Amid an epidemic of corporate fraud, as top-level executives are led away in handcuffs, trusted accounting systems fail, multibillion-dollar bankruptcies abound, and suspicions spread that markets are rigged, public faith in corporate leaders continues to deteriorate in a seep of corruption. A recent cartoon captures the mood: In the first panel, Dilbert says, "Then our new CEO backed up a moving van to the building and robbed us." Asked what the board of directors did to protect the company?s assets, Dilbert cynically responds, "After loading the van?"

As a society, we have been quick to condemn those accused of wrongdoing at companies including Enron, WorldCom, Arthur Andersen, Tyco, and many Wall Street firms; we have debated the need for stricter rules and tougher enforcement. The feeling of outrage is real and the call for justice must be satisfied; yet inquiry into root causes is equally important. It?s time to ask, What has become of our integrity?

We are each responsible for our own integrity; the best of us create environments that nourish the integrity of others. It is after we have contemplated our own actions, measuring how they align with our values, intentions, and words, that we are most likely to make a contribution of integrity to the world. Prominent thinkers including Warren Bennis, John W. Gardner, James M. Kouzes, and Barry Z. Posner (see "Challenge Is the Opportunity for Greatness," by Kouzes and Posner) long ago established the connection between personal integrity and the ability to lead; as Frances Hesselbein often says, "Leadership is a matter of how to be, not how to do." That kind of leadership -- leadership of integrity -- is what?s needed now.

Part of the difficulty is that the idea of integrity often gets confused with compliance. Rules, mores, and personal integrity can all further socially beneficial conduct. Think of this triad as three circles that overlap in the manner of the old Ballantine?s beer logo. At the center, the three elements collaborate so completely to encourage good behavior as to be indistinguishable from one another. Yet beyond that center, each governs a distinct and substantial domain of its own.

Laws, rules, and regulations set enforceable limits beyond which personal choice is not permitted. Mores define our shared understanding of what is right, good, and worthy. Integrity is uniquely concerned with individual wholeness and conscience -- the quality of being true to oneself.

During the last decades of the 20th century -- the revolutionary 1960s, the dismal 1970s, the slash-and-burn 1980s, the bubble 1990s -- a riot of social change trampled over the very meaning of the word integrity. Particularly in the United States, the trend has been to enhance the regulatory function, unintentionally at the expense of a shared sense of morality and of personal integrity. When a society shifts its emphasis to explicit rules, a trade-off may occur, as attention withdraws from subtle, ineffable matters of belief and conviction. By evidencing distrust, rules can discourage the development of values. Explains Jeffrey E. Garten, dean of the Yale School of Management and author of The Politics of Fortune: A New Agenda for Business Leaders, "When you?re over-regulated, you begin to gear the system to comply with the regulations in such a way that you?re adhering to the letter of the law but the actual spirit of it has totally evaporated." Whether rulemaking has reached that extreme in our society remains debatable, but the evaporation of spirit Garten identifies is a trend that many recognized long ago.

This much seems obvious: An organization intending to promote integrity should promote
individuals possessed of it. Similarly, the leader who would promote integrity ought to embody it. But . . . embody what, exactly? Do we have a shared understanding of the quality that we call integrity?

In Search of Integrity

Dictionaries, which record precise definitions for words at particular points in time, show how the meaning of the word integrity adapted to social change. Let’s start with the Oxford English Dictionary, Britain’s conservative, authoritative source of definitions grounded in the bedrock of centuries of use. The O.E.D.’s principal definition of integrity is: "The condition of having no part or element taken away or wanting; undivided or unbroken state; material wholeness, completeness, entirety."

In its root, the word is related to integer and integration, which speak of unity and wholeness. We still use the word in this original sense when we talk about "structural integrity," the quality that enables a building to stand and that, when lost, lets a building collapse under its own weight.

A metaphorical extension of this idea related integrity to human behavior. By the middle of the 16th century, shortly after Henry VIII, common usage had added a second meaning: "The condition of not being marred or violated; unimpaired or uncorrupted condition; original perfect state, soundness." A small leap led to a third meaning explicitly referring to human character: "Unimpaired moral state; freedom from moral corruption; innocence, sinlessness."

