

# A MEASURE OF INTEGRITY

& User Guide for Organizations



INTEGRITY  BRIDGES

A Measure of Integrity & User Guide



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	Organization's Motivation	Corresponding Commitment	Corresponding Action
<b>+7</b>	<b>REGENERATION</b>	We want to be regenerative (restore what has been lost). We'll make decisions thinking about future generations	Use revenues from non-renewable energy to invest in renewables; land reclamation prioritized
<b>+6</b>	<b>SUSTAINABILITY</b>	We're looking to achieve positive financial, environmental + social return...on a sustainable basis	Extractive company's business strategy addresses their role after the plant gate closes
<b>+5</b>	<b>POSITIVE SOCIAL, ENVIRONMENTAL &amp; ECONOMIC IMPACTS</b>	Positive social + environmental return on investment is a desired by-product of financial investment.	Set up ways to monitor, measure and report on the non-financial impacts of projects e.g. triple bottom line, cumulative impacts
<b>+4</b>	<b>BE RESPONSIBLE</b>	We are responsible. We understand the impacts of our operations and want do as little harm as possible.	Engagement strategies include baselines and understanding of longer term impacts to communities.
<b>+3</b>	<b>BEYOND COMPLIANCE</b>	We don't just comply with the letter of the law; we think about the spirit, or intention, of laws and policies.	All corporate managers trained to understand environment and social impacts, cumulative impacts
<b>+2</b>	<b>COMPLIANCE</b>	We believe, for civilized people, laws are essential...no ifs, ands or buts.	Pay our fair share of taxes, including carbon taxes.
<b>+1</b>	<b>STRICT COMPLIANCE</b>	We'll strictly comply with the minimum legal requirements needed to stay in business...no more/no less.	Don't do anything you don't have to do; hire aggressive lawyers

**Select a core Organizational Value**

*Example: Sustainability*

<b>-1</b>	<b>SITUATIONAL NON-COMPLIANCE</b>	OK to rationalize technical non-compliance with rules and laws to achieve perceived fairness, e.g. to right a wrong	Don't report full water use in operations if prior year's water allocation was unfairly calculated
<b>-2</b>	<b>RATIONALIZE NON-COMPLIANCE</b>	Rationalize sub-cultural norms to override compliance with laws and rules.	Ignore rules and follow sub-cultural norms – e.g. shoddy waste management practices
<b>-3</b>	<b>AVOID CRIMINAL PROSECUTION</b>	Don't do anything that is criminal...but don't worry about technical compliance with all laws and rules	Fail to report smaller pollution spills if there is no criminal consequence
<b>-4</b>	<b>COST-BENEFIT ANALYSIS</b>	Selectively comply with laws on a jurisdiction x jurisdiction, project x project basis ; assess probability of getting caught	Just ignore environmental laws in countries where governments lack capacity or political will to enforce
<b>-5</b>	<b>OUTSOURCE THE DIRTY WORK</b>	Avoid being caught with the dirty hands. Do indirectly what you can't do directly.	Hire agents to pay bribes to avoid compliance with environmental laws; have joint venture partner do the dirty work
<b>-6</b>	<b>EXPLOIT</b>	You have to exploit and be greedy; it's a competitive world! Cover up violations of law	Design elaborate schemes to defraud local communities; commit to reclamation then walk away
<b>-7</b>	<b>SURVIVE</b>	Do whatever we have to ...to keep this company afloat, to keep your job, \$\$\$	Lie, cheat, steal, betray

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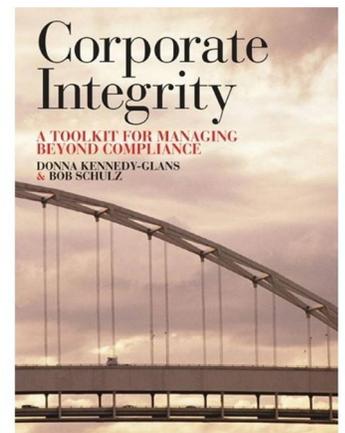
## INTEGRITY BRIDGES

### A MEASURE OF INTEGRITY & User Guide for Organizations

**What is corporate integrity?** Put simply, it's the full integration of your organization's core values. Walking your talk. Practicing what you preach. Integrity goes beyond honesty to incorporate a wholeness, coherence and alignment that defines corporate character. Some call it "*organizational mindfulness*" about the values that matter most to your company.

