

## Contexts, Social Contract, and Leader Integrity

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**Abstract**—The consistency of beliefs, words and actions, and the alignment between them denote a person's integrity. However, leader integrity is constantly under the challenge to "holding oneself together" while facing ethical or moral dilemmas that "tear oneself apart." Whether it is possible to find a balance between the extremes becomes an important issue. This study seeks to apply a contractarian approach to the intimation and implications of leader integrity. It speculates as to what kind of leader integrity should, and could have in facilitating better leadership in contextual, social settings and suggests that leader's awareness of immediate surroundings and experiences in socialization process within relevant contexts is a key factor to integrity. A preliminary study of using scenarios as an integrity measurement is presented for future development. The leader's integrity may not only be a personality trait but a desirable quality that can be educated, developed, and further exercised for better leadership.

*Keywords-integrity; social contract; scenario; leadership*

### I. INTEGRITY

Integrity is a virtue. People value promises and consider integrity to be a component of effective leadership (e.g., [1], [2], [3], [4], [5]). In addition, a leader's integrity is vital, even profitable to keep promises (e.g., [6], [7]). Mcfall [8] maintained that "A person of integrity is willing to bear the consequences of her convictions." Calhoun [9] proposed that integrity is a personal virtue that secures the boundary of the self and that integrity "as a social virtue to stand for something... to against: loss of disintegration..." Palanski and Yammarino [3] ran an impressive investigation on characteristics, theories and definitions of integrity and came up with the conceptualization that integrity as wholeness, consistency of words and actions, consistency in adversity, being true to oneself, and as moral or ethical behavior. Palanski and Yammarino also mentioned that "..., a way to develop a better understanding about integrity is to discuss how the aspects of integrity relate to one another [3]." After considering different understandings of the idea of integrity, Koehn [10] maintained that integrity "possesses an intrinsic value" and "... is a matter of being compassionately alert, always thinking about circumstances and condition..." Koehn's idea is the first link between integrity and social contracts. Assuming a more practical viewpoint, Simons [6] focused on the perceived alignment of words and deeds, and his line of reasoning first pursued the merits of integrity and then led to trust and other performance boosts. On the

notions of survival and rationality, Tom Becker's [11] scheme of integrity includes loyalty to rational principles and value in one's actions. Becker maintains that being rational implies controlling oneself and following a path that entails strictness that is, acting morally. In this notion, integrity becomes loyal to traditional principles and values. To survive, an individual preserves one's integrity to bring trust and long-term benefits. Individuals breach their integrity because they confront practical, moral, and ethical dilemmas. These assertions are contradictory. Becker introduced his approach with the following contention. To survive, act morally. For wholeness (integrity), act rationally. Nevertheless, there are certain issues that need further examination. The first is the gap between survival and morality [12]. Subsequently, there is the jump between rationality and self-interest.

### II. SOCIAL CONTRACT AND CONTRACTARIAN PERSPECTIVE

While psychological contract aims at an individual's perception of the written or unwritten agreements in his or her relationship with the organization (e.g., [13], [14]), social contract is more on actions and interactions (e.g. [15], [16]). The conception of social contract has been evolving and expanding which entails the idea of reciprocal moves between individuals and their societal surroundings. I turn to the perspective of social contract after introducing the ISCT for the reason that I believe a broad concept of social contract whatever in the variations of social exchange (e.g., [17]), social learning (e.g., [18]), or contractarianism (e.g., [19], [20], [21]), is sufficient in acting toward our behavioral integrity studies. Social contracts have layers. That is, social contract-making is a process, moving from individuals' immediate surroundings through layers of group, organization, society, culture, and finally the core of human natures. This part is in accord with the essence of ISCT, which is so valuable and concise. In ISCT terms, the idea of surrounding layers can roughly be classified that the former two as "microsocial," another two as "macrosocial," and the human nature as "hypernorms." Therefore, an individual's choice of action is first influenced by one's immediate environment—group norms, followed by organizational code of actions, and then under societal and cultural pressures. At the utmost layer, I believe, being humans means acting in accordance with the highest human nature, morality, conscience...and so forth. The closer the milieu to an individual, the more intense the impact is on one's behavior.

In extreme cases, group pressure could force an individual to perform any behavior regardless of what they believe, which becomes an issue of conformity and a direct challenge to one's behavior integrity (e.g., [22]).

Social contracts are not only contingent but also hierarchical and social contracts are not equated merely as environmental influence. Social contracts are to be seen as a process in which a person's immediate surroundings are constantly adapting, revolving, and evolving. Through the process of different stages of social contract formation, an individual forms one's beliefs system and different levels of group/social norms emerge and are clarified. Now, there is a new perspective to explain an individual's attitude, behavior, or choice. I start to look at the immediate surroundings to see how "action-codes" arise and what they are. Then possible hypothesis based on the outcomes of the social contracting process could subsequently be made. Integrity changes and that change varies with different surroundings and contexts.