The O.E.D.’s terse definitions distill centuries of consideration of the nature of humanity. The definition of moral integrity as a lack of corruption arises from a view of human nature as originally pure and good -- unless and until it is spoiled. This underlies the traditional idea that people are born with a "conscience" that can provide reliable inner guidance about right and wrong. Remember Jiminy Cricket singing, "Let your conscience be your guide" in Disney’s Pinocchio? The notion is not simply a matter of popular belief, however. The criminal jurisprudence of both England and the United States operates with the firm presumption, validated by practical experience, that sane adults can tell right from wrong.

With that in mind, let’s see how Americans’ understanding has changed. In the second edition of Merriam-Webster’s Dictionary, published in Springfield, Massachusetts, in 1959, the definition of integrity is similar to the O.E.D.’s. Here too, the principal definition concerns wholeness. As in the O.E.D., the ethical sense of the word arises in the third definition, which reads, "moral soundness; honesty; freedom from corrupting influence or practice; esp. strictness in the fulfillment of contracts, the discharge of agencies, trusts, and the like." Much of this definition is traditional, demonstrating an unbroken connection to the original meaning. But Web2, as professional wordsmiths refer to this authoritative dictionary, has introduced something new: a practical, American concern with the fulfillment of legal and commercial obligations. Nevertheless, the comparison of Web2 with the O.E.D. shows that U.S. society circa 1959 and English society circa 1659 shared a fairly similar understanding of integrity.

The 10th edition of Merriam-Webster’s Collegiate Dictionary, published in 1993 and still the prevailing U.S. standard, shows how much our society has changed. In Web10, the ethical sense of integrity is promoted to the primary definition: "firm adherence to a code of esp. moral or artistic values: incorruptibility." Dictionary writers choose their words with great care, and the key word here is adherence, which introduces another novelty. Before, integrity had been part of the identity of a person. But as of Web10 integrity required adhesion: rather than being an integral part of who we are, integrity became something outside us, which had to be glued on. External rules, as represented by the "code of values," have moved to the fore, shoving aside the idea of an uncorrupted original state. The concept of wholeness, once the core meaning, has been relegated to definition No. 3.

Back in the days of Web2, when Eisenhower was president, Americans still more or less believed
that people possess an innate sense of goodness capable of reliably guiding their actions. In ethical decision making, the focus was inward. People presumed capable of discerning right from wrong were expected to take responsibility for their actions. In effect, this approach to integrity encouraged people to recognize each of their actions in the world as an element of a public self-portrait. People expressed their values by what they did; others judged them accordingly. How different attitudes are today!

Many people regard themselves as victims of forces beyond their control. Judging others is rarely politically correct. Meanwhile, popular culture suggests that nothing matters much, anyway; as Valley Girls taught us to say, "Whatever. . . ." So, just as Web2 foreshadowed with its mention of contracts, we have ended up looking to the law and other systems of rules to settle questions that we cannot or will not answer for ourselves.

Problems of Integrity

This shift in popular understanding of integrity has significant practical impact: Simply put, the new approach doesn’t work very well, as we can see for ourselves. Far from being limited to a few unethical CEOs, debased standards of integrity pervade the entire society.

Consider the ethical behavior of young people. The Center for Academic Integrity at Duke University publishes data on cheating in schools. As you might expect, cheating is on the rise. One study, conducted at nine state universities, asked students about their own cheating. In 1963, 11 percent admitted to cheating; by 1993, nearly half did. In a different study, nearly 80 percent of college students reported cheating at least once. At big schools that don’t have honor codes, a quarter of respondents said they had cheated on tests or exams at least three times, an indication of habitual cheating. In response, according to the New York Times, more colleges are adopting honor codes, toughening them, or enforcing them more aggressively.

Pop culture helps blur our concept of integrity. We’re all familiar with the shift from news to infotainment, and the antisocial behavior in TV “reality” programs and confessional talk shows. Subtle evidence of the change in attitude is everywhere: On the New York subway, a poster with the headline "Use Your Sick Days Wisely" caught my eye. It featured an all-smiles photo of a mother and daughter on an amusement park ride. The ad’s copy explained NJ Transit’s offering: a discount package of admission to Six Flags Great Adventure and Wild Safari, plus round-trip transportation. It sounded like a good deal and the ride looked like fun; but I couldn’t help wondering why New Jersey’s state-owned transportation authority would promote the fraudulent use of sick days to attend amusement parks.

