



## RYP Quarterly

# Integrity Requires No Rule Book

By David Stewart



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## Integrity Requires No Rule Book

*This quote by Albert Camus is directed to business leaders. It is self-evident that what we currently have in place to ensure ethical leadership in business is not working.*

The list of high-profile corporate scandals over the past three to four years is long and growing. The culprits include global brands from every sector. And it seems the regularity of occurrences is increasing, and lessons are not learnt.

Time and time again, unethical behaviour is exposed, and toxic cultures are revealed (think use of child labour, emissions scandals, harassment and bullying claims, data privacy breaches, accounting fraud, privacy violations, underpayment of staff, inappropriate behaviour by leaders, hiding product faults, targeting vulnerable people to sell to, and falsifying data to name just a few recent examples). Thus forcing the CEO and Board to issue an apology. Boards scramble. And yet the structures, incentives, and cultural mindsets that allowed these failures remain largely unchanged.

## SOME RECENT OFFENDERS:

H&M

Nike

Apple

Facebook

L'Oreal

Volkswagen

Samsung

PwC

Optus

Rio Tinto

Kobe Steel

QANTAS

**What is rewarded?** Short-term profit, growth metrics, and top-line performance. What is punished? Principled leadership, ethical courage, and integrity. The consequence is predictable including staff fear and disengagement, reputational damage, and a steady erosion of trust with customers, and shareholders.

**Integrity is not a policy. It is not a checklist or compliance manual. It is a lived practice.**

Integrity is reflected in the daily choices leaders make (particularly when no one is watching or checking you). And yet, as each apology is issued, and each investigation concludes, we see the same patterns repeating. Boards reward revenue over values. The repeated behaviours and apologies by leading brands, it is clear misconduct is tolerated by Boards and CEOs, despite breaches of integrity, trust and ethical behaviours. Reporting channels are either absent or ignored. Incentives remain misaligned, and ignorance is pleaded. "We had no idea this was occurring, so would like to sincerely apologise" is a statement too often heard, and too often full of empty spin, denial, and false promises.

## Chairs, CEOs, and Senior leaders must flip the script.

Credible leadership requires courage, consistency, and concrete action such as:

- Aligning pay and promotion with ethical behaviour
- Protecting whistleblowers and encouraging the gift of staff feedback without fear of retribution
- Acting decisively and transparently when misconduct occurs
- Role modelling, leading, and investing in the desired culture
- Communicating effectively transparently and consistently (not when door stopped by the media)
- Decentralising power to prevent abuses

These are not optional. They are imperatives for sustainable performance and long-term organisational success.

## The message to business leaders is simple. Integrity requires no rule book.

What it does require is principled leaders who are willing to put ethics ahead of expediency. Boards and executives who continue to prioritise greed over values should not be surprised when trust collapses, talent departs, and scandals recur. The time to act is not after the next apology, but now.

### The Board Integrity playbook is simple:

- Speak up early
- Align pay with values
- Hold yourself accountable,
- Put people before expediency

If boards continue to reward greed over ethics, they shouldn't be surprised when trust collapses.

## The Pattern of Ethical Failures

A review of high-profile corporate scandals reveals some obvious recurring themes:

- **Tolerance of poor behaviour from high performers:** Star executives are often shielded because of their revenue or growth contributions. Organisations that tolerate or turn a blind-eye to bullying or harassment for performance benefits is always a costly mistake. Eventually it catches up and catches out the perpetrators.
- **Boards slow to act:** In many cases, boards were reactive rather than proactive, waiting for whistleblowers, media exposés, or a regulator intervention before taking action. Any delayed response compounds reputational and financial damage. Poor behaviour leaves clues and has a long timeline. It never just happens out of the blue. The Catholic Church's reputation is permanently damaged by doing exactly this with its response to literally thousands of sexual harassment claims from around the globe over decades.

