



***"Corporate integrity must be defined not only by consistency and alignment between what one does and what one says, but also by relational awareness."***

---

## **Introduction and Definitions**

We live in a civil society, which today increasingly means a global society with a focus on relationships with our fellow citizens, with other countries and with the natural environment. Organizations include all of these as well as relationships with other companies. What do corporate relationships look like when they have integrity? And if they don't have integrity, how can we change the conversations to move them in that direction?

The purpose of this Forum is to explore the issues of corporate integrity from a civic perspective. Inherent is a desire to give executives the tools they need to help them design their organizations for the future and to suggest effective strategies. The focus is to gain an appreciation for a communicative, rational, and systemic model of corporate integrity that embraces a systems approach about communication, redesigning the way we talk with each other, including:

- the relationship between the parts that constitute a system and how these are ordered by the dynamics of the system.
- how organizational systems are wedded to larger social, civil and natural systems.
- how to design corporate integrity systems that nurture and benefit from secure and creative human and natural relationships.

## **Corporate Integrity and Communication**

Integrity includes dimensions of wholeness, inclusion and integration; of having a consistent correlation between saying and doing; of having relational awareness that recognizes that we can't claim integrity as individuals; of being part of a larger system; of pursuing a worthwhile purpose; and of being up to something good.

Corporate integrity should be no different. For many corporations, this probably requires some stretch; but then, corporations should stretch, shouldn't they?

*"Corporations can be defined in several ways, but a definition that is especially relevant for corporate integrity is to see them as human systems designed to achieve some purpose. (Although) not biological, they are constituted by ongoing communication patterns that include both verbal and nonverbal communications. The verbal communication includes mission and policy statements as well as daily conversations. The nonverbal includes work design, daily schedules, and practical skills. Corporate integrity depends on the character of these communications."*

An observant new employee soon learns how to communicate within the organization. What can be brought up, and what can't? What are the lunch break norms? What are the essential relationships? The employee's initial communication model is likely to be one way where the essential information is given to her without much back-and-forth collaboration; i.e., a post office model. Later, she'll start to engage in a participatory model that invites interplay and collaboration. Astute and eager, she'll probably note that these two models are sometimes at odds; and when that happens, she will wisely focus on participation since that increases her outcomes opportunity.

***"Corporate integrity must be defined not only by consistency and alignment between what one does and what one says, but also by relational awareness."***

## **The Five Dimensions of Corporate Integrity and the Five Challenges**

### **1. Cultural: the Challenge of Openness.**

"Cultures are holistic. A pluralistic society requires that we are open to other cultures that are just as holistic as our own." This gives cultures an innate integrity as well as a life coherence. In our society, it can be difficult for us to achieve because even as we move to an ever more cosmopolitan primary culture (see below), we belong to many integrated sub-cultures. This complexity begs for communication awareness and proficiency. Simply put, dialog in an organization depends upon the relationships, as seen in extracts from W. Barnett Pearce's Four Communicative Cultures:

	<b>Monoculture</b>	<b>Ethnoculture</b>	<b>Modernistic</b>	<b>Cosmopolitan</b>
<b>Coherence</b>	Belief in stories	Belief in us/them stories	Faith in progress and the new	Primacy given to coordination rather than coherence
<b>Coordination</b>	Achieved through coherence	Enacting repetitive patterns	Stress on change, progress, and the new	Capacity to change communication patterns
<b>Mystery</b>	Embedded in stories	Supports us/them stories	Disenchantment of the world	Awareness of "more than can be said"
<b>Treatment of others</b>	Others as native	Not as native	Not as native	Both as native and not as native
<b>Treatment of resources</b>	Protects them	Protects them	Puts them at risk	Protects and risks them
<b>Temporal logic</b>	Prefigurative and contextual	Prefigurative and contextual	Implicative practical reflexive	Practical and reflexive

Each of these sub-cultures makes a distinct impression on the core culture. For instance, the world of technology emerged out of modernistic culture. But in the last 20 years, a cosmopolitan (democratic) communicative culture has emerged, even in high tech, and it bodes to serve us well. Cosmopolitan communication offers us the opportunity to create a democratic culture through open dialogue by asking questions of inquiry, not of judgment.

For this to happen, an atmosphere of safety is essential. At a time when we are culturally driven by fear – corporate downsizing, off-shoring, the middle-East conflict, reduction in benefits, homelessness, mergers/buyouts, to name a few – this can be very difficult for a corporation to achieve.

