

Schöttl, Lisa

Research Report

The concept of moral integrity and its implications for business

KICG-Forschungspapiere, No. 9

Provided in Cooperation with:

Konstanz Institut für Corporate Governance - KICG, Hochschule Konstanz

Suggested Citation: Schöttl, Lisa (2015) : The concept of moral integrity and its implications for business, KICG-Forschungspapiere, No. 9, Hochschule Konstanz Technik, Wirtschaft und Gestaltung (HTWG), Konstanz Institut für Corporate Governance (KICG), Konstanz

This Version is available at:

<https://hdl.handle.net/10419/125929>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

The Concept of Moral Integrity and its Implications for Business

Lisa Schöttl

KICG – Forschungspapiere
Nr. 9 (2015)
ISSN 2198-4913

Konstanz Institut für
Corporate Governance

Hochschule Konstanz
Brauneggerstraße 55
78462 Konstanz

www.kicg.htwg-konstanz.de

KICG-Forschungspapier Nr. 9 (2015)

The Concept of Moral Integrity and its Implications for Business

Lisa Schöttl

Der folgende Beitrag ist in „Forum – Das Forschungsmagazin der Hochschule Konstanz“ (Ausgabe 2015) erschienen.

Das KICG ist ein Forschungsinstitut der HTWG Konstanz, Brauneggerstr. 55, 78462 Konstanz.

Kontakt

Konstanz Institut für
Corporate Governance
Hochschule Konstanz
Brauneggerstraße 55
78462 Konstanz
www.kicg.htwg-konstanz.de

1 Introduction

Regarding moral concerns in the business sphere, integrity is often mentioned as one of the core values that guides the behavior of companies. Daimler for instance states: “Acting with integrity is the central requirement for sustainable success and a maxim that Daimler follows in its worldwide business practices.”¹ Reference to integrity is mostly supposed to signal that the company acts morally responsibly. Although some companies specify what acting with integrity means for them, it generally remains unclear what the concept of integrity entails – both broadly speaking and referring to business. This conceptual gap shall be filled by developing a concept of integrity that can be transferred to the business context. For this purpose, the main criteria that constitute moral integrity will be discussed before reflecting on how these could be integrated into a practical and comprehensive concept of corporate integrity.

2 Meaning of Integrity

Regarding individual integrity, a common distinction of the term integrity is often drawn between personal and moral integrity.² Personal integrity refers to an individual being committed to *personal* values and principles whereas moral integrity describes adherence to *moral* values and principles.³ Obviously both understandings can overlap since one’s personal values can also be moral ones. But for moral integrity, personal integrity is considered as a prerequisite.⁴ Since the use of integrity in the business area refers to a moral understanding of the term, the following analysis aims to give an account of moral integrity of individuals which shall be the basis of corporate integrity. For this purpose a nominal definition is sought based on an extensive literature review which takes into account the common usage of the term.

According to existing literature the most common meanings of integrity are the following: wholeness, consistency, identity, honesty and moral commitment (see table 1).

¹ Daimler: Integrity and Compliance. Retrieved from www.daimler.com/dai/iac (2015, June 10).

² Cf. u. a. McFall 1987, pp. 17ff; van Luijk 2004, p. 39; Vandekerckhove 2007, p. 156.

³ van Luijk 2004, p. 39.

⁴ McFall 1987, p. 16.

	Wholeness	Consistency	Identity	Honesty	Moral Commitment
Audi/Murphy (2006)	X		X		X
Bauman (2011)		X	X		X
Becker (1998)				X	X
Calhoun (1995)	X		X		X
Carter (1996)		X			X
Cox et al. (2013)	X		X		X
DeGeorge (2010)		X			X
Halfon (1989)		X			X
Kaptein/Wempe (2002)	X	X	X		X
McFall (1987)		X			X
Paine (1997)		X		X	X
Scherkoske (2013)		X	X	X	X
Vandekerckhove (2010)		X			X

