Kolb 2005). There is little evidence of many better jobs that would attract leaders away. There is evidence of available leaders who would take the job for considerably less pay. Many alternative approaches have simply not been tested across industry, such as hiring leaders from within the firm, or recruiting from different countries. In short, the idea of a limited leadership market has little substance and there may be several other ways of attracting leaders that have not been tested.

Empirical work in this area makes depressing reading when it comes to even assessing the role of the CEO. Increasingly, the assumption about the need for the CEO has been questioned. Khurana argues that the evidence points to 'at best a contingent and relatively minor cause and effect relationship between CEOs and firms' performances' (Khurana 2002, 23). Across the piece, research points to no correlation between CEO pay and corporate performance (Shaw 2005). There may well be points where the CEO's strategic thinking has made a critical difference, but on the whole the leaders are faced with so many pressures and constraints within the community and pressures from contingent events that performance is always relative to these factors and thus often down to the good or bad fortune that those factors bring. Of course, any such research may be questioned. Nonetheless, it is clear that the evidence is sufficient to make the assertion about the unique qualities of the CEO at least a matter of debate. In the case of the credit crunch, the stresses on the utility of managers across all industries was such that many managers did not actually have experience of the finance sector and in some cases did not even understand the financial instruments that were being used. Conger (2005) argues that behind this is an inflated view of the leader that harks back to the romantic, almost mystical, view of the charismatic leader, with everything dependent upon the one person. It is precisely such

myths that lead to arguments that leaders should not be constrained by the same ethical rules or perspectives used in the wider business. Hence, Price argues that leaders need to be constrained by ethical codes that work against such views.

As I noted above, there is strikingly little evidence of these ideas being put to the test in the practice of governance. The arguments are simply stated, assumptions and all, and kept within the board or remuneration committee. There is also little evidence or any dialogue in the workplace or beyond about the basis of judgement. Some tell-tale signs are in the lack of challenge to leaders' arguments based on logical fallacies. The most obvious example is the slippery slope fallacy used by Griffiths (2009). The slippery slope argument's form is, if *a* is allowed to happen then the consequence will be *b*: e.g. if we legalize assisted dying, then this will lead to an increase in the deaths of elderly people who feel they are a burden. In the case of remuneration, if we regulate CEO compensation more carefully, then this will lead to the best CEOs leaving the country, and even major financial firms relocating to other countries. This is a fallacy precisely because there is no evidence that this would actually happen. It might happen, or might not. The lack of logic means this is filled in with all the underlying assumptions and worldviews noted above, not least around the belief that bonuses are the only viable means of motivating and retaining the top CEOs.

Justice

The debate around remuneration so far has raised several important flags, not least around the nature of leadership, relationships at work and underlying meaning. The headline arguments have avoided genuine dialogue. Along with the lack of dialogue there is, in general, an absence of narrative about justice in the workplace. The practice of judgement is often subsumed under legal and human resource management, but its meaning is not owned by leaders or the organization. There are, of course, different views of justice, from just deserts (retribution or merit [cf. Nozick 1972]) to distributive justice, based in need (cf. Rawls 1971) to an equal opportunity to practise capabilities (Nussbaum 2000 and Sen 1997).

The most obvious ethical point around merit, missed by most liberal arguments, is that it is best expressed in terms of reward for success. Bonuses would then be based upon agreed results, as well as other criteria, including: hours spent at work; the skills and capacities that are needed for the job; and the difficulty, stress, danger or unpleasantness. The problem with such criteria is to determine which of these should be used and how they are to be assessed. Connected to that is the problem of how to tie pay levels to levels of merit. It is hard, on the face of it, to determine what these levels might be without comparing the proposed remuneration with not just similar CEOs but also other leaders and members of the organization. At this point the calculation takes us into comparison not simply other leaders but the workforce in the organization. Much of the debate around this, again, occurs outside the workplace, with Griffiths (2009), for instance, arguing that we should tolerate inequality if this leads to high returns. The argument for integrity, however, precisely asserts that such accounts have to be tested with stakeholders as much as shareholders.

Procedural Justice and Compensation Philosophy

One thing all theories of justice agree on is the need to ensure that the process governing executive compensation is just: the need for procedural justice (Harris 2005). The practice of integrity, then, suggests at least four interconnected things.

First, if the firm is to have a worked-out stance to re-present its identity, this needs to be tested with the different stakeholders across the institution. It is a mark of integrity that an issue such as justice, a core value, be opened up to dialogue and testing, leading to a shared philosophy of justice (i.e. understanding of what is meant by justice) and clear, stated criteria that all can support. The development of a compensation philosophy (Evans and Dalik 2012) allows a business to work through all the issues noted above, examining shared values around rewards beyond the economic. It also provides an ongoing basis for transparent critical dialogue about leadership and justice. Such a philosophy could also then

involve reflection on rewards for all in the workplace, including how the corporation might want to relate to the practice of the living wage.

Inevitably this takes compensation away from narrow economic criteria into the broader culture and ethos of the firm. This allows for reflection on the worth and purpose of the organization and of the different areas and roles within it.

Second, this leads to another mark of integrity, taking account of relationships not just philosophy and values. Justice directly impacts on all organizational relationships. Bloom's research (2004) confirms that the workforce is concerned about the basis of any view of fairness (cf. Rawls 1971). Any procedure and view about fairness represents the attitude of the firm, the leaders, to the workforce. This means that developing a compensation philosophy and procedure becomes more than simply a mechanism for labour transactions inside an organization. Such systems also play important social and symbolic roles, effecting a variety of outcomes, such as employee commitment and performance. Shared understanding, values and culture act as a focus to commitment and effort, something confirmed by research on the importance of organizational justice for understanding the non-economic effects of compensation systems (Greenberg and Cropanzano 2001, Rousseau 1995), suggesting that fairness is central to employment relationships. It should not be surprise that issues of justice are central to trust.

Third, Bloom (2004) also confirms there is a concern for procedural justice. Justice has to be seen to be done. Procedural integrity requires, as I will detail below, some codification, such that practice and expectations are clear. It also requires procedures for making judgements about difficult cases or opportunities for appeal.

Fourth, such a view of dialogue offers a more profound expression of workplace democracy, based in re-presentation rather than representation. Political democracy seeks to give a voice through limited mechanisms, such as elections. The dialogue in this view of integrity provides a genuine and focused voice into meaning and practice in the workplace. This then provides the basis for the many different professions and other stakeholders to challenge thinking and practice, develop mutual accountability and develop negotiations around shared responsibility for the overall project.

It also offers a model which is relevant to corporate governance. In recent years there have been different theoretical approaches to the development of democracy, from a focus on Rawls (Norman 2015) through to the King III Report (2009) stress on stakeholder dialogue as the basis for a less legalistic view of regulation. The dialogic model can begin to explore ways of expressing regulatory ‘control’ through: formal and informal dialogue frameworks and contracts (which value diverse narratives); greater involvement of internal and external stakeholders in the development vision, value and practice formation; wider practice-centred reflection (e.g. in beefed-up AGMs which model such critical reflection involving board and stakeholders); and dialogue events in the ‘public square’. It is to the development of such a culture that I will now turn.

Building a Culture of Integrity

Culture in this context is defined as the beliefs, traditions, values and narratives that are shared in an organization and shape the identity of that organization (see Trevino and Nelson 2008, 259, cf. Paine 1984, MacIntyre 1981). In the USA governance has been based on legal frameworks, such as the Sarbanes-Oxley Act of 2002. The danger of that is a focus on compliance, with reliance on systems rather than on the development of a culture of integrity.³

In the UK stress has been on self-governance, stressing compliance with the UK Code or giving an account of alternative ideas and practice. There is little here to develop dialogue or relationships of accountability. The King III report argues instead for governance based on stakeholder relationship, and for the development of an ethical culture. Such a culture bears the marks of integrity focused on the three modes of responsibility at personal and institutional levels and the practice of dialogue.

³T. S. Eliot notes how the avoidance of responsibility is often seen in the desire for perfect systems,

‘They constantly try to escape
From the darkness outside and within
By dreaming of systems so perfect
That no one will need to be good.’ (Eliot 2004, 77)

Goodpaster (2007), writing about a socio-cultural sense of conscience suggests that there are three phases to developing this:

- **Orienting.** This involves leadership setting the course of the organization.
- **Institutionalizing.** Making the company's values part of its operating consciousness.
- **Sustaining.** The transmission of the core values in practice over time.

I will use these headings to explore different ways of building a culture, in which integrity is anchored through dialogue and narrative development and in the engaging vision, values, properly constituted boards, codes and so on.

Orienting

Orienting involves providing the ethical direction, the function of the board. King III (2009) argues this should include: developing the vision and values of the organization; ensuring ongoing dialogue; the use of ethics expertise, either through appointments to the board or through consultancy; and ensuring that ethical objectives and benchmarks are an integral part of the firm's central objectives. This should show ethical meaning and values as core to the identity and purpose of the firm and to all decision-making, ensuring that a member of the board is responsible for developing the ethical culture and that resources are in place to operationalize the programmes, and demonstrating the practice of responsibility and core virtues in the board practice.

Vision

Often the organization's vision comes from the leader. In the case of Enron the vision was plucked out of thin air, including the vision of being the biggest company in the USA. Integrity as defined here suggests that creating the vision should begin with reflection on the calling of the

organization and its members, and the history, purpose and identity of that organization. In other words, it should lock immediately into existing relationships and dialogue, of either the organization or the wider industry. It is precisely reflection on these relationships, and the related worth and values, that will establish or re-establish an embodiment of a good which transcends the institution.

The dream speech of Martin Luther King provides a dynamic example of this. The speech in question seems to have been focused on the future and visions of what might be. In fact, it was anchored in the past. First, it focused on the general principles of freedom and equality, which are partly analysed in the speech, not least as interconnected. Second, King reminds his audience of the present complex difficulties. Again this theme is present throughout the speech in different ways. This locks into several ongoing dialogues which provided the context of the speech and explain the dynamic. These included dialogues within the equal rights movements about the best strategies for change, and dialogues with different figures in the American government about the possibility and timing of legislation. Dialogue with the government made it clear that, if the speech in Washington led to violence, then legislation would not be supported (Garrow 2015). This dialogue involved uncertainties on both sides about trust. Hence, King began the speech with a carefully crafted text which he aimed to follow. Only when urged to tell the audience about his dream did he begin to move into a more extempore delivery, though one based on a previous speech in Chicago (ibid.).

Fourth, as King moves into his focus on the dream, the vision is focused on the US Declaration of Independence:

And so even though we face the difficulties of today and tomorrow, I still have a dream. It is a dream deeply rooted in the American dream. I have a dream that one day this nation will rise up and live out the true meaning of its creed: 'We hold these truths to be self-evident, that all men are created equal.' (King 1963, 4)

The power of this dream is not simply the focus on a moral principle but the focus on the narrative of the USA, and thus on an identity which is claimed by all the sides in the dispute. The Declaration itself skilfully

brings together freedom and equality and locks into shared religious meaning (a further narrative strand in King's speech). The narrative is further underpinned by the very place where King stood: the Lincoln Memorial. The very physical presence of Lincoln's statue and the words of the Gettysburg Address, with the first lines' allusion to the Declaration, deepen the narrative but also explicitly tie it to the ending of slavery. This does not diminish the complexity of the narrative or the pain of conflict at the heart of it. It does, however, engage identity, values, worth and thus feelings.

Fifth, it is only in the light of that narrative, and related values and dialogue, that King goes on to the future, inviting his audience to use the imagination to see what the narrative might look like in practice.

This example suggests that visions or dreams are rooted, and thus the importance of dialogue about value and worth. This begins to make sense of the epigraph that appears on the front page of W. B. Yeats' collection of poems *Responsibilities* (1916): 'In dreams begins responsibility.' Quite literally, King's dream enables the development of responsibility, reflecting on meaning, value, purpose, worth, narrative and so on, but also giving a public account of that and one that responds to the different contextual and relational dialogues. With the engagement of imagination, then, come the possibilities for the future, which I return to in the next chapter, on the moral imagination.

Developing such a vision in business is a function of leadership which enables the focus on the narrative, ensuring dialogue in the organization which engages that. It is important to contrast this with consultancy, which often focuses on image, where the reflection is driven by targets and the utility of image in relation these. The focus on narrative and dialogue enables individual responsibility to lock into meaning, recognizing not simply the worth of the organization but also the membership, as co-authors of the ongoing narrative. It also enables shared meaning and identity to develop.

Leading through dialogue is the same for any organization. The vision may emerge from the history of the business, as with a family business, or one based in cooperative principles. It may emerge from the nature of the products made, or the supply chain and how these products contribute to the good (from culture to health and well-being) further down the line.

It might emerge from the wider industry and shared concerns. It might emerge in the context of a great ethical debate. The extractive industries, for instance, by definition would seem to be working against sustainability and often against society. Hence, working through the vision and identity of such a corporation requires careful work which critically engages a dubious industry narrative (Bice 2016). Vision can be engaged effectively with such a corporation through wider industry reflection, as in the [Extractive Industries Transparency Initiative](#).⁴

The task of such a vision, then, needs to begin with the mind-set of having a larger purpose that is bigger than simply making money or maximizing shareholder value. This involves exploring how the industry is contributing to the common or greater good or how it is dealing with any ambiguous aspects of its work. The relationships may be local and immediate or wide and over time. Establishing such a vision, based on engagement with all the narratives, including those of the workforce, sets the value and tone of the organization and the basis of its integrity.

The exploration has to be a dialogue which looks at all aspects in a holistic way, and engages with and values all the different narratives. Through this process the vision is critically tested and the autonomy of the members confirmed. It also focuses on the worth of the organization, and how it relates to the wider good and thus develops the organization's identity.

Values and Principles

Establishing the values of an organization has often been problematic. If the organization has begun to focus on vision, then the development of values emerge from that, not least because vision work focuses on worth and common good and, in effect, the corporate practice of *phronesis*. This can be contrasted with the practice of value clarification (Raths et al. 1978), a more anodyne process which sets out values and attempts to identify a hierarchy, and then establish commitment to these from employees. The underlying assumption is that difference in views about

⁴<https://eiti.org/eiti>

values should be avoided. This leads to standard expressions of general values such as respect or justice, with no critical assessment and understanding of the values. This reflects a lack of genuine engagement from members of the institution, with no context-specific examples of how these values are embodied in relationships.

However, first, values are related to vision and purpose. Justice and respect, for instance, are not simply general principles of relating, but are focused on the community of practice. In health or education organizations, for example, this reinforces the idea that the goods of health or education are inclusive, and that justice is integral to the experience of learning or healing (just assessment procedures, equal access to care and so on). The same can be said of responsibility, with focus on the patient or learner taking responsibility as part of the community of practice for good in their life. Hence, they are not simply customers but are actually part of the community of practice. In other words, dialogue begins to affect the identity of the different stakeholders. Second, there is a need to subject values development to critical dialogue. The dialogue at this point is about seeing what is meant in everyday practice. Does respect mean being polite to staff, giving them choices, including them in decision-making, keeping them informed about good and bad news and so on? What does a firm mean by justice? A philosophy of compensation, as noted above, aims to articulate this, feeding in different narratives around organizational justice, including different philosophies of justice that go towards establishing criteria for judgement (deserts, fairness, motivation, restoration) and different aspects of justice such as interactional (relational) and procedural (the practice). These precisely reflect the rational (philosophies of justice), affective (to do with relationships) and somatic (to do with embodiment) aspects of holistic meaning, and all are a part the critical dialogue that tests values. All can see what it means to be just in that firm; all can critique any aspects of that justice. The structure is then respected precisely because it has meaning which speaks to the whole person and whole organization. By extension, this would suggest that no structure (be it policy, procedure or line of management) should be purely functional. It always represents some significant meaning and value. A shared narrative and structure of justice, of course, may be open to critique or development from many other narratives.

The Board

Central to developing a culture of integrity has to be the development of board which practices responsibility and associated virtues. The examples of bad boards from Enron through to the credit crisis show a collection of individuals that were not necessarily intentionally bad: i.e. intending to deceive. It is clear, however, that none of the work of building integrity in the board had been done. Too many crisis boards did not actually know what they were doing, despite being populated by clever people. As noted above, the HBOS board during the credit crisis was a good example. They structured the board in accordance with UK Code of Governance, which recommended structures and process in the board for determining remuneration, board appointments, monitoring board performance and so on. However, the CEOs, Chair and most of the non-executive directors had little or no experience of banking. The result was that they had no understanding of the nature of the risks they were taking, and no awareness or appreciation of the wider industry or social environment and how they connected to the banks activity, little appreciation of the meaning of banking in relation to society as a whole and the different stakeholders, and no understanding of the different narratives that might test their views. The result was a board better fitted to retail than banking. The conclusion of Chap. 6 of the report is striking:

‘We are shocked and surprised that, even after the ship has run aground, so many of those who were on the bridge still seem so keen to congratulate themselves on their collective navigational skills’ (ibid.).

Sonnenfeld (2002) argues that part of the problem in the development of boards is the simplistic application of governance code recommendations. These have included, e.g. from the UK Code of Governance (2012):

- The board should be effective and collectively responsible.
- The chairman/MD roles and responsibilities should be divided.
- There should be a balance of executives & NEDs on the board.
- Appointment of directors should involve formal, rigorous and transparent procedures.

- There should be a formal board performance review annually, with planned training, board refreshment and regular elections.
- Companies should be ready to enter into dialogue with major shareholders based on a mutual understanding of objectives.
- The board should use the AGM to communicate with investors and encourage their participation.

All of these recommendations are important but require clarity about the meaning and practice of responsibility and development of critical dialogue. Just to pack the board with non-executive directors does not assure effective dialogue. Just to use the AGM to communicate with investors raises major questions about how effective dialogue can be developed in that context. The key point about reviewing the board performance does not give us the key criteria for such reviews. Failure in HBOS was due not to a lack of attention to tools but a lack of responsible engagement—good technique but no engagement with meaning.

The King III Report (2009) begins to engage that meaning by setting out three key principles of governance: leadership, sustainability and corporate citizenship. The first is characterized by the core ethical values of *responsibility, accountability, fairness* and *transparency*. The stress is on taking responsibility for meaning and practice and on being accountable to all stakeholders. This includes awareness of development issues and also of the continuing cultural context, in South Africa post-apartheid reconciliation. This sense of business contributing to the common good leads King III to stress the use of alternative dispute resolution (ADR) not only as an action of mediation but also as part of ongoing governance. The second and third principles, sustainability and corporate citizenship, are seen by King III as primary ethical and economic imperatives of the twenty-first century, at the heart of opportunities and risks for businesses. The interconnections of nature, society and business therefore demand governance that genuinely integrates all of these aspects both in reporting and in development, and King III champions this well beyond the Combined Code, including even the governance of IT.

