



Luxembourg Institute for  
Global Financial Integrity

*Luxembourg Monthly Finance Lunch  
"Developing an Ethical Model in Finance"*

# New calls for ethics and integrity

A sign of the time?

or

Simply a time for signs and symbols?

by Erny Gillen

27<sup>th</sup> April 2010 - Cercle Münster, Luxembourg

# Differences to build the world

## Ethics and morality

- a) refer to ideals; and,
- b) measure the gap between reality and ideal goals.

- Whereas **ethics** need be considered as a scientific reflection imbedded in philosophy, **morality** is an expression of personal or collective convictions and behaviour.
- From a strictly ethical point of view “integrity” stands for a moral viewpoint.
- “Integrity” must be explained from within that moral world (culture) from which it *comes*.
- “Integrity” is an open claim and can be filled quite differently by differing cultural values.

# Core differences and distinctions

right and wrong

good and bad/evil

- Activities can be right or wrong compared to a norm.
- Intentions can be good or bad compared to a vision of acceptable attitudes and behaviour.

- “Integrity” can be an expression of a norm; and,
- “Integrity” can be an expression of an attitude (intention).

- Professional people tend to reduce “integrity” to norms, coloured and shaped by their respective professions.
- Visionaries tend to reduce “integrity” to a consistent set of virtues.
- To be a real moral concept, “integrity” needs both components:
  - Norms; and,
  - Virtues.

# Personal morality and Collective morality

- Successful corporations have a corporate design, identity and culture. They each create their own distinct image .
  - Creating a corporate aura is strongly linked to good stewardship of all stakeholders.
- “Integrity” cannot be simply a corporate statement, but must be set and followed by all stakeholders involved.

# Integrity of a “place” - “Integrity” of a country

- What type of national and European image should attract people and companies to Luxembourg?
    - Low taxes?
    - Low standards?
    - Quick and influential decisions?
    - Good living conditions?
    - Peaceful and secure environment?
  - Only a multifaceted answer provides direction.
  - People and companies might be willing to pay high taxes for a promising social, legal and entrepreneurial environment.
- Low taxes and a “laissez-faire” environment in themselves will not be sustainable. Luxembourg needs a credible image and trade mark.

- If “made in Luxembourg” stands for “integrity” we first need internal selection criteria for companies and activities compatible with our understanding of “integrity”.
  - To produce wealth and quality of life you need efforts. Material gains and revenues must be an honest expression of those efforts.
  - “Integrity” cannot be reduced to the way we earn or spend money.
- It is also a matter of lifestyle and culture.
- Small and beautiful will work and fit.
- Becoming experts of simple and good life.



Thank you for your attention!

## Definition of „integrity“

1. **Steadfast adherence to a strict moral or ethical code.**
  2. **The state of being wholesome; unimpaired.**
  3. **The quality or condition of being complete; pure.**
- **In data encryption, ensuring that the information is not altered by unauthorized persons in a way that is not detectable by authorized users. (cryptography)**
  - **The ability of a system to provide timely warnings to users of the aircraft when the system should not be used for flight or navigation. (aviation)**

### **Synonyms**

Honesty, uprightness, rectitude, unity, wholeness, purity, goodness, probity, sincerity, virtue, decency

Source: <http://en.wiktionary.org/wiki/integrity>

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- **Integrity** as a concept has to do with consistency of actions, values, methods, measures, principles, expectations and outcome. People use integrity as a holistic concept, judging the integrity of systems in terms of those systems' ability to achieve their own goals (if any). A value system's abstraction depth and range of applicable interaction may also function as significant factors in identifying integrity due to their congruence or lack of congruence with empirical observation. A value system may evolve over time while retaining integrity if those who espouse the values account for and resolve inconsistencies.
- Some people see integrity as the quality of having a sense of honesty and truthfulness in regard to the motivations for one's actions. Some people use the term *hypocrisy* in contrast to *integrity* for asserting that one part of a value system demonstrably conflicts with another, and to demand that the parties holding apparently conflicting values account for the discrepancy or change their beliefs to improve internal consistency (seen as a virtue).
- The **etymology of the word "integrity"** can suggest insight into its use and meaning. It stems from the Latin adjective *integer* (whole, complete). In this context, integrity may comprise the personal inner sense of "wholeness" deriving from (say) honesty and consistency of character. As such, one may judge that others "have integrity" to the extent that one judges whether they behave according to the values, beliefs and principles they claim to hold.

Source: <http://en.wikipedia.org/wiki/Integrity>