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Be The Leader They Trust

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Integrity isn't just a nice quality to add on to a successful business.

Now, more than ever, integrity plays a key role in the success or failure of any company or leader.

"Neither organizations nor their leaders can survive and thrive in the long term without integrity," Blythe McGarvie wrote in her new book, "Fit in, Stand Out."

The issue has garnered loads of attention in recent years, in the wake of scandals. As a result, people are looking for a leader they can trust.

"People want to follow you if you treat them honorably," McGarvie said in an interview.

Most Important

Integrity has become a key to both leaders and followers, says Warren Bennis, distinguished professor of business at the University of Southern California. Bennis found in interviews with nearly 50 top leaders that they all possessed a high level of integrity.

He had them complete the sentence, "The most important thing about being a good leader is" About 75% of them mentioned integrity, moral compass or words to that effect.

Likewise, Bennis once had students do man-on-the-street interviews. They asked what makes people willing to follow someone. Integrity was the trait named most often.

"It's a very significant aspect of leadership," Bennis said. "It's a congruence of what you say and what you do."

Leaders at the top typically set the tone for the firm. But it's just as vital to have people set the tone further down the chain, McGarvie says.

That places even more emphasis on educational programs. At MCI – the former WorldCom that is now part of Verizon – experts were brought in to provide ethics training for the firm's 55,000 employees, McGarvie writes. Abbott Laboratories, which got fined three years ago for misdeeds in a billing scandal, provides a video game to teach employees how to act ethically.

There's a bottom line impact to all this, says Kevin Jackson, a Fordham University business ethics professor. It helps firms attract and keep workers. "The question of attracting trust and giving respect to employees is now even more acute," Jackson said. "Talented people might leave if you don't have it."

Building Capital

On the flip side, a person's reputation helps McGarvie seek out new fellow board members, she says. She serves on the boards of Accenture and Pepsi Bottling Group, among others.

"When you're trustworthy, people feed off that," she said.

The key is to act with integrity at all times. When companies or people build reputational capital, it's like beefing up your immune system, Jackson says.

Take Johnson & Johnson (JNJ). It gained praise for its handling of the 1980s case in which some Tylenol packages were laced with cyanide. When wrongdoing at the firm has popped up here and there since then, it's been able to glide past it.

"They have a strong reputational reserve," Jackson said. "When they face crises, it may cause a blip in the stock price, but it doesn't do much damage."