Table 1: Common understandings of integrity in existing literature

One of the oldest meanings of integrity refers to its etymology. Integrity stems from the Latin word “integritas” which means wholeness or unity.⁵ This suggests that for achieving integrity, something has to be whole and undivided. In the academic discussion this position is called “integrated-self view”⁶ and means that “integrity is a matter of persons integrating various parts of their personality into a harmonious, intact whole.”⁷ While this can mean that a person should not generally contradict herself in her commitments, the “integrated-self view” cannot include to be without conflict, because “without conflict of commitments, values and desires there can be no integrity or question concerning integrity.”⁸ Thus integrity as wholeness in itself cannot explain sufficiently what acting with integrity means. Another understanding of integrity also related to its etymology deals with the feature of consistency. According to McFall consistency can be classified into three categories:⁹ Firstly, consistency can refer to the different principles and values of an agent which have to be unambiguous. Secondly, it can be understood as acting consistently according to certain principles which one has defined beforehand. Such consistency is especially required in situations of adversity which is where integrity reaches its highest form. Thirdly, according to McFall consistency requires that the behavior of an agent is actually based on the particular values and does not result from any other motivation – a requirement that is hard to control. In practice, the most common and realizable understanding is the second one, consistency between words and deeds over time and when facing adversity, which is

⁵ Cf. u. a. van Luijk 2004, p. 39; Audi & Murphy 2006, p. 8; Maak & Ulrich 2007, p. 4; Bauman 2013, p. 415.

⁶ Cf. Cox, La Caze & Levine 2003, pp. 18ff; Scherkoske 2013, p. 10.

⁷ Cox, La Caze & Levine 2013.

⁸ Cox et al. 2003, pp. 19f.

⁹ McFall 1987, pp. 7f.

thus a necessary requirement for integrity. The two dimensions of wholeness and consistency can therefore be integrated analytically into this one criterion for a practical understanding of integrity.

Another important and often mentioned feature of integrity is the identity of a person, since moral integrity is also considered to require personal integrity. Many authors therefore demand that integrity means “standing for something”¹⁰. According to this “identity view of integrity”¹¹, one has to have “identity-conferring commitments”¹² to be able to act with integrity, hence commitments which are of fundamental importance to the self-concept of the agent. This account is closely related to the demand for honesty in the integrity debate which indicates that a person’s commitments and actions should reflect who she is and what she stands for.¹³ These two demands, having identity-conferring commitments and thereby being honest to oneself, are of fundamental importance for integrity and can easily be combined, but nevertheless they do not necessarily lead to acting with moral integrity since the personal commitments could be immoral. A substantial moral requirement is thus necessary for a moral account of integrity.

In large parts of literature on integrity, the concept is depicted as a moral one. This typically means that a moral commitment is deemed as a prerequisite for having integrity, hence a self-imposed binding commitment to moral values and principles which guide the agent’s actions. Halfon e. g. states: “A person of moral integrity will characteristically be committed to a ‘right’ action, ‘desirable’ ideal, or ‘just’ principle.”¹⁴ Regarding the criteria to judge what is morally right, many refer to objective standards: “[...] integrity is speaking and acting in accordance with values that are morally justified on an objectivist basis.”¹⁵ Such a requirement is necessary, because the idea of moral integrity could otherwise also be ascribed to tyrants or the Mafia. There is no consensus on what this objective moral standard could be since the concept of integrity itself is compatible with a range of “objective” moral approaches, such as social contract theory

¹⁰ Calhoun 1995.

¹¹ Cf. Cox et al. 2013.

¹² McFall 1987, p. 13.

¹³ Cf. u. a. Audi & Murphy 2006, p. 7; Bauman 2013, p. 414; Becker 1998, p. 155; Scherkoske 2013, p. 7.

¹⁴ Halfon 1989, p. 31.

