

INTEGRITY IN BUSINESS IS GOOD BUSINESS

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Why does Warren Buffet's Berkshire Hathaway continue to make money (5 billion US dollars in 2008) when the global recession has sent, in Goliathic fashion, AIG, Citibank and General Motors to the exchequer, begging-hat in hand?

A lot has to do with the culture of uncompromised integrity that pervades Berkshire Hathaway. The company refreshingly confesses to potential investors that it identifies and passes on value and not opportunities, because chasing opportunities will lead to a loss of investors' money.

And Warren Buffet's rule of thumb to employees is "to ask themselves whether they are willing to have any contemplated act displayed the next day on the front page of their local paper – to be read by their spouses, children and friends – with the reporting done by an informed and critical reporter."

Integrity and competitiveness

What is integrity? It is arguably the highest aspiration that a corporation or individual should pursue in order to fulfill goals - personal and corporate. Seasoned businesspersons understand that while profit is the *raison d'être* of the company, the pursuit of profit in itself will lead to losses and undermine the future of the company.

A company that can sustain its profits must sell either value or differential to its customers and only then can it continually make profit. Yet creating value or differential is an expensive affair that cuts into potential profits but it must be done.

Globalisation of economies and markets have intensified competition to unprecedented levels. Companies that provide value or differentials today must be the first to reach the market before their competitors do, or face diminishing market share.

Being the quickest in the market requires business units and human resources to respond quickly and appropriately to market signals. For units and human resources to make decisions and take action that makes your company the first in the market, they MUST trust that the decisions and actions they make are those that would be in the interest of company goals, their own interest and those of their seniors and subordinates. That trust is an element of integrity inherent in the individual worker and the institution.

By setting benchmarks for integrity, companies like Google and Berkshire Hathaway ensure that their employees and units do not second-guess each other but rather focus on being first in the market with value ready for the customer.

Companies that have placed profit as the company's pursuit have consistently had to close shop in the current globalised economy because when integrity is relegated to the second-highest goal, then value and first-in-the market principle will be sacrificed in the pursuit of profit, wealth, acceptance, knowledge, popularity and other non-substantive values. Customers will go elsewhere for value or will have already found it from a quicker, more efficient company.

Desperate times call for desperate measures.

Business integrity in a corrupt environment like Kenya or even the USA will not always be easy. The *A survey* by Adecco company in 2009 found that 28% of people in America would resort to dishonesty to keep their jobs (examples included blaming co-workers for mistakes, blackmail, and flirting with a superior) given the harsh economic times.

Leading by a large margin is the Generation Y demographic, of which 41% would engage in a dishonest act. The survey also found that men were more likely to sacrifice integrity (44% of men between 18 and 35 would do something dishonest). Thus if your company wants to compete in today's markets:

1. You must spell out the supremacy of integrity and its benchmark within your company, like Warren Buffet. Transparency International's *Business Principles* guidelines would be one of the many good sources of ideas.
2. You and your company must exercise eternal vigil to ensure that everyone within the value-creation chain understands the connect between personal and corporate integrity on one hand, and the trust that enables you to be first in the market on the other.