But as corporate leaders, this is our challenge: to create safety so that the critical cosmopolitan conversations can happen; and to improve communication patterns so that people can engage in dialogue, ask questions of inquiry, value differences, and deal with disagreements.

***"Corporate integrity must be defined not only by consistency and alignment between what one does and what one says, but also by relational awareness."***

---

***Application***

- a. Which of Pearce's communicative patterns most closely matches the patterns in your organization?
- b. How do the communication patterns of your organization promote or restrict openness to differences and disagreements?
- c. What changes would improve the integrity of your organizational culture?

***2. Interpersonal: the Challenge of Relational Awareness.***

*"Organizations have an obligation to design communicative patterns that recognize the relational identity of their members."* When relationship identity is taken away, there isn't much left.

When U.S. Westerners are asked to draw an image of humanity, they usually sketch an individual figure. In other parts of the world, the picture would almost certainly include family, co-workers or neighbors. This has to do with our historical culture of being isolated, and of building our successes on a framework of self-sufficiency. That culture has changed. We can no longer survive without an interwoven relationship with others, so the new paradigm is, *"If we are involved in good relationships, we can thrive as individuals."* One of the basic goals of corporate integrity is to create positive relationships and memberships.

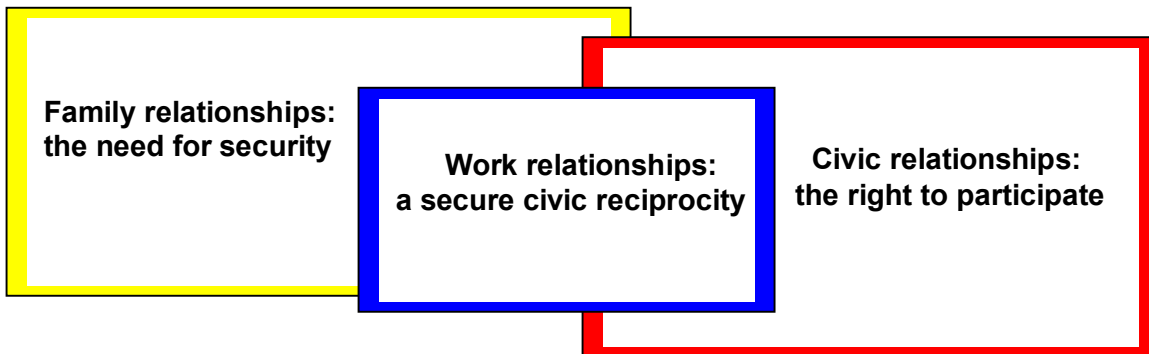
Work relationships have evolved over the years, yet vestiges of previous dominant relationships are still with us. No doubt your organization contains at least fragments of the following, with one being more dominant. How do they interplay? How can you take advantage of each?

- Master-Servant – The oldest (dating back to the Middle Ages or even earlier), tied to the notion of property and control.
- Market Exchange – Work is exchanged for money.
- Team – Comes close to membership in that the team works together and is rewarded as a team.
- Entrepreneurial – A way to protect one's self by being creative, self-contained and independent.

In today's environment, a corporation with integrity will recognize its interpersonal context within three overlapping and synergistic relationship areas: family life, civic life, and the world of work.

***"Corporate integrity must be defined not only by consistency and alignment between what one does and what one says, but also by relational awareness."***

---



Work relationships are built on the reciprocity of exchange. This needs to include the core of family relationships – a place where it's safe and secure – as well as the core meaning of civic relationships – the right to participate.

***Application***

- a. Which of the four types of work relationships most closely matches relationships at your workplace?
- b. How do the communication patterns of your organization include the need for security, the right to participate, and reciprocity?
- c. What changes would improve the integrity of interpersonal relations at your workplace?

### ***3. Organizational: the Challenge of Pursuing a Worthwhile Purpose***

*"Corporations should have some good purpose in the social context in which they exist."* The three conversations about corporate purpose are:

- **Economic and financial:** The purpose of business is to maximize profits.
- **Managerial:** When Jim Collins was researching *Built To Last*, he found that a dominant theme for long-lived companies was a purpose other than profit (not necessarily a good purpose, but certainly a successful purpose) and a unity behind their products. The managerial focus was on quality products, done well, as a vehicle for profits.
- **Civic:** The business purpose depends on its contribution to the type of social system in which it belongs.