Inclusivity of stakeholders must also be taken into account in decision-making and strategy. Hence, values such as *innovation, fairness, and collaboration* are key aspects of any transition to sustainability. The integration

of sustainability and social transformation in a strategic and coherent manner will, argues King III (13), lead to ‘greater opportunities, efficiencies, and benefits, for both the company and society’.

In the light of this, the company is a corporate citizen, from whom is required the exercise of responsibility.

In short then, the King Codes bring together all the key elements of responsibility more explicitly than the Combined Code, demanding an awareness of meaning, purpose and role in society, clear integrated accounting of practice, and shared response to the needs of the social and physical environment.

All of this looks to build integrity into the culture of the board and CEOs such that they take responsibility in all senses of the word, defining and continually re-evaluating the purpose, aims and values of the organization (King III 2009), being accountable to stakeholders and embodying awareness and shared responsibility for the social and physical environment. This includes, then, responsibility for plural stakeholders and also multiple responsibility, with executive directors responsible both to the CEO and also, with all other board members, to the shareholders for the direction and operation of the firm. It is important in the dynamics of the board to tease out those multiple responsibilities. Finance directors, for example, have dual responsibilities that are not always symmetrical. As board members they are severally responsible for governance with other board members, but also accountable to the CEO or managing director. The chair enables them to operate in the first of these despite the presence of the CEO on the board. It is precisely the diversity of perspectives that would enable clarity and transparency of the oversight. In effect, all this enables dispersed leadership, a sense of shared responsibility and clear negotiation of responsibility. The board would then begin to reflect wider discourse amongst stakeholders and in the wider community. Ultimately, the chair would be responsible for ensuring the practice of dispersed leadership.

These principles, which balance organizational sustainability with social and environmental sustainability, then require much more focused processes and structures, acting as buttresses, possibly including:

- A professional watchdog to ensure an external perspective that fully enables critical reflection.

- Sharpening of annual board review, possibly with provision of ongoing board and board member coaching. This can also reflect on the power dynamics in the board dialogue practice. Another reflective mechanism is the values audit applied to the board. This involves guided reflection with board members around the core values and how they relate to the deliberative practice of the board (cf. Gregory and Willis 2013).
- Non-executive directors who reflect the range of stakeholders. In some cases this might mean involving NGOs (see the next chapter).
- Developing ways of opening dialogues between the board and different stakeholders. This might include: more frequent meetings with investors, for instance, focusing on the core vision and values; board members going out to develop dialogue with internal and external stakeholder; setting up dialogues between the board and stakeholders as part of the AGM. A good example of leadership dialogue is a CEO of a hospital trust who regularly dons a white coat and engages staff on the wards in dialogue. Much like the dynamic of *Henry V*, this casts him in a different light, enabling more effective dialogue.
- The development of formal reflection in board meetings on how the agenda relates to core purpose or values, and on how critical deliberation can be improved.

Structure without meaning, dialogue and challenge risks wreckage. Structure with these things provides holding moments (Western 2008) for reflection and planning which bridges belief, value, virtues and practice. All of this sets the tone as one of both seriousness and support in developing ethical meaning. It establishes how things are done, confirming, for instance, that that strategic decision-making requires careful consideration of consequences to all stakeholders. It ensures that ethics is articulated as a normal part of company policies, procedures, practices, conduct and business agendas, and that all decisions should be preceded by deliberation on ethical issues. It communicates a clear message that ethical objectives are critical to the success of the firm and failure to address these could affect the success of the firm.

An effectively structured board, focused on vision, meaning and values, can begin the orientation process described above, through developing critical dialogue amongst the workforce about visions and values.

Key to this is effective connection between leadership and the staff as the values and vision are worked through. Ethical leadership, then, involves enabling the group and group members to critique their own and the group's myths—the big stories that give value and identity to the group—not least through engaging other narratives that provide a challenge (Western 2008). Hence, dialogue has to be part of that process.

A key member of any dialogue in every part of framing the culture has to be the shareholders. There is increasing focus on shareholders' active involvement. The Financial Reporting Council (FRC) have developed the UK Stewardship Code (2012), which focuses on identity (shareholders as stewards) and responsibility. The Code is careful to distinguish the role of shareholder from those of leadership and management. However, both identity and responsibility would be developed through effective dialogue and identification with the narrative of the business.

Institutionalizing

Establishing a culture of dialogue and question requires clear anchor points. Typically these will include a vision statement (compass), developed as above, a code of ethics (map), other procedures and regulations that focus on supervision: i.e. enabling the practice of integrity at every level, rather than simply compliance.

Code of Ethics

This may be a detailed code or one focusing on responsibilities (see Johnson & Johnson Credo) or have elements of both. Developing a code of ethics or conduct is not a one-off exercise but an ongoing process, subject to regular reflection. This may involve an annual review of the code or more regular reflection, such as the meetings developed by Johnson & Johnson. It might involve setting up an independent group or commission, as in the Nestlé case. Such a group would be responsible for mediating any allegations around code violation. The code then becomes part of the development of a learning organization (Senge 1990), exemplifying ongoing critical dialogue and the practice of integrity.

Not all business persons or philosophers agree with the idea of codes. Ladd (1980), for instance, argues that codes go against the very nature of ethics. Ethics, he argues, demands autonomy, and codes encourage unthinking response. However, whilst legalistic thinking, operating to the letter of the law, can obscure the principles or spirit of a code, this does not diminish the importance of framing a code as part of a reflective culture. As the research of Milgram (2005) suggests, guidelines are necessary, working against denial of responsibility.

In establishing the code of ethics, then, care must be taken to see them as guides to ethical judgement and dialogue. To get this right, the purpose of the code needs to be established. Initially, it will be a function of the board to identify this, in consultation with experts and stakeholders. Kaptein (2008) argues that the code should be linked to: the mission and vision of the corporation; the company's relationship to the wider social and physical environment, so that ethical vision is reflected in the performance vision; and the core values. Hence, the code should be linked to the value narrative of the organization.

A code may be intended to prevent unethical behaviour (with a proscriptive stress) or to promote and encourage ethical behaviour (focusing on the practice of responsibility and how dialogue about that can be engaged). Corporations tend to combine both elements. The first tends to focus on typical ethical issues of dilemmas in that area, such as how to deal with conflicts of interest, respectful treatment of stakeholders or the company judgement on receiving gifts. The second focuses on broad responsibilities, encouraging thought about how they will be managed.

The code may have several focuses. It may be intended primarily for leaders, managers and employees, or may include external stakeholders, such as in the supply chain (see the next chapter) or in partnerships. Professional codes are core to the identity of a profession and aim to demonstrate the integrity of that profession to the public at large. They are often tied to compliance procedures, not least the withdrawal of the right to practise. Any worker or company, then, may be subject to several different codes: industry codes (e.g. the alcohol industry), professional codes, narrowly focused codes such as the WHO marketing code in the Nestlé case, codes of governance or general codes to do with advertising (see the Advertising Standards Agency). Hence, far from a single code

dominating, they may reflect the different narratives in any organization. Hence, Kaptein (2008) suggests that codes can link into relation to disciplines and stakeholders, including strategy, quality, human resources, security, communication, law, finance, environment and community. Working with codes, then, locks into both dialogue with different narratives and the development of identity.

Key to the operation of a code would be the equivalent of an ethics committee with an ethics officer and an independent chair. Such a committee might include advisory and arbitration roles, ethics training roles, integration roles, focusing ethics in dialogue and responsibility. An ethics officer would report to the board and implement the ethical programme. This might include developing a good communication strategy, training, structures for action, and auditing. In relation to strategy development, an ethics risk-and-opportunity profile might be developed, identifying its ethics risks through a process of engagement with its stakeholders. In the next chapter I will give the example of Unilever's integrated approach.

Whistleblowing

A whistleblowing procedure is a necessary part of any development of integrity in the system. It is the back-stop for making sure that the organization really does look at itself, its meaning and practices. Often this is where the shadow side of the organization is revealed. However, there are issues with idea and practice of whistleblowing. First, it is less about ongoing critical discourse than about *post hoc* revelation. By definition it is reporting activity which has already gone too far. Second, it demands that the individual take responsibility for the whole organization. It is hardly surprising that few would want to take responsibility for that, and for the very detailed data-gathering required or the problems that any action might create for the person's future prospects (Borrie and Denn 2002). Third, whistleblowing can quickly move into an adversarial dynamic, with the organization as a whole and with particular colleagues.

For whistleblowing to be effective there has to be a culture that accepts challenge as a positive good, and thus rewards it. One aspect of this is to acknowledge that all organizations have a shadow side and that ongoing

self and organizational reflection, holding members to account, is critical. The measure of success of such a system is the degree to which it enables the practice of dialogue and the associated virtues, enabling mutual challenge.

Three key aspects of whistleblowing, then, need to focus on reflection and dialogue. First, reporting problems might go to an independent body, possibly connected to the ethics committee. This would be analogous to the Muskie Commission in the Nestlé case, and, as there, the allegations of bad practice can be raised in relation to key professional or institutional codes, linking into anchor points of different narratives but also the ethical identity of the organization as the basis of loyalty. This works against the countercultures of any organization, which view the whistleblower as lacking in loyalty (Borrie and Denn 2002). Second, in the process of engaging whistleblowers their evidence should be challenged to ensure that it is not based on dynamics separate from the central issues (Edgar and Pattison 2011). Third, once whistleblowing occurs, it will lead in one shape or another to conflict. Hence, conflict resolution approaches need to be in place (Lederach 2005, King 2009). I will focus on these in more detail in the next two chapters.

Sustaining

For large corporations the only opportunity to reflect on action and create dialogue is frequently the annual meeting. In a narrow context this has a critical function in the practice of accountability, but it does not usually engage in wider dialogue. A corporation, though, could use the annual meeting to explore different ways of accounting for its practice over the year. This might involve an extended annual event which has the AGM as part of a one- or two-day conference. This would set the tone of dialogue, with board members open to questioning or working with groups around aspects of meaning and practice, and of plurality, inviting different groups to share their narrative from inside and outside the organization. In one event the tone of vertical and horizontal dialogue can then be set, focusing both on celebration of value (expressed through successes, relationships and so on) and on the development of

value expressed by dialogue. The staff relation to the board in such events can also be facilitated by non-threatening shared events, which might include elements of staff development.

In most large organizations it is the next level of culture development, enabling the habit of dialogue throughout the organization, which is difficult to achieve. This can be helped by a clearer embodiment of dialogue in the annual event: e.g. demonstrating mutual non-judgemental dialogue between board members and different levels through the organization. I will note in Chap. 8 how countercultures can develop within an organization, without attention to dialogue, including good modelling, and clear anchor points such as those above. This might also be developed in the system of individual annual review. This can be extended to everyday practice, with business meetings and inductions shaped in dialogue, or different perspectives collected through local community forums.⁵ The firm's restaurant might link meals to different cultural festivals, engaging with difference at the level of hospitality and celebration. Dialogue can also be extended to the social media. One healthcare trust, for instance, uses Twitter to generate dialogue, and even to feed into board meetings, so that discussions and decisions are communicated as they happen.⁶

Ethics Audit

An internal ethics audit might involve assessment of the ethical culture of the company, including reporting on: the ongoing development of the code, and allied risk assessments; all ethics-related policies and procedures—gifts and entertainment policy, declaration of interests policy; feedback from training sessions, with training sessions that could be developed as part of the communication system; steps taken to combat misconduct; any other ethics interventions or initiatives; and weaknesses in formal and informal systems and processes. Such audits can test the gaps noted by Argyris (1964) between different narratives.

⁵A good example of imaginative dialogue developments is from L'Oréal. They have developed a stakeholder forum (involving over 190 participants) and an online stakeholder platform. See <http://www.loreal.com/commitments/sustainable-development.aspx>. Accessed 12 May 2014.

⁶http://www.leedscommunityhealthcare.nhs.uk/have_your_say/. Accessed 4/7/14.

Reporting

Sustaining the ethical culture involves developing a learning circle (Senge 1990). Having worked through vision, values, responsibilities and practice, this leads to reflection on the practice and how far practice and purpose are developing. There is not the space here to go into the details of integrated reporting. Key to the practice of integrity is that any reporting should not simply present the triple bottom line but also link to dialogue which reflects on narrative, purpose, value and relationships. It is worth reminding ourselves that the root meaning of audit is to hear (Latin, *audire*). Original audits were presented orally. This focus on the voice reinforces the notion of narrative and giving an account, something less about measurement and more about the quality of the engagement. Part of any reporting will involve measurement: e.g. in relation to the environment. However, integrity as argued for cannot be measured. A good example of reporting is given in the next chapter, a bad one in the final chapter (focused on self-presentation which does not engage responsibility).

Ethical Culture, Narrative and Symbol

These include the development of symbols, ceremonies and rituals, narratives and heroes. Symbols enable the imagination to be engaged around the core values and vision. The badge of Barcelona FC, for instance, brings together the flag of Catalonia and the St George's flag as patron saint. It speaks of multiple identity that has a long history, and that involves more than simply a football club. Another aspect of the club is the shirt sponsorship of the club for UNICEF, which symbolizes the strong sense of social responsibility.

Ceremonies and rituals consciously bring groups together to signify an important moment, for members or the organization. A good example is the iron ring ceremony created by Rudyard Kipling.⁷ This envisaged new engineers receiving a ring to remind them of their responsibility to the

⁷ http://www.networx.on.ca/~njdevil/mainpage/E_Eng/Academic/jj-ring.htm#4

profession and to society. The original rings were said to have been made from the metal of a collapsed bridge.

Virtues

The stress in integrity on responsibility and dialogue means that practice of the virtues is key to any governance system. Moore (2012) refers to governance systems which crowd out virtues, with compliance more important than taking responsibility for judgement. Moore (2012 cf. Osterloh and Frey 2004, and Maitland 2008) works through how virtues can be developed in governance procedures across all levels of the organization, not least *phronesis* in board deliberation (Osterloh and Frey 2004, 206–207). Critical to this development is attention to the power and authority noted above. The power imbalance within a board can be striking, with psychological and intellectual power being asserted through dominant CEOs. Hence, part of any board code of practice needs to address the issue of power explicitly, to ensure that the views and desires of particular constituencies are not privileged (cf. MacIntyre 1999, 313). This also would require explicit attention in appointing members to the board to the virtues they would bring to enabling dialogue. All this requires carefully designed systems of participation and self-governance (Norman 2015). The practice of integrity, as I have tried to outline it, is concerned less with the communication of views and opinions than with the quality of dialogic engagement at every level.

Conclusion

At the heart of this chapter has been the development of meaning in the practice of an organization. Several things can crowd out such meaning, from modern management techniques to quality control and regulation (Thompson and Bevan 2013). Rozuel (2011) notes how this adds to the dynamic of compartmentalization, with personal, professional and institutional ethics viewed separately and not focused on responsibility or identity. This crowds out both the individual voice and the organizational voice (Verhezen 2010, cf. Gentile 2010). With that the practice of the

virtues, individually and corporately, is also crowded out. The case at the beginning of this chapter showed how the voice of the individual and the organization is worked out in dialogue. As this is worked through, both individual and organization can give a clearer account of shared meaning—in that case of justice—but also demonstrate the practice of the virtues, in this case, the virtue of justice.

Working through the meaning and practice of justice thus became an anchor for the practice of integrity in the organization, providing the confidence of a shared relational and moral value. The broader culture provides other key anchor points, some in the organization, some in the wider industry, profession or community, contributing to the development of narrative.

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7

Integrity and the Moral Imagination

Abstract This chapter develops the positive responsibility of Chap. 4. It explores responses to the complex social and physical environment illustrated by the Niger Delta case. In the light of social conflict it examines the underpinning ideas of Total Integrity Management and the moral imagination (developed through Lederach). Examples of this proactive integrity then are explored around business and peace-building, human rights and managing the supply chain, with particular reference to modern slavery.

Chapter 4 introduced positive responsibility as an element of integrity, noting the challenges faced by business around determining how responsibility might be fulfilled in a complex social and physical environment. It involved developing an awareness and appreciation of these relationships. Such relationships establish social identity, and response to them determines whether the individual or organization actually takes responsibility for ideas, values, the creation of mutual worth, and practice. This offered an extended view of integrity which demanded shared responsibility, negotiated with other stakeholders. The focus was on developing creativity, with the individual or corporation always learning and looking

to respond, and holding together in tension organizational sustainability and social and environmental sustainability.

In this chapter I want to explore this aspect of proactive integrity in more detail. In particular, I will explore further the underpinning thinking around the idea, including Fort's view of Total Integrity Management, and the key idea of the moral imagination. In one sense these ideas open up further the complexity of this area, exemplified by the Niger Delta case. Hence, I also want to show how the future, and associated complexity, can be managed despite this: how proactive integrity can be practised successfully. I will illustrate this with examples from business and peace-building, the development of responsibility in the supply chain, and the issue of human rights and business, focused on modern slavery. The last of these will involve critical questions about regulation and governance which are ongoing. I begin with the Niger Delta.

Shell in the Niger Delta

Shell has operated in the Niger Delta since the discovery of the first oilfield there in 1956. After Nigeria's independence in 1960, the Shell Petroleum Development Company (SPDC)—a joint venture of Shell and the Nigerian government—was formed. This included the Nigerian National Petroleum Corporation (NNPC), holding 55 per cent, Shell, holding 30 per cent, and the French company Total (formally Elf), with 10 per cent (Ite 2004, 3).

Poverty and the Resource Curse

Poverty has been a persistent problem in the Niger Delta, despite the fact that the region accounts for over 90 per cent of national export earnings from oil production and exportation. The majority of Nigeria's oil wealth benefits a mere 1 per cent of the population (Ite 2004, 3). Many of Nigeria's problems surrounding conflict and development can be attributed equally to wealth, as much as to the existence of poverty. Resource-rich African countries have been among the poorest and most violent on the continent. Underdeveloped countries become dependent

upon natural wealth, failing to diversify into and develop other industries or invest in human resources (Frynas 2009, 135). This is often referred to as the ‘resource curse’.

