We’ve had opportunities over the last few years to chat with several business old-timers who started their businesses when some of us were still in diapers and, after several decades, are still going. A subject that often came up in these chats is that of the decline of personal and business integrity in the modern business world. Surprisingly enough, very seldom do Enron, WorldCom, or Tyco feature in the ensuing discussion. More often the conversation goes something like: “You know, I used to be able to do business on a handshake. I could sit down in front of the other guy, get his measure, and trust that, once we had an understanding, he would do his best to honor it in letter and in spirit.”

To us this raised a question: “Has business morality and integrity declined over the last few decades or even years?”

We discussed this subject in light of all the transparency issues that have arisen lately: Enron, Tyco, HealthSouth, post-dating of options, Sarbanes-Oxley; and decided to ask our readers and others what they thought. “Is integrity still a business asset?”

We ran this survey on our website, http://vinsonandvinson.com, from the beginning of June through the middle of July and got some really interesting responses, including some emails regarding the subject. The emails ran the gamut from a terse: “Is this a joke?” to some incisive and thoughtful comments. An example of the latter, Ken Brody wrote:

“Integrity engenders trust. You can deal with a trusted person without the overhead of safeguards. A trusted person can do more transactions over a wider area faster than a person with dubious trustworthiness.”

Henk Kleizen forwarded a news report of a recent South African study that showed, in the report’s words:

“More than half of South Africa’s metropolitan consumers consider a company’s corporate reputation when they make a purchasing decision…”

Survey Results – Is Integrity Still a Business Asset?

Is integrity an advantage or disadvantage in business today?

<table>
<thead>
<tr>
<th>Advantage/Disadvantage</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Big advantage</td>
<td>66.4%</td>
</tr>
<tr>
<td>Somewhat of an advantage</td>
<td>26.6%</td>
</tr>
<tr>
<td>No advantage at all 2.8%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Big disadvantage 0.7%</td>
<td></td>
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<tr>
<td>It’s never been a factor 0.7%</td>
<td></td>
</tr>
<tr>
<td>Somewhat of a disadvantage 2.8%</td>
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We spent a week analyzing the responses every way from Sunday and here are some of the results. The complete analysis is available at


The bottom line is that more than 90% of respondents believe that integrity is an advantage in business.

Sixty-six percent believe that it is a big advantage to operate with integrity while 26% believe that it is “somewhat of an advantage.” That means that only four percent of the respondents believe that there is no advantage or even some disadvantage to conducting business with integrity.

Unfortunately, the same respondents believe that, although integrity is a valuable asset, fewer business people practice it than in the past. Almost 76% of respondents believe that honesty and integrity in the general business world has declined either significantly or somewhat. Only four percent showed any optimism claiming that honesty and integrity has increased somewhat, and no one went for the proposition that honesty and integrity in business has increased significantly.

This finding seems to support the old-timers’ laments that integrity and morality is on the decline throughout the business world.

When questioned about the period of time over which this moral decline has occurred, most felt that it started and continued within the last 20 years, 1986-2006. Thirty-four percent said moral decay occurred within the last 20 years, while almost 40% believed that the last 10 years ushered in general abandonment of business principles.

So who are the people who are saying these things?

As a group, respondents seemed to be relatively mature. Fifty-five percent were between 50 and 59 years old and another 26% were within the 60-69 age group.

None admitted, at least, to being older than a very suspicious borderline age of 69. Of the remaining 19%, most claimed to be in the 40-49 age group.
Weighted average age of respondents was about 55 years.

The population also showed itself to be highly experienced in the business world. Most reported between 21 and 40 years experience in business. Weighted average business experience seemed to come out to about 30 years. This gives rise to the notion that perhaps our responding group agreed with our old-timers, in part, because they themselves are old-timers.

Finally, we gave respondents a set of factors to choose from indicating what they considered the most important traits in the business people that they dealt with.

It was almost unanimous (more than 88% in both cases) that integrity and honesty were number one in their selection of business partners. The number two factor (selected by 82.5%) was the performance of the selected provider. Surprisingly enough, only about 42% said that price was a major determinant of who they did business with.

Less than 30% said that products offered by a potential business associate were a major determining factor. There was very little support for the idea that *quid pro quo*, or we’ll scratch each others’ backs, made any impact on business relationships decisions. Trailing the pack in determinants of whether or not to establish a business relationship were “who they know”, “what they can do for me”, and “the amount they buy”.

A very few (less than 2%) had other, unnamed factors that they found important influences in such decisions.

So what did we take away from this, our first foray into opinion measurement? We found that an international group of mature and very experienced business people believe that:

- Integrity is a valuable asset in the modern business world.
- The level of integrity and honesty in the business world has declined over the last 10-20 years.
- Integrity and honesty are major factors for them in deciding who they will do business with.
- Price and product offerings are much less important to them than honesty and integrity.

Certainly there is more to this story than could be revealed by our simple survey. To comment on the survey or any other topic go to our website [http://vinsonandvinson.com/contact_us.asp](http://vinsonandvinson.com/contact_us.asp).