¹⁵ Vandekerckhove 2010.

or discourse ethics. But regardless of which moral theory might be ascribed to an agent, a moral minimum must always be met in order to achieve integrity in the common usage of the term. As with the aforementioned understandings of integrity, integrity understood as “moral commitment” is not sufficient for a comprehensive account due to the fact that integrity includes more than “merely” acting in conformity with morality. “Acting with integrity extends beyond satisfying the bare moral minimum; it involves acting in accordance with moral norms willingly, knowingly, purposefully, and because one is in command of one’s action.”¹⁶

The short analysis of these five dimensions of individual integrity shows that different criteria have to be combined in order to fully grasp the concept of moral integrity. The most important requirements for a practical understanding can be summed up and specified in three concrete criteria. These shall be ordered in a way that reflects the typical order when striving for integrity.

1. Moral Commitment
2. Identity-conferring commitments (Identity and Honesty)
3. Acting according to the commitments (Wholeness and Consistency)

First and foremost a person of integrity needs to be committed to moral principles and values that satisfy a moral minimal standard. This commitment must be self-imposed and binding. Above that, the person has to be clear about her own commitments that have to go beyond satisfying the moral minimum and honestly reflect what the person holds important. At last, acting in accordance with those commitments over time and when facing opposition is central to acting with integrity.

3 Integrity in Business

The above presented concept of individual integrity can basically also be applied to companies since the same demands generally hold true for collective agents.¹⁷ Nevertheless applying it to the business context leads to a range of questions which have to be addressed. Firstly, the question arises what a company has to do to be morally committed and particularly what an adequate minimal standard could look like. This is an especially challenging question for a multinational company that operates in diverse

¹⁶ De George 2010, pp. 6f.

¹⁷ Cf. Kennedy-Glans & Schulz 2005, p. 1; Verhezen 2008, p. 136; De George 2010, p. 194.

cultural settings. Secondly, how can a company know what constitutes its identity and how can it ensure that all its employees stand behind this identity which is necessary for maintaining it. Thirdly and most importantly: What does it mean for a company to *act* with integrity? Corporate integrity cannot mean that all company members act according to their own values and principles, but that they consider the corporate values and principles in their actions. However corporate integrity does not only include integrity *in* the organization, but also integrity *of* the organization which concerns the processes and structures a company is formed of.¹⁸ For the business context the concept therefore will need to be supplemented by certain criteria that do justice to the practical challenges companies face when striving for integrity.

¹⁸ Cf. Vandekerckhove 2010; Wieland 2014, p. 26.

Literature

Audi, R. & Murphy, P. E. (2006). The Many Faces of Integrity. *Business Ethics Quarterly*, 16(1), 3-21.

Bauman, D. C. (2011). Integrity, Identity, and Why Moral Exemplars Do What Is Right. Saint Louis, Missouri.

Bauman, D. C. (2013). Leadership and the three faces of integrity. *Leadership Quarterly*, 24, 414-426.

Becker, T. (1998). Integrity in organizations: beyond honesty and conscientiousness. *Academy of Management Review*, 23, 154-161.

Calhoun, C. (1995). Standing for Something. *The Journal of Philosophy*, 92(5), 235-260.

Carter, S. L. (1996). Integrity. New York: BasicBooks.

Cox, D., La Caze, M. & Levine, M. P. (2003). Integrity and the fragile self. Aldershot, Hants : Ashgate.

Cox, D., La Caze, M. & Levine, M. (2013). Integrity. *The Stanford Encyclopedia of Philosophy*, from plato.stanford.edu/archives/fall2013/entries/integrity/.

De George, R. T. (2010). *Competing with Integrity in International Business*. New York: Oxford University Press.

Halfon, M. S. (1989). *Integrity: A Philosophical Inquiry*. Philadelphia: Temple University Press.

Kaptein, M. & Wempe, J. (2002). *The Balanced Company: A Theory of Corporate Integrity*. Oxford, New York: Oxford University Press.

Maak, T. & Ulrich, P. (2007). *Integre Unternehmensführung: Ethisches Orientierungswissen für die Wirtschaftspraxis*. Stuttgart: Schäffer-Poeschel.