The corruption of integrity is associated with lax or imprecise use of language. Intentional insincerity, whether motivated by postmodern irony or simple deceitfulness, adds to the confusion. So does unintentional insincerity, as in the replacement of direct human communication at business meetings with public readings of PowerPoint slides. As a result, much of our public discourse is nearly meaningless. Have a nice day! Your call is important to us! Remember Linda Lay’s appearance on the Today show? Attempting to convince us that her husband, former Enron chief Kenneth Lay, had not looted the company, she bemoaned her family’s reduced financial state: "It’s gone," she said. "There’s nothing left. Everything we had mostly was in the one stock." What does “everything mostly” mean? Nothing! Yet this, increasingly, is how people speak in public, using gibberish universally recognized and dismissed as spin. Why listen? When it’s too difficult to discern what’s real, people give up.

Insincere corporate values statements have contributed to the degradation of
In business, the confusion is most evident in the conflation of rules, shared values, and integrity. Ironically, the problem resulted in part from the movement to enhance the role of shared values in corporate governance, inspired by books such as *Built to Last* by Jim Collins and Jerry Porras. While the idea still seems wise, corporate implementation of value-based programs has been of deplorably inconsistent quality. Only a voluntary consensus can define shared values; too often, corporations have imposed them by decree. The hallmark of many shared-values programs has been insincerity, as managers considered their job done once they had distributed value-emblazoned T-shirts and mugs. Not all leaders feel obliged to embody the values they espouse. Thus many corporate efforts to lead through shared values produce only cynicism. More regrettable, something called “integrity” is one of the values most often cited in these statements. Ubiquitous, vague, and not always credible, insincere corporate values statements have substantially contributed to the degradation of our common understanding of personal integrity.

Here’s how the phenomenon occurs in investment banking, which has been overrepresented in recent scandals. Strictly enforced government regulations make legal compliance a life-and-death matter for the banks, so their emphasis on rules tends to be ferocious. On the other hand, the deeply ingrained tendency at many firms is to focus on transactions at the expense of employees. They can treat even their senior workers with callous disrespect, albeit while paying them extraordinary sums. The result of this peculiar situation is an approach to employee integrity marked by intense inner conflict and dysfunction.

One leading New York investment bank regards integrity and ethical behavior as so essential to its well-being that it raises the issue fully three times in its corporate statement of values. Yet this company, like many of its competitors, unconsciously defeats its purpose by making demands of employees that are nearly impossible to meet with integrity. A small but telling example occurs during the indoctrination of the entry-level bankers called analysts. Expected to eat as many as three meals a day at their desks and to grind on until 10 p.m. nightly, analysts soon learn how to game the system -- just as Dean Garten’s formula would predict. When sneaking out to the gym at night, they learn to leave suit jackets on the backs of their desk chairs, thereby creating the false appearance that they are still at work somewhere nearby. Thus the habit of deception, however trivial at first, gets woven into the very fabric of the culture. From such seeds dark forests grow.

The trade-offs are costly. Senior investment bankers trade years of extraordinary personal sacrifice for potentially enormous financial rewards. If successful, they can retire in their forties, still young enough to start living. The banks, in turn, accept the early loss of many of their most valuable employees as a cost of doing business, consoling themselves with the tremendous revenues such people can produce during brief but transaction-filled careers. Intensely focused on one deal after another, overstimulated bankers have limited opportunity to develop as human beings or as leaders; in general, they are too busy, too absorbed in brutal competition, to manifest much appetite for self-discovery. As a result, many banks lack inspiring leaders possessed of integrity as well as business sense.

This self-defeating system looks like a major reason so many investment banks have been touched by scandal despite their uniform but superficial emphasis on integrity. Beneath the surface, it certainly seems that the banks’ concern is not integrity at all, it is compliance with their industry’s governing rules and regulations. Breaking those rules can break a business. In reality, compliance is essential and integrity is optional. Ironically, that system has resulted in rules bent to the point of snapping. At this writing, amid multiple ongoing investigations of industry practices, Wall Street firms face an estimated $1 billion in fines for stock-research abuses alone.

**What to Do**

On examination, what initially seemed a sudden rash of bad behavior by businessmen is revealed as evidence of a much broader social malaise. A combination of factors, including increased reliance on rules, imprecise use of language, and a general coarsening of attitudes about ethics, has resulted in a significant and worrisome decline in the practice of integrity by individuals and organizations alike.
For businesses, which rely on the confidence of customers and the trustworthiness of employees, this presents an immediate threat.