**"Corporate integrity must be defined not only by consistency and alignment between what one does and what one says, but also by relational awareness."**

---

Often the economic, managerial and civic purposes are highly complex and interwoven. Consider the automobile transportation system in this country. It includes:

- *for-profit*: car manufacturers and sub-contractors including infrastructure providers (General Motors, Goodyear, Borg-Warner, Cummins Diesel)
- *ancillary*: for-profit companies whose production and/or sales are tied into the transportation system (Ron Tonkin car dealerships, Car Toys, Midas Mufflers, Progressive Insurance, road construction and bridge-building contractors)
- *not-for-profit*: hospitals, MAAD, AAA
- *governmental agencies*: US Department of Transportation, ODOT, highway patrol, drivers license bureau

From a civic perspective, the purpose of any business depends on its worthwhile contribution to the system in which it exists.

***Application***

- a. What statements and communication patterns articulate and share with others the worthwhile purpose of your organization?
- b. What is the larger social system your organization belongs to and what should be the goal of this system?
- c. What is the contribution that your organization makes to the larger system?

#### **4. Social: the Challenge of Civic Cooperation**

Are corporations required to engage in the civic arena? In a word, yes. In a corporation with integrity, the financial, market, and relationship systems overlay civic systems. Corporations have an obligation not to prevent and sometimes to promote the city's work of achieving its mission.

Corporate-city relationships are varied and often complex. Like internal working relationships, more than one corporate-city relationship can exist simultaneously. Here is a list of six different city-corporate relationships:

- *Ownership Model*: Seldom seen in today's US, but formerly abundant in the form of lumber and mining towns where a single company was the financial-civic-social foundation.
- *Unconscious Model*: Does not acknowledge the city's existence. It is all about commerce, even when that debilitates other businesses and citizens.
- *Business Leader Model*: Focuses on development and urban renewal – "Those that know how to run a business also know how to run a city."

***"Corporate integrity must be defined not only by consistency and alignment between what one does and what one says, but also by relational awareness."***

---

- *Competitive Market Model:* Sees cities as belonging to the marketplace of exchange. A city gives tax breaks and other incentives to get and keep private industry jobs, but may demand "extractions" from corporations to offset any burdens caused by new developments.
- *Paternalistic or Philanthropic Model:* Corporations are seen as civic benefactors. Corporate citizenship is manifested in the form of donations to civic causes.
- *Partnership Model:* Characterized by alliances where cities and corporations cooperate with each other to improve their respective lives. For three decades, Shorebank has combined not-for-profit and for-profit organizations to serve the housing and economic needs of people in a depressed section of Chicago. The bank provides loans to people who would otherwise not have access to banking services. In return, these people commit to do their banking with Shorebank.

Just as corporations have a civic obligation, cities have a responsibility to promote business. Corporations exist in cities; without corporations, cities die. The market depends on cities as the location of civil society, "a zone of freedom for self-directing individuals and groups, related to one another as citizens, and subject to the rule of law." Thus, cities are simultaneously the political centers of commerce and culture as well as containers of wealth and poverty.

***Application***

- a. Which of the six models of corporate/city relationship best describes your organization's with the city in which it exists? With civic society?
- b. What is the mission of the city in which your organization exists?
- c. How does your organization promote the city's mission?

***5. Natural: the Challenge of Environmental Integrity***

This becomes an intimate corporate conversation between the integrity of nature (acknowledging links between themselves and the earth), the striving for sustainability during a time of decreasing resources and the globalization of consumption:

- The earth no longer has a limitless future and will no longer tolerate social prosperity at the expense of nature.
- In addition to per-person consumption increases, the world's population is expected to increase by 25% (from 8 billion to 10 billion) within 20 years.
- By geography, the US has 4.5% of the world's population. China and India combined have over 40%, yet the US produces as much carbon emission as do China and India together. In other words, US carbon emissions are ten times higher per person than China and India. Consider the carbon emission impact that will accompany the current drive to turn China and India into consumer societies.
- Human communities flourish only when all of nature flourishes.