Business, Conflict and Peace

Although Nigeria is formally a democracy, it has a long history of corrupt and unstable government. The wealth from natural resources has therefore been concentrated in the hands of corrupt political elites, with the vast majority of the country living in poverty, denied basic infrastructure, education and health services (Frynas 2009). This has led to ongoing conflict, much of which has been centred on Ogoniland, in the southern part of the Niger Delta. The community there voiced grievances against Shell and the government through the formation of the Movement for the Survival of the Ogoni People (MOSOP) in 1990. Following further violent protests (unrelated to MOSOP), Shell withdrew from the Ogoni area in 1993, and the military government sought to eradicate the Ogoni threat (Kline 2000, 383). In November 1995 the Nigerian government executed Ken Saro-Wiwa, leader of MOSOP, and eight others following accusations of inciting the murder of Ogoni chiefs in opposition to MOSOP. During the trial, the ‘Ogoni Nine’ were tortured and denied access to their families, legal aid and the opportunity to appeal against the decision.

Shell’s Response

The response of Shell initially focused on the different approaches to relating to governments. It involved three phases. In the first, Shell tried to draw a clear line between business and government. Moody-Stuart, chairman of Royal Dutch Shell from 1998 to 2001, argued at the UN Conference on Human Rights and the Extractive Industries (10 November 2005), that: ‘We should remember that governments bear the prime responsibility for ensuring the human rights of their people. They have subscribed to that great foundation document, the Universal Declaration of Human Rights.’ Shell argued that their major contribution to communities in

the Niger Delta was through the taxes and royalties paid to the federal government. The revenues to the government from SPDC were disclosed as amounting to \$36 billion from 2005 to 2006, much of which was lost due to corruption. The second response, developing over time, accepted the need to revise practice and statements of value. The revised Statement of General Business Principles, first drafted in 1976, promoted the company's values in support of human rights and sustainable development, leading to increased work with stakeholders. SPDC in Nigeria hired consultants and development specialists in order to strengthen its contribution to the Niger Delta, while also working with partners such as USAID, UNDP and Africare (Idemudia and Uwem 2006). This differed dramatically from the original, philanthropic, approach in the 1960s, which involved 'gifts' to the local groups, more focused on 'securing local right of way'. This was about securing Shell's licence to operate, and led to a local 'dependency culture' (Ite 2004, 5). In 2006 SPDC signed the Global Memorandum of Understanding (GMOU) with local communities near to the company's operations. The overall objective was to build the capacity of the local communities to negotiate with the oil companies for development funding, and then manage the process of implementing the development projects in their own communities. The GMOU had the potential to create independent rather than dependent communities—a vital aspect in creating ownership of projects and increasing sustainability. Shell has invested over \$20 million in over eighty projects, including the construction of roads, health centres, schools and markets, water schemes and the introduction of micro-credit schemes for small businesses. Key to all of this has been transparency, and increased autonomy and shared responsibility of stakeholders, with a committee including representatives from communities, government, NGOs and SPDC overseeing how the money is spent. All this begins to move into the practice of positive responsibility.

The issue of responsibility comes to a head with Shell's third response, to the Saro-Wiwa case. At one level the company has remained distanced, preferring not to respond publicly, or to use any leverage to question the then government's actions. Shell deny complicity with the arrests and executions. Ruggie (2008, 20) defines complicity as 'knowingly providing practical assistance or engagement that has a substantial effect on the

commission of a crime'. This opens up a grey area of responsibility. Whilst Shell may not have known the exact intention of the security forces, by financing forces controlled by the Nigerian government, the company by action or omission could be seen as at least partly responsible for what happened. Following a court case over allegations of human rights abuses in the Niger Delta, Shell agreed to pay a settlement of \$15.5 million in June 2009. The company continued to dismiss all claims made against them, maintaining that they played no part in the violence (Pilkington 2009). It argued that the settlement was a 'humanitarian gesture', intended to compensate the plaintiffs' legal costs and benefit the Ogoni people.

The debate is ongoing, with several NGOs arguing for better ways of engaging the political situation in the Niger Delta. One NGO, the Ecumenical Council for Corporate Responsibility (ECCR 2010), has suggested that Shell's response has not been sufficient due to failure to grasp the issues of government and local relationships. The result, it argues, is a loss of trust. To regain such trust requires more detailed relational work, increased transparency and more reference to international principles and standards, and independent groups. Its recommendations included: establishing independent mechanisms for development projects; working with the federal government in setting aside a proportion of oil revenue to address community priorities; establishing independent frameworks for direct dialogue with communities where the company operates; overhauling SPDC's Community Relations Department; establishing a culturally sensitive and conflict-sensitive approach to community relations; addressing the double standards employed in oil pollution clean-up exercises through applying international standards (cf. Amnesty 2015); and ending gas flaring in the Niger Delta (ECCR 2010, 78).

Shell's response to this closed with the following:

SPDC and Shell have always maintained that the problems in the Delta can only be solved through collaborative solutions. The first step is to identify areas of shared interest involving industry, communities, government and NGOs. SPDC looks forward to continuing to play its part and hopes that others will take the opportunity to engage in constructive dialogue. SPDC alone cannot provide the answers to the problems of the Delta, but it has to be part of the solution. (Shell 2010)

The Shell case, first, shows the complexity of the social and physical operational environment in which they were operating. The case shows an interconnection between conflict, corruption, poverty and sustainable development (Sweetman 2009, Fort 2007, Fort 2010, Penh 2010, Westermann-Behaylo 2010, Oetzel et al. 2010, Jamali and Mirshak 2010, Abramov 2010, Strong 2010, Bishara and Schipani 2010, Koerber 2010). All are part of a fragile social and physical environment and therefore all, including business, contribute to the maintenance of that social and physical environment. At the heart of the case have been corruption and a fragmentation of responsibility (Hennchen 2014). Shell clearly showed a development to positive responsibility through working with different groups and with their settlement of \$15.5 million.

The development of the Niger Delta Development Corporation was also potentially a good route to developing more equitable distribution.¹ What is not clear is how the different stakeholders in the region have begun to develop responsibility consistently. A key to the problem of effecting positive responsibility has been the closeness of Shell to the government. Ruggie (2008), in developing the UN guidelines on business and Human Rights, noted the importance of business developing a stance independent of government. He notes the positional importance of this in developing effective leverage strategies that might influence the actions of government: e.g. the threat to withdraw from the territory. Such independence would also enable greater transparency and create more trust amongst other stakeholders.

As noted in the earlier chapters, part of integrity involves responsibility for meaning and values. In the Niger Delta case meaning involved a complex of narratives which have not been effectively engaged. High on the agenda has been justice. In the last chapter I noted different forms of justice which are always involved in organizations. The Niger Delta case takes justice beyond the workplace with several different perspectives, including:

¹ Though even this has been dogged with accusations of corruption (<http://www.premiumtimesng.com/news/headlines/188697-nddc-diverted-n183bn-niger-delta-development-money-auditor-general-insists.html>).

- *retributive justice*, about settling accounts
- *restitutive justice*, involving recovery of losses, compensations for pain
- *restorative justice*, restoring or healing relationships between conflicting parties
- *social justice*, in which parties are given what they need achieve social equality or resolution
- *distributive justice*, fair distribution of goods according to need
- *environmental justice*, which looks to take into account the future of the environment (cf. Lambourne 2004).

Each of these views of justice links into different relationships and narratives within the Niger Delta case. They require different responses which might begin to resolve the complex issues. However, few of these narratives have been effectively engaged. The settlement moneys clearly try to answer some sense of social justice, perhaps even restitutive justice, but they leave untouched critical elements of restorative or retributive justice. Of course, Shell could not begin to provide the latter. However, because Shell crossed boundaries between business and government, it became associated by many stakeholders with the retributive justice issue. Hence, as in the Nestlé case, there is a demand (ECCR) for procedural justice to provide some sense of independent review and independent criteria. Business cannot supply that, but has to be part of that conversation, not least because it has chosen to operate in a complex environment. It is in all of the actors' interests to seek resolution to these different claims for justice.

This presents a major challenge to the practice of integrity in business. In Shell's case this would have demanded ethical risk assessment at the beginning of their time in Nigeria, and greater awareness of the complexity of the social and physical environment. More broadly, businesses, until recently, have argued that matters of justice in a conflict area either not their responsibility or too complex to handle. The evidence, however, is to the contrary. First, as I will shortly show, there are good examples of businesses who have been successfully involved in peace-building. Second, at the centre of the denial of responsibility argument is not lack of competency or capacity to deal with these issues but rather a failure to engage proactive integrity and to exercise the moral imagination. I will turn to these now.

Total Integrity Management and Conflict

Part of the problem in the debate about how business relates to conflict resolution is too many unexamined assumptions: conflict and peace is characterized as primarily major conflict; the key business players are viewed as transnational corporations (TNCs) and so on. Fort (2007, 2010) argues for a broader view of peace-building which recognizes that potential conflict is part of any business relationships in and beyond the workplace and in their local community. Most corporate managers recognize the local manifestations of conflict in the company's direct working environment. They often use different terms than 'peace' and 'conflict' to discuss these same issues, acknowledging that 'localized social tensions' or 'stable working environments'. Hence this is an approach which applies to small and medium-size enterprises (SMEs) as much as to TNCs. The King III Report (2009) on governance echoes this with its stress on Alternative Dispute Resolution, and how this can feed into the development of an ethical culture in the organization.

This reinforces the very different view of corporate responsibility, argued for in Chap. 4, which sees business as sharing responsibility with other members of society for the social and physical environment. There are several different ways of approaching this argument. Fort (2007) sets out the argument in terms of trust, offering three different ways of viewing the trust relationship of business with society: Hard Trust, Real Trust and Good Trust.

In the first of these, Hard Trust, business behaviour is governed by law and key principles including: fiduciary duties of loyalty and care; federal sentencing guidelines for legal compliance; corporate governance safeguards such as codes of conduct and independent audit committees; and regulatory agencies and rules to protect consumers, employees, environment, market competition, workplace safety. The aim of this is to guard against abuses.

Real Trust is made up of concepts such as social capital, stakeholder rights, workplace justice, corporate citizenship duties and ethical organization climates—all of these built on a philosophic platform of Kantian rights, Rawlsian justice, utilitarian practicality and natural law. The heart of this trust is integrity, which is fostered in the work culture. The primary virtues associated with this involve honesty, promise-keeping, fairness and respect, leading to mutual benefit for both business and society.

Good Trust moves into very different territory. This involves a personal and professional search for moral excellence and spiritual identity, including ‘a quest for transcendence that transforms our sense of self-interest’—going beyond the possibilities offered by Hard Trust’s legal rules for good behaviour and Real Trust’s reliance on organization-inspired moral rules.

Together these different types of trust form Fort’s concept of Total Integrity Management (TIM), leading to three kinds of action: contributing to general economic development that generates jobs, training and equitable pay; avoiding corruption by respecting the rule of law; and community-building—externally through corporate citizenship and internally through small-scale mediating units where moral identity and excellence are cultivated. All of this contributes to peace, in the sense of non-violence in whatever form, as part of the business actions, upholding the law, working against corruption (strongly associated with violence and conflict) and building peaceful cultures in and outside the workplace (cf. Haski-Leventhal 2014). Nursi (cf. Robinson 2015) propounds a similar view in arguing that ignorance, poverty and disunity (conflict) are interrelated and endemic in society. Hence, the positive search for peace is focused on finding ways which address all of these elements, including business funding schools in areas of conflict (ibid.).

This reinforces the idea of shared responsibility for people, project and planet, focusing on shared creativity and responsiveness, acting as a basis for integrative thinking and action, which once more acts as a means of account. Like accountability, it has to link to moral agency if it is to make sense—in this case, shared sense. One powerful aspect of this is in engaging the moral imagination.

The Moral Imagination

The moral imagination in business ethics is most strikingly associated with the work of Patricia Werhane (1999). Werhane focuses on moral deliberation, and defines it as ‘the ability to understand a context or set of activities from a number of different perspectives, the actualizing of new possibilities which are not context dependent, and the instigation of the process of evaluating these possibilities from a moral point of view’

(Werhane 1999, 5). Biss (2014) deepens this analysis, suggesting at least four different aspects: perception, judgement, radical perspective and moral possibilities:

Perception. Nussbaum (1990) and Murdoch (2001) both see perception as preceding any theoretical or abstract moral ideas (cf. Bauman 1989 and Levinas 1991 on the primacy of responsibility). I can only choose within the world I can *see*, in the moral sense of ‘see’, which implies that clear vision is a result of moral imagination and moral effort to see the other, as they are and of significance. She focuses on Henry James’ *The Golden Bowl* and the relationship between father and daughter, and work of the imagination that enables them to see each other and allow both to let go. Imagination becomes the means of ‘apprehending morally serious features’.

Deliberation. Dewey (2007), for instance, sees imagination as a rehearsal of the rational decision-making process. The computer games case in Chap. 5 showed the exercise of imagination (around different world-views and possibilities) in the process of deliberation.

Radical moral imagination. Babbit (1996) takes us into the realm of the imagined self and of the imagined society, based on core moral values, and these proceed into deliberation. This involves working-through of identity in relationships. In the light of those different relationships there is discovery of new moral possibilities.

Moral possibilities. This focuses moral imagination on action. It is about creativity, seeing what is possible, with the suggestion that the moral choice demands that possibilities be seen (in projects and people). Morality in this sense cannot be abstract. Biss notes that moral deliberation is often characterized as choice between stipulated options: e.g. to abort or not to abort, to stay or not to stay. However, she argues that use of the imagination can lead to possibilities well beyond such stipulated choices. This takes us into aspects of the debate between Kohlberg (1984) and Gilligan (1998) on moral development. The developed feminist perspective in that debate (e.g. Koehn 1998 and Robinson 2008) precisely was able to see possibilities that were not apparent in individual rational decision-making because it focused on people and the relationships of the people involved in any situation as well as values. The focus on relationships involves reflection on identity, how the person or organization

relates to the other, what the significance of that relationship is (worth in society) and, with that, the awareness of possibilities that reside not just in plans or projects but in people. The person (self or other) or organization (own or other) may not know if they are capable of making a project possible. To be aware of that requires the exercise of imagination about oneself and others, to see moral context, connections, capacities and so on. Diamond (1991), building on Nussbaum's view of Aristotle, takes this further into the possibility of improvisation. The ethical improviser can see the possibilities and respond with appropriate timing.²

Some of these elements are summed up by Biss in a case offered by the academic and peace-builder J. P. Lederach. A philosophy professor in Tajikistan was assigned by the government to try to get a Mullah warlord (who had killed one of his close friends) to enter into negotiations to end a civil war (Lederach 1997, 16–19). After many attempts at conversation about ending the violence, the warlord asked the professor, 'If I put down my weapons and go to Dushanbe with you, can you guarantee my safety and life?' The professor answered, 'I cannot guarantee your safety ... But I can guarantee this. I will go with you, side by side. And if you die, I will die.' Both travelled to Dushanbe for the formal talks.

The professor had exercised moral imagination partly through the common framework of Sufi meaning. The enemy was seen in a different light, which increased the possibilities for peace. There were no stipulated options, and any movement required ongoing commitment to core values and people, and involved improvised response to the needs and of the moment. All of this moves away from simplistic searches for solutions. Lederach's view of the moral imagination is worth further reflection.

Lederach and the Moral Imagination

Lederach (2005) is an important figure in peace-building theory and practice. His practice has included working globally with a range of different groups and governments, in both conflict and post-conflict situations. Lederach's theory builds on the work of Ricoeur (1992), arguing

²This resonates with the leadership responsiveness of *Henry V* in Chapter 3.

that identity, and with that, perception, is socially constructed, and focused on narrative. Lederach, like George Mitchell (1999), recognizes that the skills of peace-building are often in play long before the particular conflict has ceased. It is the commitment to the process of listening and building trust that helps in leading to the cessation of conflict in the first place. Lederach argues that the peace-building is less about techniques than about ontology, and the social and environmental networks of which the person or organization is a part.

Conflict is endemic, and is ‘among other things, the process of building and sustaining very different perceptions and interpretations of reality’ (Lederach 2005, 79). This suggests that conflict is based on personal and cultural dynamics which are often focused on sustaining any difference. Lederach suggests that the dynamics which sustain polarized views of the world are largely emotional and defensive. In the worst cases this leads to cycles of conflict in which the perception, and related values and worldview, are reinforced by the response of the other. If this is true, then it is important to address the perception of difference and the underlying emotional narrative. For Lederach this means that conflict requires transformation and reconciliation, not simply the focus on interests of the parties or the cessation of conflict.

The moral imagination for Lederach is not confined to the act of moral deliberation. It involves wider capacities, which echo and develop the virtues of Chap. 5, and which are used to transcend the circle of violence:

- the capacity to imagine oneself in the web of relationships, including enemies
- the capacity to hold together complexity and ambiguity and avoid being caught in polarized thinking
- commitment to creative action
- a sense of vocation which accepts the risks of engaging with violence.

Relationships

Relationships, rather than values or principles, are placed at the centre of peace-building, with perception of the other and the self as key. This involves

critical dialogue with the self and other. Such dialogue enables the imagination to perceive the self and the other differently, thus seeing new possibilities. Lederach argues that this is often seen most effectively when we focus on the web of human relationships. This involves the ‘craft of watching webs’ (Lederach 2005, 101), seeing the self as part of the web and developing an awareness of the social and cultural ‘geography’, how the web interconnects with all of us, and how we relate to the web over time. Central to this is looking for formal and informal points of connection. One example Lederach gives is from African peace-building, where the discovery of humanity in the other came through seeing the shared value placed on grandchildren and with that the importance of legacy. Lederach suggests that from such relational awareness comes also a different perception of time, setting out a longer-term perspective for peace-building. The image of the web is further developed in terms of looking out for horizontal and vertical connections, linking, for instance, different leaders, and leaders with organizational members and different interest and cultural groups.

All of this chips away at narrow views of identity and community, linking directly to the development of a strong sense of plural identity (cf. Taylor 1989). Lederach focuses on dialogue as key to reconciliation and transformation, focused on internal dialogue, the practice of ‘talking-to-our-selves’. He draws on psychotherapeutic research in this argument (cf. Biss 2014), suggesting that public conflicts are the external representation of internal personal and cultural conflicts.³ This demands dialogue which can examine underlying myths that provide meaning for the self or the organization, and exploring how these have been used to set polarized perceptions in place. This enables perception which focuses possibilities on people, how they can see themselves in relation to others and what they might be capable of in response to the other.