### III. CONTEXTS

The next question arises as how do we define vicinities that appropriately enclose the most components for social contracts negotiated by their members yet avoid overly broad or specific descriptions that may confine the results and restrict applications? According to Jones ([23], p. 386), context is defined as "situational opportunities and constraints that affect the occurrence and meaning of organizational behavior as well as functional relationships between variables." And context shapes; contexts "reverse signs ([23], p. 397)." Contexts are the specified environment, or society, in which social contracts are derived. Dunfee and Donaldson in the 1990's, and specifically in 1994 and 1995, proposed Contractarian approaches emphasizing "consent as a means to provide the needed contexts for rendering normative judgments ([20], p. 173)."

Simons' work [6] also provided an excellent baseline for outlining contexts for integrity research. Simons categorized eight "behavioral antecedents" for managers to discern when the managers' words diverged from their actions. This classification provides recognition for memberships' social contracting and norm-forming activities in specific social groups. This is depicted by norms formed in respective contexts.

Donaldson and Dunfee [24], [25] described the immediate surroundings of an individual as "microsocial" and the broader, outer parts as "macrosocial." Therefore, within different levels of social surroundings, different codes of actions were developed. Agreements with regard to culture and norms are usually not so straightforward. For example, managers of multinational corporations are normally confronted with cultural codes or norms that differ greatly from their beliefs and yet are totally legitimate and common in a particular environment. To derive reasonable and suitable moves while facing conflicts in different social settings requires not only rationality but also the capabilities of understanding and interacting with social contracts among groups and organizations.

## IV. USING SCENARIOS AS AN INTEGRITY MEASUREMENT

### A. Scenarios

To bring together contexts, contracts, and individual interactions within their surrounding environments, I try to use instead of traditional survey questionnaires. Scenarios represent stimuli in different contexts. Each scenario carries different emphases on contextual domains. They could screen, change and provide necessary surroundings, situations, and environments in which managers and our survey subjects could be circumscribed and imbedded and to investigate the underlying behavioral assumptions and attitudes of each respondent. Becker [26] applied a scenarios-based measure for employee integrity and found valid integrity-relevant outcomes in real-world settings.

The scenarios are arranged in a manner that the stories themselves contain the "promises" which are clearly manifested in the content or are unwritten yet commonly shared general beliefs. The "actions" according to the promises made in the scenarios are placed within the four choices. Participants can thus identify their responses and future moves. The four choices should show their discrepancies in promise-and-action and distinguish integrity.

This preliminary study consists two scenarios, the first one is about A General Manager of a weight-loss food company and have announced an opening for a Sales Director position. Whoever is able to produce the desired performance (regardless of how one delivers it) will be considered for the opening. By year-end, there were two account executives who had almost equal production but some colleagues found that one of the candidate's production was largely artificial since the bulk of her production were obtained from her family's volume. Action choices are: A. Appoint the higher performer; B. Appoint the other for producing a better set of accounts; C. Appoint the higher performer with the reason of outstanding performance; D. Defer the announcement to a later period.

The second scenario deal with an owner of a small computer store. A student brought in a laptop computer and asked for a thorough check of his computer, which had a malfunctioned hard drive. You were confident and promised to fix it by Wednesday afternoon. The student desperately needed the laptop for his final-term presentation. On Wednesday morning, you performed a last check on the hard drive but found that it did not work properly. In the meantime, your old customer, the big Wantons Company, called for an emergent virus busting service and a need to discuss future purchasing plans. What would you do given the following options? Action choices: A. Return the laptop to the student and say nothing. Check it again for free should the student come back; B. Return the laptop to the student and tell him the hard drive may still have occasional problems; C. Say sorry to the Wantons Co. first and then work on the student's computer, hoping that the problem can be fixed in time; D. Tell the student his computer cannot be fixed in time and rush to meet with the Wantons.

**B. Samples and Measurement**

A total of 353 persons participated this study, with 152 college students who were majoring in business and 201 professional managers. To measure integrity, the Delphi Method was utilized. Each Delphi expert was presented with scenarios and then ranked the choices for consistency of promises and actions and provided the “correct” answers for each scenario. Scores of L, M, H were used with “L” as the lowest behavioral integrity action and “H” as the most integrated behavior while “M” denotes the midway. The frequencies for each action choices were then analyzed to identify answers that stood out within their categories. The differences between the manager and students are tested as a pilot for further development of this scenario approach.

**C. Illustration**

The four choices in scenario one each scored H, M, M, and L respectively in Delphi experts’ opinions, in which action choice A, granting the promotion to whoever is the highest, was the most integrated move that shows an individual’s consistency. Figure 1 and 2 denotes the overall frequency counts for each action choices in each scenario. Scenario 1 deals with competition on promotions. The executive did not declare the rule clearly and then found that he was in trouble of being challenged for lack of fairness. Most of the students—70 or 46.1%—chose item D, which would postpone the promotion decision and cause them to wait for the next season. Managers, on the other hand, opted for item A, meaning that they would go ahead with the promotion as promised. The number of managers who chose this item was 106 or 52.5%. Item A could be considered to be the ideal answer from the perspective of integrity.