***"Corporate integrity must be defined not only by consistency and alignment between what one does and what one says, but also by relational awareness."***

---

Hence, ethical corporate focus must include recognizing and honoring environmental integrity, including setting natural boundaries. Setting natural boundaries refers to *"nurturing the non-market environment of the civil and natural societies in which the organization is embedded."* The United Nations 2002 Earth Charter puts it this way:

- respect and care for the community of life
- ecological integrity
- social and economic justice
- democracy, nonviolence and peace

Most corporations – perhaps your own – are not in line to move forward in this ethical environmental "crunch," but they can be by:

- increasing their resource efficiency
- mimicking natural processes
- following the precautionary principle (being cautious with the environment)
- promoting a global civil society

Inherent is the principle of subsidiarity or subordination which suggests that *"issues should be addressed at the lowest level at which it is possible to make an adequate response. The principle of subsidiarity allows us to affirm the necessity of working on all levels and to make sure that communities at each level control as much of their lives as possible. . . This matches the patterns of nature [where] we find living systems nesting within other living systems – networks within networks. Their boundaries are not boundaries of separation but boundaries of identity."*

***Application***

- a. How do your organization's communication patterns balance the conversations about sustainability, consumption and the integrity of nature?
- b. How could topics such as resource productivity, biomimicry, the precautionary principle and the promotion of a global civil society become part of your communication patterns?

## **Strategies to Meet These Challenges (from the book)**

1. Create a clear and worthwhile corporate purpose. *"The implicit connection of the five dimensions is that they all should reinforce each other. Progress in creating integrity in one dimension should aid the process of creating integrity in the others."*

***"Corporate integrity must be defined not only by consistency and alignment between what one does and what one says, but also by relational awareness."***

---

2. Honor holism and diversity in all five dimensions:

<b>Corporate Dimension</b>	<b>Challenges</b>	<b>Questions</b>
<b>Cultural</b>	Openness to cultural differences. Capacity to handle disagreements.	How can we develop a diverse workforce and honor its diversity?
<b>Interpersonal</b>	Need for security. Employee participation in setting standards. Reciprocity.	Do our communication patterns provide security and participation for all social groups?
<b>Organizational</b>	Quality of products and services. Character of work community.	Do our products and advertising respect the diversity of our communities?
<b>Civic</b>	Corporation as a member of civil society. Corporate members as citizens.	Do our practices and policies, such as our choice of locations or work schedules, support a city's mission of creating equal opportunity?
<b>Natural</b>	Sustainability. Over-consumption and violence. Natural prosperity.	Are we supporting diversity globally? What are we doing to reverse trends of growing ethnic tension?


3. Remember and incorporate consistency, relativity, inclusiveness and a worthwhile purpose in the on-going communication of your company.
4. Create the conditions for a great team. "A leader cannot make a team great, but a leader can create the conditions that increase the chances that moments of greatness will occur – and moreover, can provide a little boost or nudge now and then to help members take the fullest possible advantage of these favorable conditions." J. Richard Hackman, *Leading Teams: Setting the Stage for Great Performances*
5. "Increase the salience of an ethics and values agenda and develop a reputation for ethical leadership. Serve as a role model for ethical conduct in a way that is visible to employees. Communicate regularly and persuasively about ethical standards, principles and values. Use a reward system consistently to hold all employees accountable to ethical standards." Trevino, Hartman and Brown, *Moral Person and Moral Manager; How Executives Develop a Reputation for Ethical Leadership*.
6. Create the needed conditions to successfully share information by considering the assumptions and values that give it meaning:
  - Before you share information, share the business's core values so that the information will be correctly understood.
  - Before you share the core values, share the business's basic assumptions so the values can be correctly applied.
  - Before you share the basic values, create a work community that cares about the business.

***"Corporate integrity must be defined not only by consistency and alignment between what one does and what one says, but also by relational awareness."***

---

7. Establish in yourself the conditions necessary to receive information;

- Before you receive information, prepare yourself to hear something you might not have said.
- To prepare yourself to hear something you might not have said, acknowledge that others know things that you do not know.
- To acknowledge others as knowing what you do not know, accept that different experiences have different meanings for different people.
- To acknowledge that people are different, learn how others see you as different from how you see yourself.
- To learn how others see you differently than you see yourself, create a context where everyone feels safe to say what needs to be said.
- To create such a context, show others that you feel comfortable and non-defensive by listening to them.

<b>Evaluating the Conditions for Conversations about Corporate Integrity</b>	high				low
What is the degree of safety?	5	4	3	2	1
What is the degree to which everyone feels free to participate?	5	4	3	2	1
What is the degree to which disagreement is handled well?	5	4	3	2	1
What is the degree of a sense of a shared purpose?	5	4	3	2	1
What is the degree of system awareness?	5	4	3	2	1

How could these conditions be improved?