Paradoxical Thinking

This transformation and discovery also involves the embracing of paradoxical curiosity and thinking. This again is firmly based on relationships

³ This echoes the Islamic idea of the greater *jihad*, dealing with the internal conflict (Kurcuran and Erol 2011).

rather than simple logic. Logic tends to be linear, but relationship and interaction are much less clear or predictable. Paradox involves the capacity to hold together seemingly contradictory truths in order to locate a greater truth. The paradoxical curiosity that Lederach speaks about is the capacity to visualize the truth in complexity and especially in different and usually opposing viewpoints. Dealing with such paradox involves imagination, openness and curiosity, looking to see what the meaning and implication of the paradox are. Such curiosity sustains and provokes the moral imagination. This is often used by Shakespeare: not least in his comedies where different identities are taken on, leading to very different awareness of the self and others.⁴ This does not entail uncritical acceptance of values or principles; on the contrary, difference is engaged by acceptance of the other (recognizing equal worth) and critical testing of ideas, myths, values, practice and attitudes. Hence, Lederach advocates systematic scepticism of any project and its meaning.

For Lederach, this ability to hold different, often contradictory, aspects links to the awareness of the wider social web. The greater the awareness of this web, the greater the possibility of finding connections that might lead to peace, not least through identifying and responding to the different narratives of justice. All-important for Lederach in this transformation is the attitude of journey and discovery. This requires the capacity to learn as one goes along, often referred to as 'serendipity' or 'accidental learning'—something that is discovered while trying to find something else. This is summed up by Horace Walpole, who coined the term in his letter of 1754. In it he makes reference to the Persian tale of the Three Princes of Serendip, who 'were always making discoveries, by accidents and sagacity, of things they were not in quest of' (Lederach 2005, 114).

Sagacity takes this away from luck, and moves it into the capacity for openness, perceiving connections and being able to understand the significance of things even whilst pursuing other ends. It is the act of a broad and attentive mind. Serendipity is not caused by chance but involves the imagination of the creative mind to visualize the other and the connections. Lederach suggests that the moral imagination is central to all

⁴ Some of the best examples of this are in the comedies, where women, for different reasons, take on the identity of men, such as *Twelfth Night* and *As You Like It*, challenging stereotypes.

this, and its serendipitous appearance involves peripheral vision, creative learning and, with that, the capacity to improvise. In practical terms for organizations this demands the development of flexible platforms to nurture this creativity. It might be seen as part of a project management process, staff development programme, part of how the space is arranged in the workplace or how the day is organized. All of this leads to learning and development on an ongoing basis, with time seen not as linear but as circular, often revisiting the same place but with different perceptions: as Eliot (1942, 8) puts it, ‘knowing the place for the first time’.

Creativity and Vocation

The journey enables the finding of a voice; hence Lederach’s evocative idea of ‘voice walkers’. Your action is your voice. This captures a dynamic view of integrity, developing awareness of the different voices in the social and physical environment, and building the confidence to find one’s own voice through dialogue and ongoing learning (cf. Ricoeur 1992). At this point Lederach focuses on awareness and response, giving weight to the interaction with the different voices and the development of narratives: in particular, ‘restorying’ (2005, 148) as a key aspect of transformation, developing new narratives—new stories building on the old (cf. Freeman 1993).

The creative act is central to this, not simply as outcome but as embodiment of meaning, much like the creative arts. Art acts as a bridge between cognitive, affective and practice aspects. The term ‘aesthetic’ is from the Greek, meaning ‘being sharp in the senses’: i.e. being capable of grasping the connections, the web and the beauty of relationships, to see the picture and create the change. Focus on the aesthetic and moral imagination further enables an awareness of vocation—to see the other and the social environment in all their complexity as related to oneself. This ties in directly with responsibility, because it is recognizing the human calling of the other, setting up accountability to the other and responsibility for the other, without prescribing how to act.

Peace-builders are looking to create outcomes that will affect the whole of society. This means enabling different groups at levels of business, civil

society and government to connect and take on leadership roles and work together at shaping and being shaped, leading to a work which is owned by them and yet not owned by them—having a life of its own. The action is actual and symbolic and, like music or art, has the power to move, give significant meaning, remind us of our shared humanity and challenge us. Such creativity has tremendous transformative power, but it cannot be forced and has to be worked through in its own time. The work of peace-building and social change thus moves beyond analytical techniques and taps into people's more artistic, creative selves.

The creative act involves, again, more than the individual. The change is often seen in unlikely places and people, with leadership even taken up by groups outside the organization or in culturally weak positions. Lederach notes several examples in Africa of women's groups, often the least powerful group in the situation, that have played significant parts in peace-building. Lederach focuses on social transformation as a whole, not simply the development of the community or a part of the community. Hence, like Henry V in Shakespeare's play, he looks to multiple dialogues and processes at different levels and in different social spaces taking place at the same time. At the centre of this is 'the perspective of imaginative meditative capacity' which 'focuses attention on introducing a quality of interaction into a strategic set of social spaces within the web of systemic relationships in order to promote constructive change processes in the conflict-affected setting as a whole' (Lederach 2005, 91).⁵ Responsibility is shared by all parties for securing the web. This includes focusing on key anchor points of the web. For Nestlé this was a number of different stakeholders, such as the WHO, and key procedural elements, such as the Code and the Muskie Commission. For Shell this was difficult because of its closeness to the Nigerian government. Lederach, in following the image of the web, notes the importance of care. If we are too close, we run danger of destroying the anchor points.

Based on a responsive relationship to the social and physical environment, this inevitably takes on the character of hearing the 'call' of the different narratives, something close to Jonas' view of responsibility

⁵ See also the virtues of peace-building noted in Chapter 5.

(cf. also Ricoeur 1992). Determining what that call involves once more requires dialogue to see how core values look in practice and how responsibility is shared. Lederach (2005) stresses the risks involved in all this, not least at the level of developing trust and the dangers of conflict, neatly summed up in Lederach's case above. Risk is inherent in this process, from developing a voice to giving an account of meaning and practice to taking responsibility for responding.

The dynamic of Lederach's moral imagination does not see positive responsibility as an 'extra' to the idea of integrity. On the contrary, it ties directly into the practice of integrity, exercising the same elements of responsibility and the same virtues and qualities. It challenges the moral aspect of integrity, and ethics more generally, to look beyond ideas of right and wrong to the complexity of relationships and to address conflict as part of what it means to be ethical. It challenges business to address the reality of conflict in complexity. The creation of peace is not the exclusive aim of business, but it is part and parcel of a view of integrity which accepts the idea of struggle.

Leadership, Strategy and Enterprise

It is striking how this approach links directly into wider developments in business studies, notably around leadership, strategy and enterprise. Linear thinking increasingly fails to engage possibilities in a complex social context (Heifetz et al. 2009, Lewis et al. 2014, Welbourn 2015). This demands the development of paradoxical thinking. Some writers even argue against attempts to solve conflict situations too quickly, precisely because this enables different perspectives, with their affect aspects, to inform thinking (Heifetz et al. 2009). Something of this is summed up by Paul Polman, CEO of Unilever:

We must find and create tensions—force people into different space for thinking ... This is not just a performance issue but a survival issue, because managing paradox helps foster creativity and high performance. (cited in Welbourn 2015, 1)

The Possibilities Business and Peace

Lederach's perspective broadens out the approach of business to the wider social and physical environment, but it also acts as the basis of involvement of business in areas of conflict and post-conflict development. There are several good examples of how this has been achieved.

The Portland Trust (2013, cf. Oetzel et al. 2010), in a report on business and peace-building, sets out four cases studies which do this, in specific areas of conflict resolution and peace-building: Cyprus, Northern Ireland, South Africa and the South Caucasus.⁶ The cases show that business was involved in more than simply developing the economics, under the heads of politics, economics, reconciliation and security:

Politics, including: lobbying and advocating for peace both in the community and to political leaders; enabling and supporting peace processes through finances, time and expertise; contributing to negotiating teams by acting as brokers.

Economics, including: strengthening the business environment and providing investment; generating economic activity and creating jobs; lobbying for policy and governance reform; encouraging joint economic activity and cross-community trade.

Reconciliation, including: building bridges between different communities and between state and society; removing discriminatory practices and promoting reconciliation in the workplace.

Security, including: providing jobs for former combatants; offering financial and logistical support for weapons collection programmes; operating as an early warning source of information on conflict recurrence or breakdowns in security.

The report goes on to suggest some key lessons about business practice in these areas. First, there is a stress on business as an apolitical and impartial actor in peace processes, provided it engages with all political parties. Strikingly, this is exactly what the oil industry precluded in the Niger Delta case by developing such a tight partnership with the

⁶The Portland Trust is a peace-building NGO.

government, and thus associating itself with many of the problems with corruption and conflict.

Second, working in partnership, through associations or networks of organizations, strengthens the influence of business and provides protection for individuals involved. This reinforces the idea of shared responsibility.

Third, sustained involvement of strong leaders from within the business community is important to keep up momentum, precisely embodying commitment which transcends sectional interest.

Fourth, evidence suggests that a spectrum of peace-making activities, including those related to business, running at the same time helps ensure that progress can still be made even if the political situation deteriorates. This can include the development of greater cross-community ties through existing business associations, including chambers of commerce. Such groups provide a focus which is analogous to professional bodies, so they can be seen to move beyond the simplistic interests of particular businesses. This can widen to the formation of specific business coalitions for peace, such as the Consultative Business Movement in South Africa or the Group of Seven in Northern Ireland (cf. Oetzel et al. 2010).

Fifth, explicitly promoting the economic benefits of peace, or the ‘peace dividend’, is a powerful tool, provided the message is supported both by the business community and by wider civil society. This might include: development of cross-border markets and infrastructure projects; the exploration of the potentially supportive role that business communities in neighbouring areas could play; or mapping of existing informal economic activities between different parties (itself helping the process of peace-building).

Sixth, engagement in activities from the ground up—through grassroots movements and civil society—builds support and helps business to tackle the underlying psychological effects of the conflict on the population (which can otherwise be a block to cross-community business efforts).

The Trust Report does not analyse these findings in detail. However, in ethical terms certain key factors begin to emerge. First, engaging

conflict and peace is focused on relationship and identity, and how the corporation is perceived and perceives society. This suggests the importance of integrity, partly defined in terms of impartiality (analogous to professional identity). It focuses on the skills, capacities, expertise and experience of business, including leverage (Ruggie 2008) and lobbying. Monaghan and Monaghan (2014) take this further, with the idea of lobbying for good. This reinforces the inadequacy of simply shared values, because business may have specific skills, contacts and experience which could be effectively used against the short-term interest of the business and for the long-term interest of the region. Some firms have unique leverage or lobbying positions because of their specific area and associated values or issues, such as sport or tourism (Bies et al. 2007, Parry et al. 2007, D'Amore 2010, Levy and Hawkins 2010, Smith et al. 2009, Van Tulder and Kolk 2001).

Second, there is a strong sense of the need to engage with complexity in the community, both in terms of perceiving connections to that complexity and to working through and negotiating responsibilities, working together to achieve ends, thus sharing responsibilities. This suggests business partnership in several areas, from professional bodies to industries, to work in with NGOs and civil society and formal political bodies. Third, many of the examples are about focusing on possibilities through shared creativity. Again this focuses on being open to difference and different possibilities as they emerge. There is no predetermined limitation of the role or responsibility of business.

Strikingly, other cases, in areas such as Serbia, suggest that the role of business in post-conflict situations (Sweetman 2009), working with political leaders and civil society, can even lead to the establishment of core democratic practices. Far from limiting the role of business, this suggests that the role could be significant, and that it can only really be discovered through moral deliberation which includes other partners and thus expands possibilities. Peace-building, of course, is not the primary aim of business *per se*. It does relate to an awareness of the social and physical environment, and of how the business has affected that environment and how it might affect it in future. In other words, it is a part of the practice of the moral imagination, which demands awareness of the social and physical environment and how businesses should relate to that.

Another significant way of developing business response to complex social and moral issues has been Ruggie's work on human rights.

Human Rights

Ruggie (2008) developed the UN global framework for business and how it can relate to human rights issues by setting out the responsibilities of governments to protect human rights, of business to respect, and of shared responsibility to provide access for victims to redress. The UN in its Guiding Principles on Business and Human Rights (2011) sets out the issues under three heads: Protect, Respect and Remedy.

The first involves the duty of the state to protect against human rights abuses by third parties, including business enterprises, through appropriate policies, regulation and adjudication. The second focuses on the corporate responsibility to respect human rights, which means that business enterprises should act with due diligence to avoid infringing the rights of others and to address adverse impacts with which they are involved. The third is the need for greater access by victims to effective remedy.

The report aims to clarify responsibilities, and sees the three areas as fundamentally interconnected. The normative contribution lies not in the creation of new international law obligations but in elaborating the implications of existing standards and practices for states and businesses, integrating them within a single, logically coherent and comprehensive template, and identifying where the current approach falls short and how it should be improved. Each principle is accompanied by a commentary, further clarifying its meaning and implications.

These guiding principles are grounded in a position of shared responsibility recognizing:

- the states' existing obligations to respect, protect and fulfil human rights and fundamental freedoms;
- the role of business enterprises as specialized organs of society performing specialized functions, required to comply with all applicable laws and to respect human rights;

- the need for rights and obligations to be matched to appropriate and effective remedies when breached.

It is argued that the principles apply to all states and to all business enterprises, regardless of their size, context, ownership and structure.

In the first part it is argued that a key role of the state is to ensure that business properly addresses human rights issues, including the exercise of due diligence in assessing the dangers of human rights abuse. The guidelines note the particular importance of this in relation to businesses operating in conflict areas. The commentary works through how this can be effected, including the provision of training and support. States should encourage fellow members of international institutions to work together with business in the protection of human rights.

At the heart of this is the assertion that business, of whatever size, has a responsibility to respect human rights. Section 15 spells out what is required:

15. In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances, including:

- (a) A policy commitment to meet their responsibility to respect human rights;
- (b) A human rights due-diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;
- (c) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.

The basis of these guidelines is a framework that aims to empower all the stakeholders. Hence, the guidelines aim to be clear both about the basic responsibility of the key players and also about the means whereby the detailed responsibility can be worked through. It does not prescribe but rather invites the exercise of responsibility, including developing awareness of supply chains and being aware of response possibilities such as the use of leverage with governments. Perhaps the most important recent example of human rights and the supply chain is slavery.

Human Rights and Modern Slavery

The Modern Slavery Act (UK) came into operation in 2015. In the area of human rights and supply chains it neatly shows a dialogic and learning view of integrity. First, the discourse on modern slavery is exactly a working-through of integrity. Slavery is universally accepted as abhorrent. It is viewed as a fundamental abuse of human rights. At one level this is expressed in principles language of Article 23 of the Universal Declaration of Human Rights in relation to work: the right to work, equal pay, just remuneration and freedom of association.⁷ At another level the effects on lives are devastating. The very term ‘slavery’ also carries with it the freight of a history of abuse and pain across of the world. Hence, as Forrest and O’Rourke (2015) put it, ‘no company wants to run the risk of being tainted with the spectre of slavery’. Yet it is precisely in business, directly or indirectly, that slavery, historically and today, has flourished. It is characterized as a ‘low risk and high gain’ enterprise by the International Labour Organisation (ILO 2014) because it focuses on the most vulnerable, particularly migrant workers, who are often hidden in long supply chains. The extent of the problem is massive:

- Almost 21 million people are victims of forced labour—11.4 million women and girls and 9.5 million men and boys.
- Almost 19 million victims are exploited by private individuals or enterprises and over 2 million by the state or rebel groups.
- Of those exploited by individuals or enterprises, 4.5 million are victims of forced sexual exploitation.
- Forced labour in the private economy generates as much as US\$ 150 billion in illegal profits per year.

One report (Chamberlain 2014) shows even when the connection to business is not immediate, it can still be significant. Paying wages less than the local minimum to workers in the tea industry, for example, makes them vulnerable to traffickers who promise a better life. This is exactly the point of the integrity argued for thus far. It would be possible

⁷ <http://www.un.org/en/universal-declaration-human-rights/>

simply to argue about liability in terms of blame and limited responsibility. However, the important issue is that of causal connections and positive responsibility. There is a line of causation from low wages to trafficking. Integrity demands that we are aware of that dynamic and then begin to examine possible responses.

In effect, the government is now acting as moral monitor for this in the UK, and setting up a dialogue about the nature of this integrity. They argue that the problems of slavery cannot be addressed without responsibility being shared, and that the connections to business demand action from business.

The Modern Slavery Act 2015

The Act is focused on the UN Principles noted above. Section 54 of the Act Modern Slavery requires that any commercial organization wholly or partly based in the UK and with a turnover of over £36 million must produce a 'slavery and human trafficking statement' in reference to its supply chain for each financial year.

The statement must set out what steps the organization has taken during the financial year to ensure that modern slavery is not occurring in its supply chains and within itself. This does not require that the organization guarantee that the entire supply chain is slavery-free. The provision requires an organization to be transparent about practice within its own business. If an organization has taken no steps to ensure there is not slavery and human trafficking, this must be part of the statement. Government encourages all businesses to develop an appropriate and effective response to modern slavery.

If a business fails to produce an annual statement for a particular financial year, the Secretary of State may pursue legal means requiring the organization to comply. If the organization fails to comply with an injunction, for instance, it will be in contempt of a court order, which is punishable by an unlimited fine.

The dynamic of this Act is focused firmly on encouraging the development of positive responsibility. Hence, the government aims to not to coerce good practice but, rather, to enable transparency, which will hold the practice of the organization to account, opening it out to all

stakeholders. There is a stress on learning and development, with the expectation that organizations will develop statements over time. On the one hand, they want to encourage a ‘race to the top’, with the development of ethical excellence. On the other, failure to produce a statement, or a statement that an organization has taken no steps, may precisely damage the reputation of the business, in effect a shaming action. It will then be for consumers, investors and NGOs to engage and/or apply pressure in cases where they believe integrity is not being practised.

This is an example of shared responsibility, with government taking responsibility for providing a framework and ensuring that business gives an account of its actions, business taking responsibility for its values and practice, and stakeholders taking responsibility for challenging values and practice. The government’s guidance extends advice on what *might* be included in the organization’s statement, including: structure, business and supply chains; values and policies in relation to slavery and human trafficking; due diligence processes; the areas in the business and supply chains most at risk of the practice of slavery, and how this risk is assessed and managed; how effective the organization is in guarding against slavery and human trafficking; and what training is provided for staff (Section 54(5)).