McFall, L. (1987). Integrity. *Ethics*, 98(1), 5-20.

Paine, L. S. (1997). Integrity. In P. H. Werhane & R. E. Freeman (Eds.), *The Blackwell Encyclopedia of Management* (pp. 335-337). Cambridge, Oxford: Blackwell.

Scherkoske, G. (2013). *Integrity and the Virtues of Reason: Leading a Convincing Life*. Cambridge: Cambridge University Press.

Vandekerckhove, W. (2007). Integrity: Talking the Walk Instead of Walking the Talk. In C. Carter (Ed.), *Business Ethics as Practice. Representation, Reflexivity and Performance* (pp. 153-168). Cheltenham, UK, Northampton, MA: Edward Elgar.

Vandekerckhove, W. (2010). On the Notion of Organisational Integrity. *Philosophy of Management*, 9(1), 123-134.

van Luijk, H. (2004). Integrity in the Private, the Public, and Corporate Domain. In G. G. Brenkert (Ed.), *Corporate Integrity and Accountability* (pp. 38-54). London: Sage Publications.

Wieland, J. (2014). Integritäts- und Compliance-Management als Corporate Governance – Konzeptionelle Grundlagen und Erfolgsfaktoren. In J. Wieland, R. Steinmeyer & S. Grüninger (Eds.), *Handbuch Compliance-Management* (2nd ed., pp. 15-40). Berlin: Erich Schmidt Verlag.

Bisher sind in der Reihe der KICG-Forschungspapiere erschienen:

Grüninger, S. „Compliance-Prüfung nach dem IDW EPS 980 – Pflicht oder Kür für den Aufsichtsrat?“ (KICG-Forschungspapier Nr. 1/2010)

Grüninger, S.; Jantz, M.; Schweikert, C.; Steinmeyer, R. „Sorgfaltsbegriff und Komplexitätsstufen im Compliance Management“ (KICG-Forschungspapier Nr. 2/2012)

Schweikert, C.; Jantz, M. „Corporate Governance in Abhängigkeit von Unternehmensstruktur und Unternehmensgröße - eine betriebswirtschaftlich-juristische Analyse“ (Studie 1 im Forschungsprojekt „Leitlinien für das Management von Organisations- und Aufsichtspflichten“) (KICG-Forschungspapier Nr. 3/2012)

Grüninger, S.; Jantz, M.; Schweikert, C.; Steinmeyer, R. „Organisationspflichten - eine Synopse zum Begriffsverständnis und den daraus abzuleitenden Anforderungen an Aufsichts- und Sorgfaltspflichten aus juristischer und betriebswirtschaftlicher Perspektive“ (Studie 2 im Forschungsprojekt „Leitlinien für das Management von Organisations- und Aufsichtspflichten“) (KICG-Forschungspapier Nr. 4/2012)

Grüninger, S.; Jantz, M.; Schweikert, C. „Risk-Governance-Cluster-Cube“ (KICG-Forschungspapier Nr. 5/2013)

Grüninger, S.; Jantz, M.; Schweikert, C. „Begründung für die Festlegung der Größengrenzen zur Einteilung von Unternehmen in die verschiedenen Leitfäden“ (KICG-Forschungspapier Nr. 6/2013)

Jantz, M.; Grüninger, S. „Prüfung von Compliance-Management-Systemen“ (KICG-Forschungspapier Nr. 7/2013)

Schweikert, C. „Generische Compliance-Risiken in mittelständischen und Großunternehmen – Auswertung vorliegender Studien zu Compliance, Integrity und Wirtschaftskriminalität“ (Studie 3 im Forschungsprojekt „Leitlinien für das Management von Organisations- und Aufsichtspflichten“) (KICG-Forschungspapier Nr. 8/2014)

Schöttl, L. „The Concept of Moral Integrity and its Implications for Business“ (KICG-Forschungspapier Nr. 9/2015)