So what to do?

Start by acknowledging that personal integrity may not always produce behavior that others can easily accept. Three of the most-cited exemplars of integrity -- Jesus Christ, Mahatma Gandhi, and Martin Luther King Jr. -- famously demonstrated the strength of their convictions through spectacular acts of civil disobedience. By their nature, organizations tend to fear chaos and value order, rarely tolerating disobedience. Knowing how to benefit from internal dissent is a distinction of the best. Jesus, Gandhi, and King were phenomenally effective leaders -- but they might not have lasted long in a typical corporation. Recognizing that, leaders who really want to promote integrity should not run for cover when it manifests itself in disruptive or inconvenient ways.

Moreover, any organization hoping to promote integrity would be wise to do so in the context of explicit rules as well as values that its employee community genuinely shares. The first step is discriminating clearly between appropriate rules, such as government regulations, that will be enforced regardless of whether people agree with them, and values, such as mutual respect, that can be shared only when they live within individual hearts and minds. For most companies, which already have long-established values programs, a probing, candid reexamination of their validity is worth considering. Do the words of your creed actually convey the intended meaning? Do they reflect the genuine convictions of employees, from top leaders to new recruits? How do you know? And what procedures are in place to deal with employees who don't share the values?

Another task for leaders is the systematic uprooting of habits of insincerity. The very nature of the workplace encourages a certain amount of play-acting, by giving employees incentives to conceal the more intimate aspects of their beings while exaggerating the display of rewarded traits such as loyalty or aggressiveness. Within limits, such dissembling is not only tolerable but also socially valuable. In most human interactions, however, authenticity remains priceless; wise leaders work hard to promote it.

Ultimately, we cannot manipulate integrity from without. Integrity is a quality of spirit that exists within each of us. Those who believe the world needs more of it can do nothing more useful than to improve their own integrity. (See Sidebar, "Eight Steps Toward Integrity.")

The recent scandals are reminders of the need to stop and think and feel. For people willing to grapple with the difficulties of reconsidering integrity, the potential benefits are enormous: the possibility of living with conviction, speaking with credibility, and acting with authority. For businesses, integrity may not be an immediate moneymaker. The payoff, rather, is long and enduring?reputation, retention of customers and employees, quality of decision making, and reduced risk of catastrophic misbehavior. For society at large, the potential benefit is a sense of community that derives from shared values, enabling people to live together without suffering the extremes of chaos or oppressive rules. Integrity is available to anyone who practices it with awareness and discipline. That effort may be the most useful investment any person or organization can make.

Eight Steps Toward Integrity

Doing what we say we will do: This is a pragmatic definition of integrity and a basic practice. It includes keeping promises and meeting deadlines. Succeeding at this requires careful consideration -- and often, tough negotiation -- prior to making commitments.

Doing the right thing: With the awareness of what?s right comes the obligation of right action. That means embodying our convictions -- and accepting the consequences.

Taking responsibility: Acknowledge our complete, sole responsibility for every one of our
actions. No more seeing other people and outside events as the cause of our problems. Blame no
one, accept the behavior of others and the circumstances of our lives as givens, and proceed
from there. When we see something in the world that we don?t like, we recognize our personal
responsibility either to change or accept it.

Supporting our own weight: Harking back to structural integrity, this means functioning as
a whole, being able to support all the elements of our own lives. Examples include being
physically fit and financially sound.

Holistic thinking: Since integrity is a quality of wholeness, an appreciation of wholeness in
the world supports its practice. There?s nothing wrong with compartmentalization or reductionist
thinking, but don?t let that obscure the big picture.

Respecting others: Invoke integrity in other people by treating them with respect -- even
when they do not live up to our expectations. Acknowledge that our own standards are always
subject to question, while affirming that the errors of others do not diminish our own integrity.
We get the best from others in an atmosphere that supports doing right.

Checking the mirror: When we err -- as we will, again and again -- the best response is to
pause for reflection. We can ask ourselves, Is this what I really want? Is this who I am?

Defining the rules and values: Explicit agreement about these basics enables groups of
people, from couples to business organizations to nations, to benefit from the integrity of
members. Absent consensus, personal integrity can lead dissenting individuals to subvert the
group. Among people sharing the same intentions, by contrast, disagreements can help to refine
and improve ideas for the benefit of all.