In developing responsibility for this area businesses may also have to focus on their governance procedures: e.g. developing processes to investigate supply chains; appointing senior managers with responsibility for this area; and exploring the effectiveness of whistleblowing mechanisms in relation to this area.

The debate is not closed, with several NGOs and business leaders raising concerns. First, companies can still comply with disclosure requirements through reporting they have taken no steps at all. The legislation has been modelled in part on the California Transparency in Supply Chains Act, which doesn’t require companies to take action. Hence, disclosures in California have not forced companies to improve their practices. One suggestion is that the law should demand more rigorous action, especially in high-risk industries such as manufacturing, shipping, agriculture and construction, to disclose their efforts and take action to end slavery, and have these verified by an independent auditor (Forrest and O’Rourke 2015). This would reinforce the stakeholder regulation approach, and the shared responsibility view of integrity.

A second argument, however, suggests that integrity demands a clear understanding of what is involved. A simple analysis of the nature of slavery and human trafficking shows that this is illegal, and often involves or leads to further crimes, including illegal imprisonment, kidnap, severe exploitation and, in many cases, murder or manslaughter. This would raise the possibility that firms who turn a blind eye to these crimes in their business relationships might be deemed to be complicit in those crimes. Part of being held to account, then, should be an investigation of whether the board is criminally liable, with the possibility that the company's licence to operate in the UK might be revoked.

This argument takes us back to the tensions between legal responsibility and proactive integrity. In this case, if the firm actually did not know that criminal behaviour was going on in their supply chain, then they could hardly be held to be legally responsible. If, however, such practices were discovered, then continued work with such suppliers might well involve legal responsibility. This may be a motivation for some major firms precisely to avoid genuine due diligence. This would reinforce the importance of independent audit. Forrest and O'Rourke (2015) argue both that most global businesses would be likely to find some connection in their supply chain to modern slavery and human trafficking and that this is not a matter of philanthropy but of responsibility and thus good governance, on a par with responsibility for ensuring safety in the workplace. They describe social audits in their firms that revealed some of their workers were being charged excessive recruitment fees and high-interest loans, creating a situation of debt bondage. Immediate action was taken, allowing workers to earn a proper wage.

A third problem with the Act as it stands is its single focus. The guardian case above shows that human rights abuses are often interconnected. Hence, as the UN principles suggest, it is better to firm's policy which enable due diligence for all human rights issues.

Unilever

A good example of this wider approach, linking it directly to integrity, is Unilever's first Human Rights Report (2015). Unilever began to focus on human rights as part of its sustainable plan (Unilever 2014). The Unilever Human Rights Report is based on the UN Principles.

Several key factors emerge in this work:

- It is explicitly connected to integrity. Hence, it is part of holistic and ongoing reflective practice, and focused on the company's vision, and its ambition 'to embed the promotion of human rights into every function, every role, and every corner of our organization'.
- It is based in an ongoing narrative which is able to chart developments, including endorsement of the women's empowerment principles in 2013 and commitment to empower 5 million women by 2020, launching a responsible sourcing policy (2014) and prioritizing safety (2008), with a target of halving the number of accidents in factories and offices.
- It is built on a clear and strong governance structure which includes: establishing a member of the Unilever Leadership Executive, in this case the Chief Marketing and Communications Officer, as the champion for sustainability and responsibility; ensuring independent oversight through the Board CSR committee made up of non-executive directors;⁸ and ensuring external perspectives through the Unilever Sustainable Living Plan Council—a group of internationally respected external specialists in corporate responsibility and sustainability. They form a panel of independent experts who guide and critique the development of strategy and also give input on our external reporting of the Unilever Sustainable Living Plan; ensuring further independent audit for the whole programme established through the audit committee; ensuring alignment of all these groups through the ULE champion attending the Corporate Responsibility Committee meetings, and chairing the USLP Steering Team and USLP Council. Other external expertise is accessed through the Sustainable Sourcing Steering Group and Safety & Environmental Assurance Centre. All are carefully linked to the four main production categories: Foods, Personal Care, Refreshment and Home Care, and to the core functions of procurement, marketing, legal, finance, sustainable business and communications and customer development. For full details see Unilever (2014).

⁸ In 2014 the committee's work included scrutiny of Unilever's Code of Business Principles and Unilever's new Responsible Sourcing Policy, and the review of progress on the Unilever Sustainable Living Plan.

Key to this narrative has been commitment to a transparent and accountable approach to addressing human rights issues across the business. Another example of this was their invitation to Oxfam to research their Vietnamese operations in 2013. The aim of this was to better understand how to implement the UN Guiding Principles. Included in their values is zero tolerance of forced labour, and the company are conducting legal reviews of the UK Modern Slavery Act 2015 to assess the effectiveness of the processes.

Another example of going beyond regulation is Hilti, who have developed a code specifically for work with suppliers.

Codes of Conduct for Suppliers, Fundamentals for Long-Term Relationships

Hilti is a major producer in the field of fastening and demolition systems as utilized in the construction industry and allied trades. The Hilti code of conduct for suppliers (Hilti 2008) is not aimed at global supply sources as such, but applies to all its suppliers. The bar for suppliers is a high one; and in certain aspects or for suppliers in certain countries standards are higher than national and international law. What is more, these standards apply not just to the Hilti supplier in question; the supplier is required to enforce these standards with all its suppliers.

As well as setting out high standards, the Hilti code reveals a comprehensive scope, covering everything one would expect to find in an ethical sourcing policy targeted at global south farms and factories, and more. The opening and closing sections are noteworthy. The code is headed by a section on 'Purpose and Values'. This states Hilti's core purpose as being not only to create and enthuse Hilti customers, but also to 'build a better future'. Suppliers are thoroughly selected with this core purpose in view, and Hilti will 'support their development' so that they, like Hilti, can embrace responsibility towards the environment and society. The purpose of the code, Hilti (2008) states, is to 'make our position clear and explain what we expect from our suppliers with regard to their environmental and social performance'. The 'Purpose and Values' opener also states that 'the way we do things at Hilti is based on living strong values'.

These are integrity, courage, teamwork and commitment. In reference to integrity, for example, Hilti claims that ‘we act with integrity in all we do’. The same is expected from Hilti suppliers.

The final section, on non-compliance, also spells out to suppliers how Hilti intends to operate: ‘Repeated violations of these requirements will result in the termination of the co-operation’. The paragraph continues: ‘We are also prepared to take country or cultural differences and other relevant factors into consideration, but we will not compromise on the fundamental requirements described in this Code of Conduct for suppliers.’ The section expresses Hilti’s commitment to long-term supplier relationships: ‘Hilti does not break off relations due to non-compliance only, as long as there is a willingness to improve in the right direction with an agreed plan of action to comply with our requirements within an acceptable time frame.’

This is a good example of proactive responsibility and the development of responsible practice in the supply chain, involving co-regulation. In effect, the firm is effecting regulation of its stakeholders’ practice, with the ultimate sanction of breaking off relations.

Another example, in a smaller business, is Taylors of Harrogate, a tea and coffee merchant. Taylors have built up an ethical trading policy,⁹ with two overarching priorities: the welfare of workers in their supply chain and ensuring a sustainable environmental impact. Taylors work with the Ethical Trading Initiative,¹⁰ an alliance of companies, trade unions and voluntary organizations working together to uphold international labour standards, and the Ethical Tea Partnership, comprising organizations that align themselves to the International Labour Organization (ILO) Conventions on Labour and Human Rights, as well as certification schemes such as Fairtrade, Rainforest Alliance and Utz Certified. In terms of environmental responsibility, Taylors ensure sustainable practices on farms by requiring suppliers to develop an environmental management system. This is aimed at both reducing its environmental impact and managing the environmental aspects of its operations.

⁹ <http://www.taylorsofharrogate.co.uk/TradingFairlyHome.asp>

¹⁰ <http://www.ethicaltrade.org/>

Certification schemes are central to Taylors' strategy of driving sustainability improvements with their tea and coffee suppliers. Farms and estates are free to choose the certification scheme that best suits their business interests. In accordance with the principle of building mutually beneficial long-term relationships with growers, Taylors then assist suppliers in gaining certification and meeting the social and environmental criteria set out in the scheme. In cases where investment is required to improve social and/or environmental standards, suppliers may apply to Taylors for seed funding. Over time, producers that demonstrate commitment to continuous improvements in such standards become preferred suppliers.

Taylors' practice also provides a good example of businesses working together to practise integrity. Associations such as the ethical training initiative also provide means of audit, which begins to set up a system of mutual accountability.

Conclusion

This chapter has explored positive responsibility further. It has shown how in a complex environment business can be faced with many different challenges, including conflict, injustice, abuses of human rights and the physical environment and poverty. Global business is faced by this and by the ongoing narratives associated with them. The example of modern slavery confirms that this applies to small businesses also. The practice of integrity demands that such issues are actively engaged, that a transparent account is given of how the firm does this and understands itself in relation to the issue, and that appropriate responses are worked through. Hence, Shell has begun to engage some of those issues, moving beyond a narrow view of integrity. Justice and conflict, then, are everyone's business. This chapter has especially stressed the importance of the practice of moral imagination. Integrity here demands not just that business engage the different present narratives, but shows how new practice and narrative can emerge. And key to that in the cases above was commitment: commitment to learn and to create new possibilities, and commitment to welcome challenge, and thus welcome judgement

on philosophy and practice. In a sense there is nothing new here. The great business philanthropists of the Victorian era precisely engaged their imagination, from deciding to manufacture chocolate as a response to society's alcohol problem (Cadbury), to building model villages for workers (Salt), to combating the extremes of child labour (Shaftesbury). The last example reveals perhaps the most profound exercise of moral imagination. Prior to the work of Shaftesbury and allied literary figures, children were not viewed as fully human. With the work of the philanthropists children began to be seen as human and eventually the bearers of human rights.

The positive responsibility of this chapter develops the idea of responsibility for the future noted in Chap. 4 to imagining the future, and focusing on transformation. The dynamics of the moral imagination applied to the global stage are, of course, much the same as the dialogic self, presenting and creating opportunities for innovation of the self, expressed in greater plurality and multiple sites for self-engagement (Raggatt 2012). Hermans and Geiser (2012) suggest that globalization is not just a reality outside the individual, but also a constituent of a dialogical self. This ties back into the dynamic and dialogic view of integrity of the earlier chapters. The Modern Slavery Act precisely demands an exercise of the moral imagination, and it is such imagination that begins to reveal and engage the shadow side of business. All this contributes to the individuation, the development of the identity, of business.

This chapter also underlines integrity as a social practice. In effect, the response to modern slavery involves not just the practice of integrity in business but also inter-agency integrity, with governments and suppliers all exercising responsibility, responding to an abuse which involves them all. It also reinforces King III's idea of regulation as focused on dialogue between stakeholders, holding each other to account, taking us back to the Mid Staffs case.

Of course, human rights issues provide a very real challenge, which, as I noted, few businesses would want to side-step. Real dissonance is created for the business who finds abuse in the supply chain. There are other cases where integrity is more firmly tested, not least where all that seems to be at stake is profits. I will turn to these in the next chapter and begin to sum up recurring issues about integrity.

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8

Trust Me, I'm a Businessman: Integrity, Trust, Corruption and Counterfeits

Abstract The final chapter draws together several issues referred to throughout the book, and through these summarizes integrity. First, it examines the relationship between trust and integrity, arguing, with a focus on recovering trust after integrity violations, that trust is based on the practice of dialogue and narrative development, professional and procedural integrity and. Second, it examines three related concepts—corruption, counterfeit integrity and confusion—arguing that these are engrained in the practice of business, and noting how the practice of integrity can address these. Finally it returns to the identity of business, to consider just what can be re-presented.

In this final chapter I aim to summarize the view of integrity I have sketched out in this book by focusing on key themes that have surfaced throughout the book. I have argued that integrity is not simply the same as 'doing the right thing' or practising 'ethics'. It is rather centred in who we are and how we present that self to the world. That presentation is focused on the practice of the three modes of responsibility, and in mutual relationships with dialogue at the centre. I first want to explore in more detail how such integrity relates to trust, a connection most writers

on integrity take to be obvious. I will argue that the connection is built around the development of mature trust which connects to the different modes of responsibility. I will then draw together different elements of the dark side of integrity which have surfaced throughout the book: corruption, counterfeit and confusion. I will conclude that, whatever the good consequences of integrity in the practice of business, it cannot be viewed as primarily instrumental. Equally, whatever the contribution of business to the common good, integrity is not primarily about altruism, but rather about mutual responsibility.

Trust

My late father-in-law was, for all his career, a doctor in general practice in a mining village in the north of England. When the village came together for funerals, three people, most often, at that time men, always attended and often led the procession behind the hearse: the priest, the doctor and the bank manager. These were the three people most trusted in the village. And the trust was significant not simply because the people believed in these three profession(al)s, but because of the relationships *per se*. Each of the professions was there for the well-being of the people in the village: the spiritual, the medical and the financial. In a mining village which suffered occasional pit disasters, and longer-term threats to the industry, there was an acute sense of vulnerability, and so the need to depend upon key practitioners. The practitioners were more than simply people who plied their trade; they were significant social figures. By definition they, and their professions, had a contract with society which was inclusive.

Times, of course, have changed, and now such communities have become fragmented. Some things, though, have stayed the same. Edelman's Trust Barometer (2015) suggests that doctors and priests are still trusted, in the sense of being thought to tell the truth. Doctors top this survey, along with teachers, scientists and judges. Priests have slid down to fifth (around 40 per cent), just above the police. Bankers, however, now have a trust deficit, along with business leaders and trades union officials. The good news for bankers is that they are not the least trusted. That accolade falls to estate agents and politicians. These figures

are a rough snap shot, but they suggest at least two things. First, despite the dire warnings from the media, key professions do, in practice, retain trust. As O'Neill argues (2000), if we are in trouble, we will still call the police or the doctor.

Second, those who are trusted are trusted because they matter to personal and social well-being, and because that focus makes them impartial. It is striking that those in trust deficit are perceived as partial and polarized, from trade union leaders to business leaders to politicians. If we look further at the barometer, another significant finding emerges. The general levels of trust have gone down, and this seems to be connected to change and the pace of change, chiming in with the finding of the Francis Report (2013).

Connected to this data on trust are surveys (e.g. Johnson 2015) which suggest that public concern about business focuses on corporate tax avoidance, followed, in order, by executive pay, exploitative labour, and bribery and corruption. As few as 6 per cent, in one survey, trust companies to provide accurate information about tax (SSE 2015).

I have looked closely at how the practice of integrity requires a broader approach to executive pay to make it part of the meaning and practice of justice, and fulfil genuine accountability. Anti-discrimination practice and eliminating exploitative labour are part of justice and respect for human rights. I have looked at the supply chain through the issue of human rights and modern slavery. Below I will look briefly at ways in which some companies have simply not made those connections, leading to counterfeit integrity. I will also look at corruption, and equivocation, which surrounds the tax issue. Before these I want to explore in greater depth what the nature of trust is and how it relates to integrity, and I will begin with the case of Siemens and the violation of trust.

Siemens and Restoring Trust

In November 2006 regulators revealed that hundreds of Siemens employees were responsible for using bribery to secure contracts for power generation equipment in Italy, telecommunications infrastructure in Nigeria and national identity cards in Argentina (Dietz and Gillespie 2012).

Failure in the German giant's oversight and governance of the value chain ultimately undermined its reputation and perceived market value. At the heart of the scandal was an aggressive growth strategy and a complex structure which obscured accountability. The result was a massive blow to the company's reputation and fines estimated at up to €2.5 billion.

In mid-2007 Peter Löscher was brought in from Merck as CEO. The board, several of whose members had resigned, charged him with developing a culture of integrity and restoring trust. Major restructuring took place in the months to come, with 'about 80% of the top level of executives, 70% of the next level down, and 40% of the level below that' replaced in the months that followed his appointment (Löscher 2012). Löscher instated a review but also sought, himself, to understand the company, its people and activities, including the staff's disappointment with the leadership and their sense of shame partly arising from their pride in Siemens. Löscher then declared an 'amnesty', involving all staff, except former directors. Those who declared involvement kept their jobs. Those who did not and were later found to be involved would be fired.

Changes were then made to governance structure and practice. The two-tier board was folded into one to enable clearer communication. It involved eight individuals with insight into operational activities and active engagement in decision-making. The new board was composed of the CEO, the CFO and the head of HR, together with representatives from three operational units: energy, industry and healthcare. Two new board positions focused on supply chain management and sustainability, and legal matters and compliance.

The complexity of operations across different countries also needed addressing, because the seventy clusters operating across 190 countries had in some cases taken on the character of autonomous separate companies. By 2012 these clusters were down to fourteen, reporting to a quarterly steering group. At the heart of the system changes was the development of a culture of responsibility that challenged corruption at all levels, based on three imperatives: prevent, detect and respond. The first of these focused on anti-corruption training for all members of staff, the second on monitoring and controlling policies, the third on action in response to violations of policy. By 2011 the compliance team had

grown from 170 to near 600, holding roles in key functions around the world. Today the Siemens Compliance Organization is independent and has a direct reporting representation to the board of Siemens AG. This involved a culture of dialogue and challenge and one in which different professions, especially the finance professions, were encouraged to embody their independent identity, with a responsibility to scrutinize and challenge. The stress on communication and transparency ran through the global programmes which aimed to bridge the gap between all levels of management. This included ‘integrity dialogues’ built into every sales meeting, enabling reflection on ethical issues from bottom up. All of this was part of a culture, with the tone set from the top, in which structure, procedure and culture reinforced each other. The strengthening of codes was backed up by the discourse in the organization, including from the top, and sustained by effective training.

Compliance, then, was not an add-on programme but rather the basis of internal and external sustainability, ethical practices embedded in the business model, organizational strategy and decision-making processes. Responsibility is taken, then, for the moral meaning of practice, for immediate internal and external relationships and for the long-term future.

A critical part of the transformation was Siemens working with the World Bank. In 2009 a settlement was announced which included: a commitment by Siemens to pay \$100 million to the World Bank over the next fifteen years to support anti-corruption work; an agreement to a four-year debarment for Siemens’ Russian subsidiary (implicated in corruption); and a voluntary two-year shut-out of Siemens AG and all of its consolidated subsidiaries and affiliates from bidding on Bank business (World Bank 2009). This was a critical part of the transformation, partly because it addressed some element of retributive justice, but also because there was an element of restitutive justice which took Siemens into the practice of positive responsibility. This involved the \$100 million being used to support global efforts to fight fraud and corruption, including projects which facilitated collective action, training and education. The money was also for helping governments recover stolen assets, and for strengthening efforts to identify and crack down on corrupt practices.