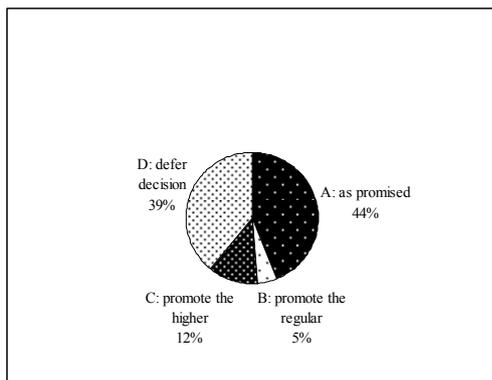


Figure 1. Action choices counts, Scenario 1.

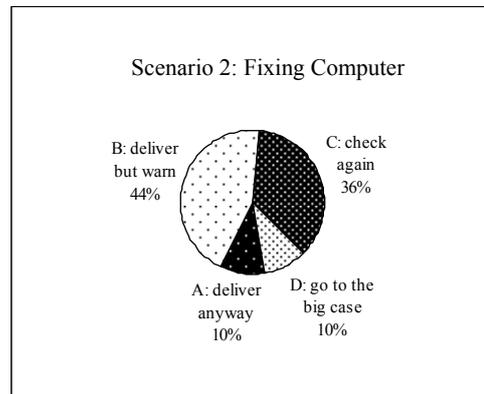


Figure 2. Action choices counts, Scenario 2.

Scenario 2 concerned a dilemma that a small computer store owner was facing. He had to decide whether he should deliver a product that was not yet ready in order to serve another big client. Half of the student respondents, 76, chose item B, which means that the owner should return the computer to the student customer and warn him about the potential troubles that might occur. Forty-five percent, 91 managers, selected item C, implying the promised deal was more important than their big clients. The four choices in scenario two each scored M, M, H, and L respectively in experts’ opinions, in which action choice C, keeping the old customer first, was the most integrated move. Figure 3 and 4 shows the differences between manager participants and students. These simple illustrations optimistically exemplify that integrity do process various facets and declares a promise of context-contractarian approach. Using scenarios as possible integrity measurement facilitates further possibility and implications for future factor analysis, comparison studies and, in-depth interviews.

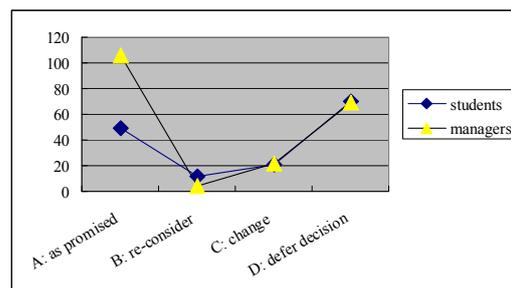


Figure 3. Comparison of two groups, Scenario 1.

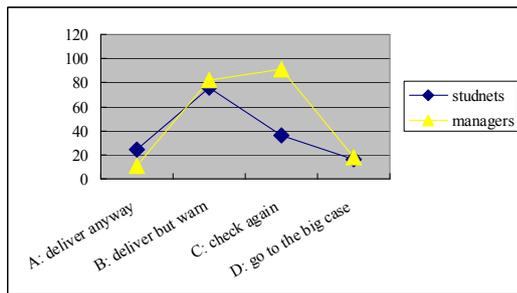


Figure 4. Comparison of two groups, Scenario 2.

## V. CONCLUSION AND DISCUSSION

Traditionally, the concept of integrity is closely bounded to morality and is treated as privileged gift or personal virtue. From a standpoint of human actions and reactions in responding to their social surroundings, namely, a contractarian approach, this study frees the coercion. Integrity would no longer be an endowed gift for talented leaders but a tangible and reachable merit that can be educated, implemented, and utilized for better leadership. Through contractarian approach, the essence of integrity can be clarified, and thus the merit be comprehended and implemented. This study advances the knowledge of integrity. Leaders with awareness and knowledge of integrity are critically important for leadership under present business environs which are both professional and ethical demanding. While in the process of contracting, interacting, and integrating with immediate environmental layers and ladders, leaders with integrity make flexible moves, change relative behaviors, yet maintain their awareness in essence. Namely, they are constantly making contracts, identifying norms, tackling and solving problems, crafting negotiations, but at the same time keep their mind clear, gather themselves together, and the core—leader integrity, are firmly held. Integrity is not merely a moral virtue that only certain individuals are born with and have the privilege to capitalize it. The leader's integrity may not only be a personality trait but a desirable quality that can be educated, developed, and further exercised for better leadership.

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