Most corporations would agree—integrity has always been a critically important value for organizations. Yet in our increasingly globalized and interconnected world, integrity is no longer assumed. It's ironic—our level of connectivity has never been so high, and our level of trust in corporations has never been so low. Organizations need to learn how to measure, manage and proactively demonstrate corporate integrity, with greater confidence, credibility and authenticity.

In *Corporate Integrity: A Toolkit for Managing beyond Compliance (Kennedy-Glans and Schulz, 2005)*, tools were introduced to guide organizations in their alignment of values, commitments and actions. These specialized tools have been upgraded and we're excited to launch a new tool— **A Measure of Integrity**— to help organizations walk their talk on core values, and build the capacity needed to sustain that corporate culture.



**A Measure of Integrity can help companies answer these critical questions:**

- 1. What are our organization's core values?** This tool encourages your organization to take a closer look at its core values. An example, shared on page 2, focuses on an organization's commitment to the value of "*sustainability*". You can replace "*sustainability*" with any other core value in your organization (for example, transparency, commitment to communities, ethics, respect for human rights, safety, etc.).
- 2. How do we talk about those values, and how do we walk that talk?** What level are you at on **A Measure of Integrity**? Once you have decided on the core value you want to focus on, think about your organization's reasons for committing to that value, the ways you talk about that value, and your organization's actions. **What level of the scale most closely describes your organization's approach to that value?**
- 3. Are there gaps? If so, how can you close those gaps?** In any organization, you have many individuals, even divisions and departments, acting on your corporate commitment to a value. Is everyone operating with the same assumptions? For example, your company's Legal department may appreciate your company's commitment to sustainability as a core value, but may not understand that your company wants to act, beyond compliance with rules and laws, at level 4 or 5 on **A Measure of Integrity**.

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And, some organizations may be ready to target and move to even higher frontiers on **A Measure of Integrity**. This tool can help you guide your organization in upping your game, moving up a rung or two on the ladder.

Remember, this isn't a cookie-cutter exercise. Individual organizations have unique reasons for choosing their core values. And, individual organizations will manifest their core values in unique ways. **Why do you want to build your organization's capacity to walk your talk on core values?**

- To become more resilient
- To build credibility
- To gain competitive advantage
- To stop reacting to crisis
- To improve governance
- To build external trust
- To reduce litigation
- To improve access to capital
- To restore corporate confidence
- To attract and retain employees

### Who sets an organization's integrity target?

We recommend that organizations be encouraged to choose their targeted level of positive integrity. Not everyone agrees, but we believe that as long as companies and organizations aren't violating laws set by legitimate and responsible governments or regulators, they get to exercise judgment and decide what 'acting with integrity' means for them. (And, of course...live with the consequences of those choices.)

Right now, most people would agree: we need to create a breathing space for more meaningful dialogue on ethical dilemmas. Many for-profit companies have been condemned as uncaring and greedy. The same holds true for governments. People can be cynical about organizational motivators for integrity. And, consequently, critics and advocacy groups have developed their own definitions of 'integrity' that they would like to impose on organizations. Some organizations are weary of engaging in conversations about their organization's core values because it often turns into a finger-pointing exercise.

Setting expectations for companies is understandable – Amnesty International can encourage companies to target higher levels of integrity on **A Measure of Integrity**; faith-based organizations can encourage their adherents to consider



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beyond-compliance thresholds that include social, environmental and ecological impacts of investing. But, shaming companies that don't operate at our preferred level of positive integrity often shuts down constructive dialogue.

Organizations make unique choices about their values. When people have a better understanding of the intentions behind an organization's commitments to core values, they can then have meaningful conversations with that organization and make better choices. Do we want to work for that company, partner with that organization, or welcome that investor into our community?