Models of Recovering Trust

There have been two significant models developed around the redevelopment of trust after a crisis such as Siemens. The first is the Reintegration Model (Pfarrer et al. 2008). This is a four-stage model which aims to increase the speed and likelihood of restoring 'legitimacy with stakeholders following a transgression'. This involves following four complex actions in sequence which are designed to address the concerns of stakeholders (Pfarrer et al. 2008, 731):

- an open investigation of the facts, in cooperation with stakeholders
- clear presentation of the cause of the crisis. This includes acknowledgment of the nature of the transgressions, accepting responsibility and the expression of remorse.
- acceptance of penance and punishment
- reforming the organizations procedures and relationships and its external image.

Pfarrer et al. tie in the process to the salience approach to stakeholder management (cf. Mitchell et al. 1997), focusing on power, legitimacy or urgency of stakeholders' claims. They argue that focus on elite and active stakeholders will lead to dialogue which serves to prompt key questions and demands, and shape perceptions leading to concurrence, 'a generally shared opinion amongst stakeholders regarding the transgression and the appropriateness of the organization's actions' (2008, 733). Concurrence does not have to be complete so long as general threshold agreement is reached: i.e. an agreement which allows the firm to move through the threshold of each stage.

The second model, the Organization-Level Trust Repair Model, from Gillespie and Dietz (2009), is again a four-stage approach for responding to failure at organizational level. Such a failure is defined as an incident, or series of incidents, that threatens the legitimacy of the organization, questioning its trustworthiness.

Gillespie and Dietz argue that organizational trustworthiness is generated internally in four ways: through leadership and management practices; culture and climate; strategy and sub-strategies; and systems,

policies and processes. Each of these provides signals and cues for significant meaning in practice. Trustworthiness is also shaped through two external elements: governance mechanisms, involving regulation and legislation) and the organization's public reputation (e.g. awards, product reviews).

Such trustworthiness requires consistent promotion over time, and is focused in 'behaviors and verbal responses that actively demonstrate ability, benevolence and integrity' (2009, 134. Cf. Baier 1986, 1991). The first of these involves competence which enables reliability in meeting goals and responsibilities. Benevolence involves respect and care for stakeholders. Integrity is described as consistent adherence to moral principles, such as honesty and fairness (2009, 128). Consistent displays of such trustworthiness will reassure stakeholders of the likelihood of good conduct and acceptable actions in the future, enabling trust to be restored. Unpinning this has to be procedures that will demonstrate reliability in avoiding recurrence of failure (2009, 134).

To achieve this Gillespie and Dietz (2009) argue for a four-stage process:

- an immediate response, acknowledging the problem, expressing sincere regret and announcing a thorough investigation, leading to
- a credible explanation, the expression of apology, and an acknowledgment of responsibility,
- system-wide reforms, built from the investigation and focused on the four areas above, and demonstrating renewed trustworthiness,
- an accurate, transparent, and systematic 'evaluation' of the reforms to enable ongoing learning.

The two models have different focuses, but could be applied across internal and external stakeholders. There are differences on timing and constituents. The first model requires speedy progress through each stage, lest reintegration should be jeopardized (2008, 734). The trust repair model warns against haste, which does not give space for diagnosis, leading to lack of clarity about the appropriate reforms, thus negatively affecting trust. Both models make an important contribution to this field. Underlying them are dynamics which focus on integrity.

Trust and Integrity

Trust involves significant relations, and reliance upon others, in a variety of ways, ‘to do something, to be something, to allow something, to complete, facilitate, or not impede something’ (Colledge et al. 2014). It also involves something about the identity of the person in relation to the other person or organization who they trust. The ‘trustees’ believe they are in a significant relationship in which they are valued. Simpson (2007) suggests that the interpersonal trust literature in psychology emphasizes four core principles which speak to this value. Research around interpersonal trust is here taken to be applicable also to organizational trust. First, individuals determine the extent to which they can trust the other through evidence of ‘proper transformation of motivation in trust-diagnostic situations’ (2007, 265). Most relationships have points at which they are tested. Key to maintaining trust in these situations is whether the other makes a decision which goes against self-interest and supports the best interest of the individual or the relationship. We might add in wider trust the interests of the organization (see the example from *Henry V* in Chap. 3).

The second finding was that ‘trust-diagnostic situations often occur naturally and unintentionally during the ebb and flow of everyday life’ (ibid., 265). Moreover, in some situations individuals may aim to generate trust-diagnostic situations to test whether trust in the other is justified. This suggests that the maintenance of mature trust is a function of continued, though not necessarily, critical dialogue. Trust diagnosis will depend on circumstances, such as experience of change. Bridges (1980) argues that such transitions involve four characteristics:

Disengagement. This involves a breakdown of relationships and shared meaning that helped constitute a sense of the self.

Disidentification. The person tries to rediscover her identity in the old patterns of trust but cannot identify with them.

Disenchantment. This involves a loss of trust in the old perceptions of reality and those who represent them. This often brings with it feelings of anger resentment, grief, loss, guilt and confusion. It can also bring with it a sense of liberation and new possibilities.

Disorientation. This is the cumulative effect of the previous three experiences, involving a loss of direction, energy and motivation, with time and energy put into trying to make sense of what is going on.

Moments of transition involve challenges about individual and organizational identity, then, which inevitably involve questions about purpose, worth, values and relationships. Hence, one would expect a strong affective response from members of Siemens' workforce, including, as noted above, a sense of shame. Shame connects to the person rather than the action (Kaufman 1980), involving a judgement about the self, hence questioning self-worth, often associated with feelings of naïvety about being deceived.

The transition in Siemens could not be back to the same, then. There had to be a different identity worked through, including attention to value, purpose and worth. This suggests that the very idea of 'recovery of trust' (Dietz and Gillespie 2012) is problematic. The original trust that Siemens' employees had in the organization was evidently an immature trust, characterized by absence of critical questioning, acceptance of dominant perspectives and so on. Hence, the key issue is rather the development of mature trust. This dynamic is reinforced by the third finding in Simpson's trust research summary: that individual differences in attachment orientations, self-esteem or self-differentiation (working models of self and others in relationship) will influence the development or decline of trust. Those who have a secure sense of self-worth, and of their distinctiveness in relationships, would be more likely to experience and practise mature trust, as well develop trust over time. Once more this offers a more complex view of identity which would be shaped by engaging values and purpose of the organization, as much as individual values and purpose. Simpson's final point is that understanding the degree and direction of trust also depends on awareness of the 'dispositions and actions' of both people in the relationship. This demands an awareness of the virtues and motivations of the other.

This summary of evidence suggests that trust is developed not simply through attention to competence, benevolence and integrity (viewed as behavioural). All three were claimed by Enron and Arthur Andersen. Aristotle (1991) differs significantly, arguing, in the context of rhetoric,

that communicating credibility requires the three aspects of *ethos*: character (*arête*), practical wisdom (*phronesis*), and benevolence (*eunoia*). This deepens the understanding of the basis of trust because it looks beyond simple benevolence to a focus on the good. Hence, the trust is based not purely on the interest of the relationship but on wider values and meaning. This includes both purpose and relational values such as justice and respect. Both of these confer a sense of worth that is acknowledged in the workplace. Hence, some philosophers argue that trust, and our assessment of trust, is not simply about the expressed care of the other and its confirmation or otherwise, it is also 'truth-directed' and 'end-directed' (Baker 1987; de Sousa 1987). I trust a doctor to help me partly because of the wider shared view of purpose that is expressed in the professional body.

In addition to a focus on shared values and purpose, trust requires that an account of this be given in the organization, reflected in the structures and procedures. The procedures provide another buttress to trust, demonstrating procedural integrity focused on purpose and values. Critical to the development of such trust is openness to and opportunities for dialogue. Part of the role of dialogue is both to give an account of shared meaning and also is to test trust, in all the parties involved. Hence, Henry V, as leader, focused on values but also on relationships.

It is worth contrasting this with the agency theory of governance. The extraordinary thing about this theory is that it is predicated on the determination *not* to trust the CEO. The CEO is by definition is not trustworthy and therefore has to be controlled by the board. The stewardship theory of governance goes quite the other way and assumes that we must trust the CEO so much that he or she can be trusted to combine that role with the chair. These reflect the two extremes of immature trust: trusting no one and trusting anyone, without grounds.

A similar dynamic to agency theory occurred in cases such as Arthur Andersen and Enron (Toffler 2003). In these the leadership demanded absolute trust from employees but did not reciprocate that trust, replacing trust with mechanisms of control, based on fear. Members of the organization may decide to buy into that for good reasons, not least financial reward. The down side is that there is no practice of responsibility, as critical self-governance, or mutual or plural accountability or shared

responsibility for projects. Truthful re-presentation, at individual or organizational level, is discouraged.

Mature trust is more focused in mutuality, characterized by the practice of giving trust to the other: i.e. enabling the other to take responsibility, by accepting trust from the other, and by mutual trust expressed in the practice of shared responsibility. The latter is exemplified by the relationship between Siemens and the World Bank. The dialogue between the two involves negotiation of responsibility in the context of a commitment over time to positive responsibility to do with developing a global response to corruption. In the one dialogue there is a move to embody justice, such that the relationship between Siemens and the Bank is repaired, and a commitment to shared responsibility. The dealing with that justice reinforces trust. The commitment to shared responsibility in the wider context also engenders trust. This is partly because a formally stated commitment sets up an account. Both sides are stating that they are mutually accountable. But trust is also engendered because that account is anchored in shared values and purpose which transcend self-interest, and in evidence that the creative possibilities bearing fruit. It is not just that Siemens are doing what they say they will do; it is that what they say and do bear significant meaning to their relationship and beyond.

In order to let go of control we have to judge that the other is either capable of being trusted—i.e. that they are trustworthy—or that there is a good reason for giving them trust, even if there is no evidence that they are trustworthy. A good reason might be the view that giving a person trust is important for their personal or professional development, or is a mark of respect (McGeer 241; see also Pettit 1995). Hence, trust, it is argued, is critical for the development of autonomy and thus, by extension, the development of integrity (Mackenzie and Stoljar 2000). Maitland (2008) argues that trusting employees through cutting back on monitoring their performance also enables the practice of the virtues. Hence, ‘low levels of legal contract enforcement crowd in trustworthiness’ (Osterloh and Frey 2004, 203). It is important to note that whilst giving trust is a risky venture, the focus on shared values, purpose and procedures, and being open to account, provides the procedural framework to enable this: what is in effect the practice of the three modes of responsibility.

Once more a psychotherapeutic perspective on trust is instructive. If the therapist and patient agree on a contract (procedural framework), involving shared expectations about the meaning and practice of the therapy, then when the therapist does not fulfil the contract in some way this allows the patient to challenge the therapist and thus hold him or her to account (Robinson 2008). The therapist, by allowing the challenge and acknowledging it, confirms that the relationship is based in the meaning, value and purpose of therapy, involving respect for autonomy, mutuality and care, not dominance or self-interest. The dialogue is both cognitive and affective. By showing a measured response to the patient's expression of feeling, not least anger, the therapist precisely communicates that he views such a challenge not as a threat, but rather part of the ongoing dialogue. This enables the patient to develop trust based on mutuality and not on the dominating relationship which have been part cause of the problem in the first place (Kohut 1982). In this exchange they begin to experience mutuality, and with that mature trust. Hence, trust becomes a part of the learning experience (Colledge et al. 2014), always being tested, learned and developed, often in different contexts, with different stakeholders. Important to enabling such trust in organizations is the kind of culture noted in Chap. 6, including clear procedures embodying dialogue and external arbitration.

Trust, then, can be seen as essentially a relational commitment to the self or the other. In effect this is faith in the other, which may be based in an end (intrinsic or extrinsic), from the good of the relationship to some wider purpose enabled by the relationship. It is possible, then, to see trust as a virtue, not least because trust requires the action of giving trust, which involves letting go of control and allowing the other to practise self- or shared governance. As with Aristotle's virtues, the mean would be flanked by the two extremes of inability to trust (therefore always looking to control others) and giving trust too easily. Strictly speaking here, the virtue of trust is the capacity to trust.

Mature trust, then, involves a focus on identity, worth and purpose, and thus involves the development of a truthful, reliable and mutual re-presentation of the self. The truthful re-presentation enables the person or organization to reveal over time motives and related meaning. Indeed it could be said that with each account—that is, through staff

development, policy development, annual review and so on—that the organization gives of its values and practices, it is creating a situation where stakeholders, internal and external, are able to diagnose the level and nature of trust.

Allied to this are the two other elements of Aristotle's rhetoric, *logos* and *pathos*, the first involving logical thinking and the shaping of a convincing argument, the second, attention to relationships and associated feelings, and the practice of empathy. Both enable mutual critical dialogue. Such dialogue precisely enables the development of trust and trustworthiness in all parties.

In the light of trust based on the practice of integrity we may conclude several things to add to the models above about engaging trust after a violation of trust. First, it demands learning to develop mature trust, around mutual responsibility. Second, development of mature trust, with employees as well as well as external stakeholders, requires both independent review of the organization and continued independent involvement in enabling the organization to reflect on its shadow side. This was well set out by Siemens. The external perspective provides a consistent focus on values and purpose which transcend the self-interest of the organization (cf. the Nestlé case in Chap. 3). Openness to external complexity also provides challenge to any sense of identity.

Third, the affective aspect of responsibility needs to be given space. This is not simply about allowing employees and stakeholders the space to ventilate their feelings. The ventilation of those feelings will help them to see how they had been oblivious to the problems. Also required is working through their identity and purpose and thus connecting feelings to values. Fourth, this will in turn require the provision of more space and time for dialogue, and with that the confidence to find a moral voice, individually and corporately. Fifth, undergirding the whole process is the development of justice. The key focus is on repairing relationships. In the Siemens case that involved rich complexity: relationships between co-workers who had either allowed colleagues to practise corruption or had abused colleagues' trust; relationships between the workforce and leadership; relationships between the firm and stakeholders. Ultimately the use of stakeholder salience in dealing with these relationships is secondary to this. Whatever the position or power of the different stakeholders, the

perceived breach in the relationship is central and has to be addressed through dialogue in relation to shared meaning, including different perceptions of justice and responsibility. It is precisely such perceptions that legitimize the feelings. Elements of this are clearly addressed in the Siemens case.

This feeds through the dynamics of apology. An authentic apology focuses on taking responsibility. It should come from the leader representing the board/firm. Whilst there may be other members of the firm who were the immediate cause, this recognizes that the board are ultimately severally responsible for the direction and culture of the organization. Apology should not diminish or deny the event or its consequences. It should focus not simply on publicly recognizing the feelings of different parties or that anger, confusion, disbelief are all proper responses to the event, but on the meaning of the perceived breach. Again this involves ideas such as justice, including fairness (Rawls 1971), abuse and so on. Leaders and managers who focus on control see the expressions of such emotions as a threat to their authority, and so focus on the problem of the person or the person as problem. The relationship, however, cannot be addressed without focusing on perceived experience of injustice or betrayal. Being able to handle anger is a mark of being trustworthy, revealing a capacity to handle ambiguity and conflict and still stay focused on the person and issue. This is a little more profound than demonstrating that the other has the person's interests at heart rather than his or her own. It involves, rather, the exercise of respect for the autonomy and identity of the other and expression of commitment towards the other. As part of the development of narrative about the previous regime related emotions should be engaged, thereby allowing those concerned to take responsibility for meaning and practice in relation to the company.

Finally, as noted above, in the light a shared appreciation of justice and in the development of positive responsibility, the shared commitment and creative action affirm genuine change. The authenticity of the change is confirmed in the practice of taking responsibility for meaning and practice in relationships. At the base of the Siemens case was corruption. Hence, the firm and its employees needed to understand what that meant, not least its effect on trust. It is to corruption, then, that I will now turn.

Integrity and Corruption

The root of corruption is generally thought to be the Latin *corruptus* (Bosman 2012), the state of being rotten, decayed, transferable to the morally unsound state of being degenerate, decadent and depraved. In the *Tusculan Disputations* 4.13, Cicero refers the *corruptio* of both body and of opinions, stressing similarities between the diseases of body and mind. The Greek equivalent for ‘corrupt’ and ‘corruption’ involves terms such as μοχθηρία (‘depravity’), λωβκσθαι (‘to harm’ and ‘to seduce’) and δεκάζειν (‘to bribe’), fitting well with the case of Socrates, who was accused of corrupting the minds of the youth of Athens.

Transparency International (TI) prefers a general definition of corruption as ‘the abuse of entrusted power for private gain’.¹ They classify this corruption as grand, petty or political, depending on the amounts of money lost and the sector where the corruption occurs. Grand corruption involves actions at a high level which distort policies or functions of state. Leaders tend to benefit from this. Petty corruption involves the abuse of entrusted power by low- or middle-level functionaries, and involves access to goods and services, often essential. Political corruption involves manipulation of rules or institutions in the allocation of resources.

The definition is deceptively simple but contains three key elements. The first is the breakdown of core purpose and related value systems. In TI’s classification there is a breakdown in the core practice of justice in areas where those involved are employed to fulfil this purpose in their practice. The effects of this will vary, but it sets up a secret counterculture which begins to erode the core values in practice. Second, at the same time as the breakdown of values and purpose, teleopathy, in practice there is the continued re-presentation of the original values, *as if* they are at the centre of the organization’s identity. This might be termed hypocrisy, where someone **pretends** to **believe** something that they do not really **believe**, or that is the **opposite** of what they do or say at another **time** (from Greek *hupokrisis* ‘acting of a theatrical part’).

As Argyris (1980) noted, in a sense we do this all the time. At one level this may involve intentional deception, leading to fraud. Hence,

¹ <http://www.transparency.org/what-is-corruption/#define>

Enron's Chair and CEO worked hard to keep underlying fraud under wraps whilst at the same time portraying the firm as an ethical corporation (Toffler 2003). In this case the shadow side of the organization was the dark side, and intentionally kept in the shadow. Key to that was the way in which they involved other organizations, from Arthur Andersen to several banks, in their activities. Because these organizations were making money out of their relationships they deliberately did not ask any questions about the transactions, on the basis that if they did not ask, then they would not be seen as responsible for any wrongdoing. In turn, because the firm was associated with these bodies, all of whom claimed a good reputation, Enron was able to buttress their re-presentation as an ethical organization. A very similar dynamic was found in the Lance Armstrong case (Walsh 2015). Systematic corruption was tied to a strong articulation of positive value and belief, enhanced by Armstrong's identity of hero fighting cancer, and where even the cycling authorities did not question this re-presentation, partly because Armstrong brought in American corporate support for the sport. Hence, the sport's governing body took this as endorsements.

