

## Negotiation, Organizations and Markets

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# **INTEGRITY: A POSITIVE MODEL THAT INCORPORATES THE NORMATIVE PHENOMENA OF MORALITY, ETHICS, AND LEGALITY**

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## Abstract

We present a positive model of integrity that provides powerful access to increased performance for individuals, groups, organizations, and societies. Our model reveals the causal link between integrity as we distinguish and define it, and increased performance and value-creation for all entities, and provides access to that causal link. Integrity is thus a factor of production as important as knowledge and technology, yet its role in productivity has been largely ignored or unnoticed by economists and others.

The philosophical discourse, and common usage as reflected in dictionary definitions, leave an overlap and confusion among the four phenomena of integrity, morality, ethics, and legality. This confounds the terms so that the efficacy and potential power of each of them is seriously diminished.

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\* By "Positive" Model we mean a model that describes the way the world behaves, that is, the way it is, independent of any normative value judgments about its desirability or undesirability, and a model that is empirically testable (falsifiable in the Popperian sense (Popper, 1959, *The Logic of Scientific Discovery*, New York, NY: Basic Books)). By "Normative" we mean establishing, relating to, or deriving from a standard or norm that specifies desirable or undesirable conduct or behavior, that is, what ought to be. See Keynes, 1891, *The Scope and Method of Political Economy*, London: Macmillan 4 Co, pp. 34-35 and 46, and Friedman, 1996, "The Methodology of Positive Economics", in ed. Friedman, *Essays in Positive Economics*, Chicago: U. of Chicago Press p. 3.

In this new model, we distinguish all four phenomena – integrity, morality, ethics, and legality – as existing within two separate realms, and within those realms as belonging to distinct and separate domains. Integrity exists in a positive realm devoid of normative content. Morality, ethics and legality exist in a normative realm of virtues, but in separate and distinct domains. This new model: 1) encompasses all four terms in one consistent theory, 2) makes the “moral compass” potentially available in each of the three virtue phenomena clear and unambiguous, and 3) does this in a way that raises the likelihood of those now clear moral compasses actually shaping human behavior.

This all falls out primarily from the unique treatment of integrity in our model as a purely positive phenomenon, independent of normative value judgments. Integrity is thus not about good or bad, or right or wrong, or what should or should not be.

We distinguish integrity as a phenomenon of the objective state or condition of an object, system, person, group, or organizational entity, and define integrity as: a state or condition of being whole, complete, unbroken, unimpaired, sound, perfect condition.

We assert that integrity (the condition of being whole and complete) is a necessary condition for workability, and that the resultant level of workability determines the available opportunity for performance. Hence, the way we treat integrity in our model provides an unambiguous and actionable access to the opportunity for superior performance (however one wishes to define performance).

For an individual we distinguish integrity as a matter of that person’s word being whole and complete, and for a group or organizational entity as what is said by or on behalf of the group or organization being whole and complete. In that context, we define integrity for an individual, group, or organization as: Honoring one’s word.

Oversimplifying somewhat, honoring your word as we define it means you either keep your word (do what you said you would do and by the time you said you would do it), or as soon as you know that you will not, you say that you will not to those who were counting on your word and clean up any mess caused by not keeping your word.

Honoring your word is also the route to creating whole and complete social and working relationships. In addition, it provides an actionable pathway to earning the trust of others.

We demonstrate that the application of cost-benefit analysis to one’s integrity guarantees you will not be a trustworthy person (thereby reducing the workability of relationships), and with the exception of some minor qualifications ensures also that you will not be a person of integrity (thereby reducing the workability of your life). Therefore your performance will suffer. The virtually automatic application of cost-benefit analysis to honoring one’s word (an inherent tendency in most of us) lies at the heart of much out-of-integrity and untrustworthy behavior in modern life.

In conclusion, we show that defining integrity as honoring one’s word provides 1) an unambiguous and actionable access to the opportunity for superior performance and competitive advantage at both the individual and organizational level, and 2) empowers the three virtue phenomena of morality, ethics and legality.

**INTEGRITY: A POSITIVE\* MODEL**  
**THAT INCORPORATES THE NORMATIVE PHENOMENA**  
**OF MORALITY, ETHICS, AND LEGALITY\*\***

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\*\* This paper is based on ideas and materials originally developed by Werner Erhard in 1975 (cf. his presentations on Integrity January 1, 1975 San Francisco, CA, and on Responsibility, Integrity, Happiness February 25, 1976 Denver, Colorado). Those ideas have also been part of the consulting services of Landmark Education Business Development and part of the programs of Landmark Education, LLC. Many people have contributed to our thoughts and ideas on this topic and to the execution of this paper – too many to name completely. But we do wish to acknowledge the support, comments and suggestions of Chris Argyris, Lucian Bebchuk, Sandra Carr, Anne Coughlin, Xavier Casterner, Josh Cohen, Miriam Diesendruck, Joe DiMaggio, Oliver Goodenough, Bruce Gregory, Brian Hall, Rakesh Khurana, Allan Scherr, Gonneke Spits, Elaine Sternberg, Sue Strober, Karen Wruck, Richard Zeckhauser, Michael Zimmerman and Mark Zupan. We also appreciate the comments and suggestions from participants at the following seminars: Harvard Business School NOM seminar, Gruter Institute Squaw Valley Law, Behavior and the Brain Conference; Yale Symposium on Corporate Governance, Inaugural Lecture, (Yale Law School and Yale School of Organization and Management), New Haven; CT; Center for Public Leadership, John F. Kennedy School of Government, Harvard University, Gruter Institute Conference on Values, Harvard Business School; Simon School of Business, U. of Rochester; Fisher College of Business, Ohio State University, Columbus, OH; Nottingham College of Business, Nottingham, UK; ESADE Business School, Barcelona, Spain; HEC Business School, Paris, France. We thank the Harvard Business School Division of Research for financial support for Jensen.