We can also more accurately evaluate how that organization walks its talk. If a corporate CEO says the company wants to "do no harm", and the company states in its Annual Report and other public and internal documents that this value is a corporate priority...but fails to act in ways that demonstrate this purpose and commitment, stakeholders are better equipped to ask probing questions and demand accountability.

**What integrity choices are available for organizations?** The **ascending scale of integrity** on **A Measure of Integrity** marks off from level 1 to level 7 the gradients of positive integrity from strict compliance with laws (level +1) to thinking regeneration and future generations (level +7). Level +3 marks the point where organizations move from compliance with laws to "beyond compliance" strategy. An organization doesn't necessarily operate at one single threshold. For example, many companies choose to operate at level +2 (compliance) re: payment of taxes and at level +6 (well beyond compliance) re: environmental and sustainability targets.

The **scale of diluting integrity**—also marked off from levels 1 to 7—reflects what the demise of integrity can look like, and how these choices are rationalized. Organizations can slide into failed integrity; situationally justifying decisions (on a project, divisional or organization-wide basis) to side-step laws and policies that are perceived to be unfair (level -1) or rationalizing a sub-cultural norm to override compliance with laws and policies (level -2). At the mid-range of this declining scale are organizations willing to violate rules, even criminal laws, in response to catastrophic events or to stay competitive. It can be a bit like a game of Snakes and Ladders! At the very bottom of this scale, at level -7, you will find organizations and individuals who have plunged into full self-absorption: "it's all about us/me, right now!"

Like nesting Russian dolls, each successive level of integrity transcends and includes the previous level or levels on **A Measure of Integrity**. For example, at level +3, organizations are motivated to act beyond compliance with laws and policies. At level +3, that company is also motivated to comply with laws and policies (level +2); and strictly comply with legal requirements (level +1). The same is true in the descending scale. An organization functioning at level -4 (conducting cost-benefit analysis of compliance with laws) would also be motivated to avoid compliance with laws and policies: to avoid criminal prosecution (level -3); to rationalize an overriding sub-cultural norm (level -2); and to situationally justify non-compliance with rules and laws (level -1).



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**A Measure of Integrity is unique—this tool actually looks at the dark side of integrity.** Corporate integrity has a dark side and a light side. The negative scale helps us recognize the dilution of corporate integrity when it happens in other organizations (e.g. along supply chains, within corporate partners or competitors). And, even the most high-performing organizations can find themselves in negative integrity zones. **A Measure of Integrity** helps corporate insiders recognize the risks, and recover more quickly. And, this tool can help communities and others impacted by a company or organization acting without integrity. Sometimes corporate integrity is not just about climbing integrity mountains; it's about moving mountains!

There is a lot yet to learn about the dark side of integrity. In some sports, we keep track of errors and fouls. In baseball, for example, we record runs, hits and errors. No player wants to earn an error, but we know they are unavoidable. Perhaps if we could recognize that errors are inevitable in business, and politics too, we could deal with mistakes and poor choices more effectively. But first, we need to learn how to acknowledge when we are on the dark side of integrity.

**Who is responsible for an organization's integrity?** The short answer: Everyone! But there are different roles. External stakeholders—including governments and regulators, citizens in local communities, advocacy organizations and watchdogs, industry associations, consumers—set expectations and monitor corporate performance. Inside an organization, corporate leaders (including the Board of Directors) are responsible to ensure that overall integrity targets for the organization are set, and may even champion efforts to move a company up (or down) a notch or two on **A Measure of Integrity**. Corporate managers oversee an organization's effective implementation of integrity commitments and actions.

**How does corporate integrity align with personal integrity?** This is an important question. Unless you are a sole proprietor, it's unlikely the integrity purpose of your employer will align perfectly with your personal interpretation of the value of integrity. If this tension is healthy—and open for dialogue—it can stimulate personal and/or organizational growth. But, organizational momentum can be strong. It's not productive when organizations are pulling individuals along in a direction they don't want to go. When corporate integrity and personal integrity get way out of alignment; individuals can become frustrated, disengaged or cynical.