At another level the conspiracy shades into cock-up. Paine (1994) suggests that organizational breakdowns, 'rarely reflect an organizational culture and management philosophy that sets out to harm or deceive. More often they reveal a culture that is insensitive or indifferent to ethical considerations or one that lacks effective organizational systems' (ibid., 108–109). Mid Staffs might be thought to fall into this last category, except that real harm was done. The lack of intent to harm makes it no less corruption, in the sense that practice betrayed and broke down relationships and went against core professional values. The only difference was in the motive of the corruption, which, as the Francis Report (2013) suggested, was based in fear. The same can be said of the governance crisis in the Roman Catholic Church surrounding the clergy's involvement in child sex abuse scandals. The response of the leadership generated fear and defensiveness (Robinson 2011).

All these cases had three things in common. Those who saw what was happening did not speak up effectively (Verhezen 2010). Many did not see, or chose not to see, what was happening, or chose to judge the significance of the events in a way which was contrary to reality. Nurses and doctors chose not to see the patients who were suffering. Enron managers and the board chose not to see the significance of the subsidiary

companies. Church leaders chose not see the legal or moral significance of child sex abuse. Finally, the dynamic of corruption was based on a cocktail of emotions, held in place by dominant unexamined narrative. The dominant narrative for Mid Staffs had been about the sustainability of the NHS, in Enron about development into the biggest and best corporation in the US. In the Roman Catholic Church the narrative was about defending the good name of the Church (Robinson 2011). The underlying emotions, respectively, were about fear, greed and, in the case of the Church, a certain hubris which saw the values of the Church as more important than the needs of others or any wider picture of justice.

The third element of the TI definition is the breakdown of relationships. Core value and purpose mediate the meaning and practice of relationships and corruption involved the betrayal of those relationships. This is analogous to the breakdown in health I noted in Chap. 3. Corruption, in individuals and in organizations, can be seen as a disease which breaks down the health of integrity. Corruption in this sense cannot be simply defined in terms of fraud. Indeed, there is a danger, as I will show below, of fixing the bar of corruption too high, and ignoring anything less. Organizations such as the Mid Staffs Trust and the Roman Catholic Church can be judged to have been corrupt. For the most part this was not an intentional corruption in the sense of financial fraud. There was, however, another form of moral and relational fraud which sought to subvert justice (relational and legal), deny responsibility and disallow critical dialogue. The metaphor of disease is appropriate because in both cases there was significant relational breakdown and loss of engagement with reality. Hence, any attempt to fight corruption cannot focus simply on systems development or regulation. It has to focus on the development of culture of integrity as noted in the previous chapter. Such a culture would also test two related and connected ideas—counterfeit integrity and confused ethical thinking—both of which can slide into corruption.

Counterfeit Integrity

There are many examples of attempts to imitate integrity, with the focus on presenting a picture of integrity. Corruption attempts to benefit from deception, and the presentation of integrity is there to disguise this

behaviour. Counterfeit integrity might be termed the instrumental representation of the self. In other words, integrity is practised to increase profits (Cox et al. 1999). One of the most striking examples of that has been the rise and fall of sustainability in BP.

Beyond Petroleum

In the 1990s British Petroleum decided it was important to respond to the issues surrounding global warming and climate change. It withdrew from the Global Climate Coalition (against scientific views of global warming) and from the lobbying group for oil-drilling in the Arctic National Wildlife Refuge. The name 'British Petroleum' was changed to 'BP', standing for 'Beyond Petroleum'. The accompanying narrative was that BP would focus on both the development of alternative fuels and the reduction of its own carbon emissions. This led to a 10 per cent cut in emissions of greenhouse gases, saving \$600 million, and increased investment in solar energy equipment.

These developments were met with some scepticism both internally and externally. Internally there was increasing concern that this approach did not take into account opportunity costs and potential business lost through time spent on the green agenda. Externally, the media questioned how an extractive corporation could lay claim to sustainable practice (Frey 2002, Murphy 2002).

Ten years on from BP's development of corporate sustainability, the exploration of the Gulf of Mexico was reaching fruition. On 20 April 2010, the Deepwater Horizon oil rig exploded, killing eleven workers. The resulting oil leak was estimated at about 4.9 million barrels (205.8 million gallons), the largest ever in [US-controlled waters](#). It damaged hundreds of miles of coastline, affecting related industries, before it was capped in July. The case was complex, involving several different corporations. The National Commission on the Deepwater Horizon disaster (2011) reported systemic failures across all the organizations involved that were likely to recur. These included: inadequate oversight by government regulatory bodies; inadequate engineering planning and decision-making, in the light of deepwater drilling practice that was not well established; decisions based on saving time and money; failure across the

system to be aware of the environment in which they were operating; and fragmentation of responsibility and decision-making across the different groups involved. In all this there was little sense of a culture of responsibility for the whole project. On the contrary, there was evidence of: lack of awareness of the environment, internally and externally; lack of sustained risk assessments at every point and in terms of the overall project; lack of systemic concern for safety; little effective negotiation of responsibility with stakeholders or partners. Much of this is summed up in BP's 582-page regional spill plan for the Gulf, and its 52-page, site-specific plan for the Deepwater Horizon rig. This included fundamental errors, such as misidentification of creatures that would be at risk (cut-and-pasted from another region's document), out-of-date information about experts, and no oceanic or meteorological data, despite the ocean-floor site being in a hurricane-prone region.

This case points to the development of a counterfeit (imitation) integrity. Imitation, of course, can be morally unacceptable, based on the intention to deceive for a bad end, such as the sale of counterfeit works of art. It may be unintended counterfeit, based on a desire to look good. There is nothing to suggest that John Browne (2015) did not believe in his re-presentation of the identity of BP, or that he did not believe in the importance of developing sustainability as part of the practice of BP. BP were the first major corporation to accept publicly the phenomenon of global warming and the need for business to take responsibility for dealing with it. However, even at the early stage of the company's campaign there were indications of counterfeit activity. The big campaign to generate a green image raised three major contradictions. First, the amount of money spent on green projects was very small compared to the future investment of over \$15 billion in drilling in the Gulf of Mexico. Second, BP did become involved in exploration for oil in Alaska. Third, in the decade up to the Deepwater Horizon incident there were several major health and safety and environmental disasters, including Prudhoe Bay, Alaska.

The evidence from the incident suggests internal contradiction between the sustainability policy and the practice of responsibility on the ground in everyday decisions. The former is well developed and thought through, as noted above, and the latter reveals little sense of agency (knowing what

was being done and what effect it had or might have on the environment), no clarity about accountability and no worked-through shared responsibility, not least amongst the key players. In that sense there is no evidence of a culture of integrity or of the individual or corporate capacities of responsibility. Even the nature of sustainability and positive responsibility had not been thought through. This kind of deep-sea drilling was relatively untried, and in taking decisions about drilling there was no evidence of attempts to anticipate unintended consequences, including the potential effect of any major disaster. Hence, the precautionary principle, erring on the side of safety, as set out by the Rio Declaration of 1992, was not applied (cf. Grace and Cohen 2005, 150).

The re-presentation of the organization was not genuine. This is often characterized as 'greenwashing', defined as 'disinformation disseminated by an organization so as to present an environmentally responsible public image' (*Concise Oxford English Dictionary*). In the BP case, this could not be described as disinformation but was, rather, a lack of integration between the vision and the practice of responsibility on the ground. This reinforces the argument that integrity cannot be seen as primarily instrumental (to improve business relations). It has to be focused on responsible practice on the ground.

Confusion/Equivocation

By 'confusion' I mean intentional confusion and related equivocation, and this is focused on the issue that the UK public are most concerned about: corporate tax avoidance. There is not the space to give this issue the detail it deserves, and so I want to examine simply the issue of integrity. The four major auditing networks have developed over seventy different schemes for corporations to avoid paying tax. This has led to major global corporations paying relatively small amount of tax. Global annual revenue losses from such schemes are conservatively estimated at \$100–240 billion. This involves between 4 and 10 per cent of global corporate income tax revenues.

Three key factors indicate that the accountancy networks choose not to practise integrity. First, they do not exhibit the first mode of

responsibility. They do not know if their schemes in every case are legal or not. This is partly because the schemes are so complex that determination of their legality could take several years (House of Commons Committee of Public Accounts [CPA] 2013). The Parliamentary Committee noted evidence that some firms were selling products which had only a 25 per cent chance of legality. One firm suggested that this was closer to 50 per cent. The old division between tax avoidance and tax evasion no longer holds. The firms also do not take responsibility for being aware of how their actions affect wider society. For instance, developing countries have a greater reliance on corporate income tax revenues as a percentage of tax revenue. The impact of such schemes on whole countries is significant.

Second, the networks avoid a full account of their values, purpose, practice and relationships. Once they open to public dialogue, as in the Public Accounts Committee (2013), they simply return to the assertion that what they are doing is not illegal. In other words, they refuse to engage in a dialogue about moral meaning. The issues of regional, national and global justice, and the contribution of the networks to injustice, are not engaged. The reliance on legality becomes very difficult to sustain. In the UK the relationship between the government and the industry has led to questions about conflict of interest, with key industry figures advising government on the aspects of tax law, and then returning to the industry. Equally the means of applying the law have been inadequate, with limited resources from the HRMC unable to make ground on better-resourced industry, whose aim is to develop ways to get around the rules. Regulators such as the Financial Reporting Council (FRC) have been equally hamstrung (CPA 2013).

Third, the big four simply deny responsibility for their practice and its significance. Tax issues are, of course, complex, and there have been important moves to develop a coherent response to this issue, not least from the OECD (2015). This has culminated in the EU anti-tax avoidance package agreement in 2016, including: legally binding measures to block the most common methods used by companies to avoid paying tax; a proposal for member states to share tax-related information on multinationals operating in the EU; actions to promote tax good governance internationally; and a new EU process for listing third countries that refuse to 'play fair' (EU 2016).

Clearly a resolution of this issue required such an international response, and this has to be part of any negotiation of responsibility. But the big four do not seem to be part of that dialogue. This might suggest that the big four, like Nestlé and others in the early stage of their cases, have not begun to face the challenges of positive responsibility. Their representation of their identity, however, claims that they have. For example, the Deloitte web page on corporate responsibility reads:

Corporate Responsibility & Sustainability

The Deloitte network is committed to driving societal change and promoting environmental sustainability. Working in innovative ways with government, non-profit organizations, and civil society, we are designing and delivering solutions that contribute to a sustainable and prosperous future for all.²

This statement has the bold assertion of positive responsibility, in which there is no equivocation, only the search for a creative contribution to society. It is important, then, to contrast that with the responses of the heads of taxation to Margaret Hodge's Public Accounts Committee. These were characterized by equivocation and obfuscation, with the attempt to replace phrases like 'tax avoidance' with technical phrases such as 'tax planning' and 'tax efficiency'. This was supported by the argument (moral fallacy) that 'everybody else does it'.

The question, then, for the big four is: can they see the dissonance in this, and what account would they give of this? Brooks (2013) notes that this is an issue which involves injustice and that the public, evidenced by various grassroots groups, are very aware of this.

The work of Matthew Gill (2011) raises such questions in perhaps a more profound way for the accounting industry. As I noted at the start of this book, accountancy re-presents itself as a profession, one which is therefore focused on the greater good. The evidence from Gill's research suggests that junior accountants, in particular, have little awareness of this. It suggests that the dominant discourse in accounting 'does not take ethics particularly seriously' (Gill 2011, 123). This is shown up in

² <http://www2.deloitte.com/global/en/pages/about-deloitte/topics/corporate-responsibility-sustainability.html>

several different practices which appeared to be part of the work culture. One was phantom ticking. This involved junior auditors faced by repetitive and laborious work ticking in audit files that something had been checked when it had not. They recognized that it was wrong but did because, again, ‘everyone else does it’. Another example from Gill’s research was the erecting of Chinese walls, where a single accounting firm was acting for two or more firms in bids to buy another company. Gill’s junior auditors suggested that these walls were not secure, and that it would not make sense to do the work more than once anyway.

What makes this research so important is two things. First, there is a juvenile tone to the responses which treats these actions as, in the participants’ words, ‘minor felonies’ (Gill 2011, 121). In other words the actions are trivialized. Central to this is the implication that the persons who do this are not fully responsible for their actions, or perhaps that others are responsible for them. Second, the research participants perceived ethics as dogmatic and judgemental, and as a result did not take them seriously, indeed assumed that nobody did. Hence, their response to questions was characterized by confusion, equivocation, obfuscation and the use of technical language (cf. Bauman 1989). One participant (Gill, 124) is able to speak of his own ethics, but also of being able to ‘flex’ his ethics. As Gill writes, this seems to render ethics ‘something external to himself, which he can work upon’ (ibid.). Other participants spoke of the declaration of values making them vulnerable, ‘which is not necessarily the best thing in an aggressive corporate atmosphere’ (ibid., 125). Both perspectives reveal an absence of the practice of integrity, the first not connecting ethics to the self, the second fearful of giving an account of the self.³ These perspectives were evident, despite the ethics training that they were given. Interestingly, one participant suggests that only in answering the research questions had he begun to connect values to his own self, comparing the experience to psychotherapy (ibid., 127). This suggests the ethics training did not engage through dialogue. Gill’s research also suggests that cover-ups of practices are not necessarily from the top. His participants suggested that cover-ups, large- and small-scale,

³ Similar dynamics are in play in Stuart Gulliver’s assertion that rules which applied to him as profession did not apply to him as private individual. <http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/11430617/Hsbc-boss-Stuart-Gulliver-defends-himself-against-claims-of-secret->

derive from a counterculture generated by the workforce based on the trivialization of ethical issues.

Both these points resonate directly with the big four's defence of their actions. It is as if the use of technical language and the use of moral fallacies cannot be seen by others.⁴ They are ways of making things opaque, and thus the very opposite of mature integrity. Opacity thus becomes the shadow side. This raises the question of how the counterfeit and confusion relate to corruption. Several clues emerge from Gill's research. First, participants recognized that there was a grey area between corruption and their practice. Second, some participants tried to characterize corruption as extreme, such as briefcases full of cash offered. The point here was to distance themselves from such acts (126). Third, nonetheless, they could envision themselves as crossing the line if pressure was brought to bear from a superior (127). Fourth, some participants (126) suggested that thinking of ways to get around the Finance Act every year could be viewed as 'borderline corrupt'. This suggests that, where integrity is not practised, the movement from 'minor felonies' to more serious corruption could take place without being noticed. Hence, any fight against corruption once again has to be based on the development of a culture of integrity.

The Identity of Business

Gill's research brings us right back to the nature of integrity, as something which is not arms-length ethics, not about finding ways to do the right thing or 'doing ethics', but being ethical, ethics which is focused on our being, and thus our self. Our identity is the sense we make of that self (Swann and Bosson 2010). The dialogue and narrative all help to make that sense and thus to take responsibility for ourselves and our relationships.

This is important to business because business is part of a complex network of relationships (Norman 2015). From reflections above we should expect the identity of business to be complex, relating to many

⁴Just because everyone else does it does not make it right.

different narratives, and even ambiguous. First, it is not a simple private entity. We tend to view businesses as set apart from society and dealing with it through contracts of different kinds. Such a private enterprise in a traditional sense would involve a private owner or owners. However, the corporation has elements of a quasi-public entity. In the UK and Commonwealth countries a corporation is called a public company, in the sense that its shares and debentures are open to the public for subscriptions. It is an independent legal person, separate from any private individuals, including shareholders. This legal status and power are created and granted by the state, not by private contracts. In other words, the state allows the organization to exist. Moreover, the privilege of limited liability and bankruptcy granted by the state is in return associated with some public interests and with social responsibility. The corporation is subject to public scrutiny (public registration, public disclosure, public inquiry and so on), and it is involved in public functions (regulations, public goods) with huge societal impacts. In addition, the rules of limited liability and bankruptcy allow corporations to shift their financial, social and environmental liabilities to their stakeholders and the public. Limited liability and bankruptcy mean that while shareholders only assume a small part of the corporate liabilities, wider stakeholders, including creditors and employees, bear often the largest part of corporate liabilities. This points to business and society as being mutually dependent.

Second, despite attempts of Nohria and Khurana (2008) to see business as a profession, analogous to professions such as law and medicine, business is more complex than that. The identity of business emerges not from a pre-determined role but rather from dialogue with other professions, who may be the focus of the corporation, such as engineering or accountancy, or dialogue with stakeholders. Purpose, then, also emerges from those relationships in society.

De Bettignies and Lepineux (2009) argue that business is increasingly taking on the role of social change agents (cf. Bies et al. 2007). This is especially true of TNCs. The annual turnover of the largest corporations in the world exceeds the GDP of many countries, not just the poorest. Although these comparisons are crude, they nonetheless indicate influence and economic strength in relation to states. TNCs directly reinforce global inequalities, and thus global injustice, in collaboration with

international finance institutions, such as the World Bank (Stiglitz 2002, De Bettignies and Lepineux 2009). De Bettignies and Lepineux also argue that in the global context nation-states can no longer be assumed to be the guarantors of the common good. Other economic and social actors progressively understand that they have a role in solving global problems too, and that they have to contribute their share to the common good. In a global context there is no single organization that has the power or jurisdiction to take responsibility for everything. Globalization (Singer 2002) demands that all parties work together to share responsibility and ensure that this is worked through.

These points reinforce a theme that has been repeated throughout this book: that integrity cannot be viewed as self-contained, be that personal, professional, organizational, corporate, political and so on. The dynamic of integrity is essentially inter-agency, and thus focused on dialogue, with the agent (the self), with professions, between the professions, between the professions and the corporations, between corporations and the wider industry, between corporations and civil society, and between politics and civil society. Without that dialogue we run the danger of one or more of those institutions trying to subvert meaning and practice to their own ends. Regulation is best achieved through this multiplicity of dialogue (King III) focused on the various anchor points noted above.

Conclusion

The argument of this book is that integrity is simply about taking responsibility for meaning and practice, for giving an account in relationships and for taking responsibility, with others, for the future. At its centre is dialogue, which enables the development of individual and corporate narrative, and engagement with complexity. Part of engaging that complexity involves critical relationships to value anchor points, including, professional and project purpose, narratives of justice, and human rights. Each of these requires procedural anchor points which embody the values, enable dialogue and demonstrate an independent perspective. The practice of integrity involves engaging difference, and this provides the basis of regulation based not just on formal codes but on stakeholder dialogue.

Such integrity holds together consciousness of the complex and interconnected social and physical environment, critical challenge, connectivity, commitment to people and projects over time, change and transformation (through openness to learning), and creativity (being responsible for the future). It also holds together the practice of the different virtues.

Integrity is not about being secure on the moral high ground, still less about defending that. Defence of integrity lies precisely in the practice of dialogue. Nor is integrity about asserting a particular paradigm: for instance, replacing a paradigm of greed with a paradigm of altruism. Integrity is not about altruism, but about taking responsibility for purpose and values such as justice.

De Woot (2009) argues that we do have to change paradigms and therefore that Prometheus, representing the growth of business and technology, should be bound.⁵ Technological and business development have to move away from the focus of greed. Integrity, however, has a slightly different focus. The logic of the concept I have argued for is not about either subverting or asserting paradigms but about challenging our ownership of them, and enabling responsibility for meaning and practice. In that light Prometheus (meaning forethought) actually embodies integrity. His action, in response to the narratives of his brother Epimetheus (after thought), Zeus and humanity is to take responsibility for the future, standing up against Zeus and for humanity. For all his failings there is a rich narrative there which we can engage.

Nor can integrity be viewed as instrumental: the business case for integrity, that it will lead to success. Whilst there is good evidence that lack of integrity can lead to business failure, there is little empirical evidence that integrity simplistically leads to success. Integrity as described brings together intellectual, psychological, moral and practical meaning, and interactive virtues which increase awareness, creativity and so on. What follows from the re-presentation of the 'self' in practice, then, will follow. The instrumentality of integrity always runs the danger of counterfeit presentation, being concerned less about the truthful re-presentation

⁵ Prometheus was the Greek Titan who stole fire from the gods, and with that the tools of survival, including technical development, to give to humans.

than about image and outcomes. In this Olympic year it is worth remembering that the inspiring torch relay had its origins in the Nazi Olympics of 1936, not in ancient Greece (Large 2007).

Integrity, then, is found in the middle, like all the virtues. It is precisely from there that business can find perspective; it is part of the wider human project, with each business working out what that means in its own comprehensive practice. The response of Jacob Marley's ghost to Scrooge's compliment that he was a good man of business is instructive (Dickens 1951, 29):

Mankind was my business. The common welfare was my business; charity, mercy, forbearance, benevolence, were all my business. The dealings of my trade were but a drop of water in the comprehensive ocean of my business!

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Epilogue: Integrity and the Business School

In this book I have tried to spell out the nature of integrity as truthful re-presentation of the self, involving taking responsibility: for value, meaning, practice and relationships; for giving an account of this identity to stakeholders which is true to self and true to others; and for sharing responsibility for creative response. This epilogue poses questions about the integrity of business schools, by which I mean the practice of integrity in business schools, in teaching, research and management. I will explore the purpose and value of business schools as part of higher education, and draw out implications for the practice of integrity.

The Purpose and Values of Business Schools

Business schools and business studies do not have a long history. In fact, it is just over fifty years since the first UK business schools were founded (Cannon 2015). The aim was to revivify business leadership, and business schools would be analogous to medical schools or law schools. The vast majority of business schools are part of a university and thus offer higher

education. The identity and purpose of a business school, then, is linked to the purpose of universities.

The Purpose of Universities

Universities should not be institutions for the training of an efficient bureaucracy, for the equipping of scientists to get the better of foreign scientists; they should stand for the preservation of learning, for the pursuit of truth, and, in so far as men are capable of it, the attainment of wisdom. (Eliot 1962, 123)

T. S. Eliot's resounding clarion call should make every leader in higher education think twice. It focuses on a community of practice rather than an institution and sets out core values, such as autonomy and intellectual independence. It looks at core responsibilities to the sector as a whole, and to key purposes, including the development of a virtue (wisdom) and the pursuit of truth. To some extent this harks back the vision of Cardinal Newman (2015), who argued that learning should be pursued for its own sake. But that vision has been challenged with the arrival of business schools in the 1960s, and accession of polytechnics to higher education in 1992, both focusing on the utility of higher education. Some suggest that this has precipitated a crisis of identity (cf. Reeves 1988). Warnock even suggested that 'we no longer know what a university is'.¹

Like most things, however, crises in universities have been around for some time (Moberly 1949). In fact, two things do seem clear historically: first, that the 'university' has been constantly evolving; and second, that it has evolved in response to different groups in society and to the underlying values of the many stakeholders. Oxford and Cambridge were, in origin, universities which provided education for the professional classes, focusing on theology and law. They, like Newman's vision of the university, had little sense of research. The modern university, focused on research, began to emerge in the late seventeenth century in Halle, reaching its peak in Berlin in the first decade of the nineteenth century.

¹ Mary Warnock, Anglican Chaplains' Conference, High Lea, Hoddesden, September 1996.

Some argue that the focus on utility lost the deep sense of familial community exemplified by the Oxbridge colleges, which naturally communicate values within the institution of care, respect, responsibility and commitment, as well as the pursuit of excellence (Megone 2005). But the historical reality of this ideal lacked any sense of equality, justice or inclusivity, dominated as it was by an Anglican, and male, elite (Bebbington 1992). Much of the subsequent history of the sector is about breaking down such power and pursuing widening participation, setting up a tension between social purpose and excellence (Daniel Jenkins 1961).

Dearing, in his report on higher education, attempts to sum up the very different values in terms of four purposes:

- to inspire and enable individuals to develop their capabilities to the highest potential levels throughout life, so that they grow intellectually, are well equipped for work, can contribute effectively to society and achieve personal fulfilment
- to increase knowledge and understanding for their own sake and to foster their application to the benefit of the economy and society
- to serve the needs of an adaptable, sustainable, knowledge-based economy at local, regional and national levels
- to play a major role in shaping a democratic, civilised, inclusive society. (Dearing 1997)

To Dearing's review of purpose might be added the role of education in developing equality, not least of opportunity. R. H. Tawney (1930) saw 'the kingdom of ideas' as bringing the classes together and changing society. These purposes reflect the concerns of different stakeholders, and are in the context of both a huge rise in the numbers of students and increasing uncertainty about what can be funded.

Alongside equality is the principle of academic freedom, freedom to pursue research unencumbered by powerful interests. This could be characterized either as research for its own sake or as research for the common good, both transcending interests. The idea of academic freedom ties into the nature of learning, based on rigorous thinking and research. David Jenkins (1988) argues that this can hold together the many different purposes and their underlying values. Alongside research, personal

and economic development, learning and training the university should be both an 'essentially critical place' and a place of betterment. The critical stance demands that universities can achieve a degree of distance so that they can subject all the other purposes and related organizations in and outside the university to critical scrutiny. This demands that universities stand out against reductionism or any attempts to limit the openness and plurality of the university. Jenkins' point about betterment is individual, corporate and political. Universities are for the betterment of human beings, but they are also about contributing to a bigger picture, about contributing to the moral imagination of the wider community.

None of this is to say that universities are in the game of intentionally changing the world, in the sense of asserting one paradigm over another. Nonetheless, the university does have a social responsibility allied to their core purposes, and expressed well by MacIntyre (1990), who argued that universities are places where 'conceptions of and standards of rational justification are elaborated, put to working detail practices of enquiry, and themselves rationally evaluated, so that only from the university can wider society learn how to conduct its own debates, practical or theoretical, in a rationally defensible way' (ibid., 222). This critical stance and move for betterment takes the university beyond value-neutrality. Here are values which are worth fighting for, affirming affective intelligence as well as rationality. It is such values that begin to contribute not just to a civilized society but to the definition of a civilized society.

Business Schools and Integrity

The challenge of this to business schools is significant, demanding a stance which is independent from business, and holding together very different purposes. The pressure against this is massive. Universities have seen business schools as 'cash cows', selling 'products' to customers with business utility. This consumer model was reinforced by the introduction of payment of university fees.

Worse than this, in the credit crisis business schools, in reports, research, consultancy and teaching, consistently supported or ignored behaviour which was either corrupt or did not reflect the practice of

integrity (Khurana 2010), and were well rewarded for it. It is not just that they did not have the courage to challenge business. They did not even reflect on their values and practice enough to make the practice of courage an issue.

This demands dialogue about and articulation of values and purpose of business schools. Two things have skewed such an articulation of purpose: the uncritical acceptance of utility, and the focus on the scientific model of business studies. The first of these sees the purpose of business schools as largely contributing to individual and national economic performance. From the stress on performance comes the need to develop tools, most often based on rational and linear approaches to management. As I argued above, such an approach has failed to engage the complexity of practice and the social and physical environment. The second problem has been the focus on science. Bennis and O'Toole (2005, Bennis 2012) note how, focused in the development of the MBA, business studies adopted a strictly scientific approach, partly to legitimize its academic identity. This is reinforced by research exercises which focus on the production of starred journal articles, further focusing on the narrow rational approach to management and leadership, and leading to a polarization of theory and practice, with academic energy and expertise focused on the development of theory (Bennis and O'Toole 2005, Ghoshal 2005, Bennis 2012). This in turn has led an erosion of engagement with business.

Up to this point there is a picture of fragmentation, polarization and even denial of responsibility ('we are simply doing what the university wants, bringing in money'). Absent from this is any reflection or dialogue which attempts to bring together theory and practice with value. The presence of value would bring in social, psychological and intellectual complexity, reflecting the reality of practice. It would also bring a focus on the skills and virtues needed to negotiate such complexity, not least the practice of judgement. There are voices which argue for this, not least in leadership studies (cf. Western 2008, Robinson and Smith 2014), but there is little evidence that business schools actually articulate this debate as part of the development of their identity, in their management and governance. This is partly a problem of being in a university. A CIHE report (2005, cf. Kaul and Smith 2012) included initial research which suggested that there was a lack of common discourse about values in higher

education. A majority of institutions had a series of different documents around ethical practice often produce by different departments or for different functions. There was little sense of the connection between different areas or cognate concepts, such as corporate responsibility, equality and diversity, health and safety or research ethics. Only seven of the institutions who replied to the CIHE had codes or statements that covered the institution as a whole. In turn this led to inconsistency and a lack of clarity. Of the universities that did have value statements, over 70 per cent of those who responded were unable to articulate how these values were embodied in the institution. Research in business schools suggests similar fragmentation (Kaul and Smith 2012).

It is not surprising that the strongest focus for the majority of universities is on research ethics. Given the drivers of risk and reputation, and the requirements of the main research grant and professional bodies, research ethics has now reached a sophisticated level, locked into governance mechanisms. However, the connection between research ethics and the wider ethical identity of the university is rarely made, obscuring the fact that many research ethics committees find themselves in practice dealing with wider ethical issues.

The Practice of Integrity

So how might business schools develop the practice of integrity? First, given the different narratives within the business school and beyond, sustained dialogue between stakeholders would be critical in developing an account of values, purpose and practice. This includes dialogue with staff and students, the different professional and discipline bodies (noted in Chapter 3), the university, and regional and national business leaders.

Second, as noted above, there would be a need to develop a culture of integrity. For a business school this would mean taking responsibility for integrated thinking. The signs of integrity not being practised include polarized thinking, which for many business schools is expressed in the gulf between research and teaching (Kaul and Smith 2012). Such a gulf is often perpetuated by narrow senses of identity which cause staff members to respond negatively to attempts to develop a more integrated culture;

hence the critical importance of dialogue. Developing the culture will include codes and procedures which can enable the development of dialogue and the practice of the key virtues.

A good example of a framework which brings together codes and procedure is the advisory framework of the CIHE (2005) document. This brings together all the different stakeholders, around:

- teaching, learning and assessment
- research and development
- the student experience
- business and local communities
- leadership and governance
- management.

Perhaps the greatest benefit of this is the way that different aspects of ethics can come together and be recognized as developing common ethical meaning. For instance, all of the stakeholder headings above involve different perspectives on justice and respect, expressed in ethical codes, staff and student regulations, laws, professional codes and so on. Critical dialogue across these areas precisely helps to establish a shared identity and purpose across the institution, guarding against non-thinking application of codes (cf. Moore 2006). The CIHE framework is designed for the whole university, but is equally relevant to the business school. In effect, this provides a framework for developing a culture of integrity.

Third, business schools then need to provide evidence of the curriculum reflecting integrity. The evidence from business schools, once more, is of fragmentation and polarization (Kaul and Smith 2012). This includes disciplinary fragmentation, with little sense of connection between different courses or even between modules within courses.

Developing the practice of integrity would require an underpinning philosophy of learning, in relation to core purpose and values. Oakshott (1962) for instance, argues that critical discourse is key to academic freedom. Ford (2003, 23) suggests that at the heart of collegiality is 'intensive, disciplined' face to face conversation and debate between contemporaries and across generations'. They are learned in a community of critical conversation (Oakshott 1962), one that enables the student to hear the many voices, appreciate their difference and engage complexity. Barnett (1994)

argues that critical reflection is central, though not exclusive, to personal growth. Higher education is in essence emancipatory and holistic. In effect, it liberates the student from the narrow focus of the disciplines, enabling reflective thinking which can critique the assumptions of the discipline and look beyond to relations with other areas. Products of this process are 'self understanding and self empowerment', enabling students to 'come into themselves' (*ibid.*). This is higher-order thinking involving the development of 'analysis, evaluation, criticism and even imagination' (*ibid.*, 85).

Such a philosophy engages the core elements of integrity, dialogue and owning narrative. It would then have to link to utility, for instance, through developing a view of employability which reflects the practice of integrity. Increasingly this integrative approach to learning is being developed (cf. Dowson 2015, Robinson 2005). Central to this is making explicit the connections between intellectual, moral and practical virtues, and thus making the case for the utility of these virtues. This would make reflective practice, enabling reflection on personal and professional development, the centre of pedagogy, developing a pedagogical style which focuses on the practice of responsibility and the virtues of learning.

I am arguing here that integrity is the key principle of integration for the curriculum. There are three elements to this argument. First, as defined, the practice of integrity involves the interactive development of intellectual, psychological, moral and practical virtues and skills. The moral virtues, as noted in Chapter 5, are equally important for successful decision-making. Second, as noted in Chapters 7 and 8, this provides a way of pulling together different sub-disciplines in business studies. Strategy and enterprise relate directly to the practice of positive responsibility and related virtues such as hope; the practice of accounting relates directly to accountability. Third, integrity is focused on self-identity, dialogue and reflective practice. The focus on self-identity anchors learning in a significant way, not least because any account given involves self-reflection. Focus on the development of tools and models precisely avoids this engagement, leading ultimately to the kind of juvenile thinking found by Gill (2011). Dialogue and reflective practice involve the practice of accountability and shared responsibility, demanding pedagogy be focused precisely on the practice of these.

Present practices reflect, rather, a lack of mutual accountability, with one-way communication of data the priority (through PowerPoint and the like), rather than enabling learning through giving account. Absent from most of these practices is the experience of making a judgement, and with that the exercise of the virtues, such as justice, courage and honesty (all ascribed by MacIntyre [1990] to learning). The role of consumer rather encourages the student to avoid the exercise of such virtues and place responsibility for learning on the teacher.

Within higher education there is some resistance to what is taken to be an aspect of morality (viewed as prescriptive) providing the principle of integration in the curriculum. However, as an argument this is as much about a straw man as Gill's junior accountants' characterization of morality. Integrity, as argued for, is not about imposing ethics, but about empowering responsibility. Hence, any framework for the curriculum would focus on those dynamics. The key issue is the absence of a framework, or any account of such a framework.

But perhaps this is a lesson from integrity. The practice of the third mode of responsibility demands not the imposition of a framework but rather the development of shared responsibility and imagination to see what is possible. I will provide two illustrations of how business schools could begin to work with others to develop such positive responsibility.

First, in developing integrated curricula, business schools could work with students, including the National Union of Students. In a sense it is they who are making the running. A student survey commissioned by the Higher Education Academy, UK, and the National Union of Students (Drayson et al. 2014) found that 80 per cent of students believe that sustainable development should be actively promoted and incorporated by UK universities in the curriculum. This finding has been confirmed over several years and also suggests that the belief is strengthened as students' progress through their studies. A second significant finding is that students feel that developing attitudes and skills related to sustainability is important to their employability. Remarkably, respondents also showed a desire for roles that would positively influence social and environmental change, and just over half of respondents said they would be willing to make a salary sacrifice of £3,000 to work in such a role. A third aspect of the survey is the way it connects the different cognate concepts with a

wide definition of sustainability attitudes and skills, including CSR and business ethics.

There are two important things to underline from this survey. First, there is evidence that students do not buy into the narrow positivistic approaches of much business studies. They have different perspectives on worth. Second, the survey suggests that students are prepared to take responsibility for developing these ideas. This runs contrary to the received model of students as customers. Academic staff, then, can work with students to develop integrated curricula which are co-created. Such co-creation involves the practice of integrity.

A second example of shared responsibility is in working with business. There is some evidence that business is not working as closely as it once did with business schools (cf. Cannon 2015). Doubtless there are many different reasons for that, including questions about loss of trust post-credit crisis and competition from non-university organizations for research and training. However, there seems in general to be a lack of mutual dialogue around core purpose between the business school/university and business. Perhaps more importantly, there is a limited dialogue around how professional development and personal development can be addressed in such a way that students can be empowered to take responsibility for their thinking and practice. Simply to say that CSR (cf. James 2009) is increasingly taught fails to meet this point. To develop this demands sustained dialogue between business and business schools. And possibly the place to begin is in dialogue about the meaning and practice of integrity, which business leaders placed third in the list of attributes they wanted from graduates (Archer and Davidson 2008).

Conclusion

There are two broad conclusions to this epilogue. The first is that the practice of integrity in business schools will require dialogic engagement with all stakeholders to build bridges between thinking, meaning and practice. Business schools are no different from any other institution. The second conclusion is that integrity can be learned. The usual objection to such a statement makes two false assumptions. The first is that it assumes

that learning means didactic teaching. In this book I have argued that learning which bridges meaning and practice is essentially dialogic and focused on reflective practice. The second is to assume that integrity is a discrete virtue which is more gifted than developed. However, as Aristotle suggests, the virtues are learned through practice, and in this book I have argued that integrity is developed through the practice of responsibility.

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