**How can I use this tool?** The best way to use any universal tool, including **A Measure of Integrity**, is to apply the tool to your own situation. Like the other tools in your organization's toolkit, you create your own applications. Decide on the core value or values you want to focus on, then get started.

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	Organization's Motivation	Commitments	Actions
<b>+7</b>	REGENERATION		
<b>+6</b>	SUSTAINABILITY		
<b>+5</b>	POSITIVE SOCIAL, ENVIRONMENTAL & ECONOMIC IMPACTS		
<b>+4</b>	BE RESPONSIBLE		
<b>+3</b>	BEYOND COMPLIANCE		
<b>+2</b>	COMPLIANCE		
<b>+1</b>	STRICT COMPLIANCE		

**Select a core Organizational Value:**

<b>-1</b>	SITUATIONAL NON-COMPLIANCE		
<b>-2</b>	RATIONALIZE NON-COMPLIANCE		
<b>-3</b>	AVOID CRIMINAL PROSECUTION		
<b>-4</b>	COST-BENEFIT ANALYSIS		
<b>-5</b>	OUTSOURCE THE DIRTY WORK		
<b>-6</b>	EXPLOIT		
<b>-7</b>	SURVIVE		

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### *Sample Application of A Measure of Integrity (see page 9 for details)*

Steps to guide the application of **A Measure of Integrity** in your organization:

1. **Choose a core value of your organization to focus on, and in big bold letters, name that value on A Measure of Integrity.** For the purposes of our sample exercise, on page 9, we'll focus on the organization's value of respect for the rights of indigenous peoples.
2. **How do we talk about this value, and how do we walk that talk?** Once you have decided on the core value you want to focus on, think about your organization's reasons for committing to that value, the ways you talk about that value, and your actions. **What level of the scale most closely describes your organization's approach to that value?**

If your company's approach isn't obvious, consider the commitment and action columns on **A Measure of Integrity**. Do any of these commitments sound familiar: "A company's responsibility is to comply with laws" (level +2); "To be competitive, we're going to be known as the company that chooses to act beyond compliance with laws on indigenous rights" (level +3); or "We're a responsible company that cares; we don't want to do harm to indigenous communities" (level +4).

Sometimes companies decide to target more than one level of integrity— perhaps compliance with local laws and policies (level +2) re: payment of taxes – and "beyond compliance" with laws (level +3) for other corporate activities.

And, companies may choose stretch integrity targets to distinguish their organization from competitors, for example, to function at level +5 or +6 re: indigenous peoples' engagement, by committing to secure the free, prior and informed consent of indigenous populations before making investments that impact these communities.

3. **Are there gaps? If so, how can you close those gaps?** As you fill in the commitments and actions of your organization, you will be able to readily identify any gaps. Is everyone operating with the same assumptions? In this sample exercise, there is a wide range of commitments and actions re: respect for indigenous rights, creating **confusion in the corporate commitments**. And, there are **performance gaps** between commitments and actions.
4. **Setting new frontiers.** Finally, if your organization is ready to move up a rung or two on the ladder, use **A Measure of Integrity** as a tool to help you **set those new frontiers**. What level are you motivated to target on **A Measure of Integrity** for your organization? And what are the corresponding commitments and actions?

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	Organization's Motivation	Commitments	Actions
+7	REGENERATION	Environment Department talks of restoring FN heritage and cultural sites	No action, yet = GAP
+6	SUSTAINABILITY	Legal Department: Commit to UN Convention on Rights of Indigenous People	We inform indigenous communities of our investments, but do not seek their consent = GAP
+5	POSITIVE SOCIAL, ENVIRONMENTAL & ECONOMIC IMPACTS	Operating Department: Commit to engage First Nations in supply chain contracts	Only partnerships with First Nations communities are social & training = GAP
+4	BE RESPONSIBLE		
+3	BEYOND COMPLIANCE	Human Resources Department: Commit to hire and train First Nations youth	Our organization offers scholarships to FN youth. Some seasonal employment =GAP
+2	COMPLIANCE	Corporate Ethics policy doesn't allow cash payments to political leaders.	
+1	STRICT COMPLIANCE		

**Select a core Organizational Value:**

*Respect for Indigenous Peoples Rights*

-1	SITUATIONAL NON-COMPLIANCE		
-2	RATIONALIZE NON-COMPLIANCE		Our company will contribute to cash payments to hereditary chiefs, to save face, even though inconsistent with our ethics policy = GAP
-3	AVOID CRIMINAL PROSECUTION		
-4	COST-BENEFIT ANALYSIS		
-5	OUTSOURCE THE DIRTY WORK		
-6	EXPLOIT		
-7	SURVIVE		

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### Integrity Mindfulness never ends.

Keep checking for alignment in your organization's intentions on core values, and corresponding commitments and actions. Are there any expectation gaps between your company's targeted level on **A Measure of Integrity**, and commitments? Are there any performance gaps between your company's commitments and actions? This alignment requires ongoing management. Acting with integrity is active work.



**A Measure of Integrity Scorecard** is a companion tool designed to help you keep track of your company's integrity. This scorecard can be used by companies to guide conversations with their key stakeholders. Our template is designed for use with any stakeholder or stakeholder group: internal (e.g. shareholders, individual divisions, investors, Board members, employees) or external (e.g. different communities, partners, supply chain, critics).

**How does the scorecard work?** First, we encourage companies to identify a core value to focus on. Maybe it's community investment, sustainability, environmental protection or relationships with unionized labour.

Then:

**Ask the company:** What is your targeted level for this value on **A Measure of Integrity**? And, where are you now, re: the core value in question?

**Then, ask the community stakeholders:** What is your perception of this company's target for this value? And, what are your expectations of this organization re: this core value?

Observe any gaps in your organization's targeted level of integrity on **A Measure of Integrity**, and your reality. Observe the stakeholder's perceptions and expectations of your organization on this value. Discuss what can be done to close the gaps.

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Level	A Measure of Integrity Scorecard	Corporate Target?	Corporate Reality?	What do Stakeholders See?	What do Stakeholders Want?
<b>+7</b>	<b>REGENERATION:</b> We want to be regenerative (restore what has been lost). We'll make decisions thinking about future generations				
<b>+6</b>	<b>SUSTAINABILITY:</b> We're looking to achieve positive financial, environmental + social return...on a sustainable basis				<b>X</b>
<b>+5</b>	<b>POSITIVE SOCIAL, ENVIRONMENTAL &amp; ECONOMIC IMPACTS:</b> Make money and improve society, ecology & the environment.				<b>X</b>
<b>+4</b>	<b>BE RESPONSIBLE:</b> Do as little harm as possible.	<b>X</b>			
<b>+3</b>	<b>BEYOND COMPLIANCE:</b> Think about the spirit, or intention, of laws and policies.				
<b>+2</b>	<b>COMPLIANCE:</b> Laws are essential...no ifs, ands or buts.		<b>X</b>	<b>X</b>	
<b>+1</b>	<b>STRICT COMPLIANCE:</b> Strictly comply with the minimum legal requirements			<b>X</b>	
<b>Core Organizational Value being Scored = Sustainability</b>					
<b>-1</b>	<b>SITUATIONAL NON-COMPLIANCE:</b> Technical non-compliance with laws okay to achieve perceived fairness; to right a wrong			<b>X</b>	
<b>-2</b>	<b>RATIONALIZE NON-COMPLIANCE:</b> If others fail to comply with this law or rule, we won't put ourselves at a disadvantage by complying.				
<b>-3</b>	<b>AVOID CRIMINAL PROSECUTION:</b> Don't do anything that is criminal!...but don't worry about technical compliance with all laws and rules				
<b>-4</b>	<b>COST-BENEFIT ANALYSIS:</b> Selectively comply with laws on a jurisdiction x jurisdiction, project x project basis ; assess probability of getting caught				
<b>-5</b>	<b>OUTSOURCE THE DIRTY WORK:</b> Avoid being caught with the dirty hands				
<b>-6</b>	<b>EXPLOIT:</b> Cover up violations of law				
<b>-7</b>	<b>SURVIVE:</b> Do whatever we have to ...to keep this company afloat, keep your job, \$\$\$				

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