- **Inadequate reporting channels:** Staff frequently lack safe avenues to raise concerns or fear retaliation. This is seen where repeated staff complaints are unheeded or are mishandled by the Board. This just reinforces and condones the toxic behaviour staff are flagging.
- **Misaligned incentives:** Short-term financial metrics outweigh ethical considerations. Aggressive sales targets, bonus structures, and growth priorities can reward misconduct, evident countless times with financial services firms, banks, aged care providers, and telcos. The focus is greed, not consumer outcomes.
- **Superficial apologies:** CEOs and boards often issue public apologies, but without structural change, these are hollow. There are many cautionary examples where short term apologies were issued, but lasting trust became permanently dented, when yet another scandal arises, or nothing changes post apology. Brand repair requires demonstrable reform over many years, not just a quick fix or band-aid solution.

## Integrity is a Leadership Imperative

Integrity shapes organisational culture more than any rulebook can. Leaders set the tone not through memos or compliance programs, but through consistency in their action. Staff watch what leaders prioritise (how promotions are awarded, how mistakes are handled, what is measured, what is ignored, and how ethical breaches are treated). When integrity is non-negotiable, it sends a clear signal. Success is measured not only in profit but in how the business is conducted. Conversely, when greed is rewarded and misconduct tolerated, it signals that the ends justify the means (a recipe for toxic culture and eventual exposure).

### A Senior Leader's Ethical Playbook

While integrity cannot be legislated, it can be modelled. Senior leaders can follow a simple playbook to shape and embed ethical behaviour throughout their organisation:

**1. Walk the Talk:** Lead by example in day-to-day decisions. Every choice, from handling underperformance to recognising achievements, must reflect values.

*Staff mirror image the mindsets and behaviours of their leaders*

**2. Align Incentives with Ethics:** Bonuses, promotions, and recognition must reward ethical behaviour, not just financial outcomes. Failure to do this sends contradictory messages.

*What gets measured and rewarded is deemed what is important*

**3. Protect Whistleblowers:** Implement independent reporting channels with guaranteed protection. Respond swiftly to concerns, demonstrating that the organisation values courage over convenience.

*Treat feedback as a gift. Not an inconvenience*

**4. Act Quickly and Transparently:** When misconduct occurs, act decisively. Investigations must be timely, independent, and transparent. Apologies are only credible when accompanied by corrective action.

*Any apology without action is useless*

**5. Invest in Culture:** Build a culture of respect, inclusion, and accountability. Conduct regular staff check-ins (listen to hear), value the gift of feedback, drive continuous improvement, and invest in front-line leader coaching. Ensure managers are held accountable for the climate they create with their team, as well as performance.

*Culture always precedes performance*

**6. Communicate Consistently:** Transparency and honesty in internal and external communication reinforce credibility. Mixed messages undermine trust faster than the original failure.

*One Message Many Voices – Local Application*

**7. Learn from Others:** Study past scandals in your sector and beyond. Proactively adopt lessons from failures at other organisations to prevent repeat mistakes.

*Success leaves clues. Look for them*

**8. Decentralise Power:** Avoid concentrating decision-making to a single individual. Shared accountability reduces the likelihood of abuses of power.

*All power corrupts. Absolute power corrupts absolutely*

## Principled Leadership Beyond any Rulebook

**The point is clear: no rulebook can replace principled leadership.** Policies, compliance programs, and governance structures are essential, but they are insufficient on their own. Integrity is a lived practice, cascaded throughout the organisation, demonstrated in choices that guide prioritisation and decision making by staff. Fairness, and transparency must always be valued over short-term expediency.

### Boards and senior leaders must confront uncomfortable truths.

The relentless focus on growth and shareholder return (rewarded by boards in countless cases) perpetuates a cycle of unethical behaviour. Each apology, resignation, and investigation is a symptom of deeper leadership and governance failures. Real change requires courage, humility, and a willingness to be measured not only by what is achieved, but how it is achieved.

### Why This Matters

The consequences of breaching integrity are profound:

- **Brand damage:** Reputation is everything. Trust takes years to build but can be lost in one moment. It takes years to rebuild trust when it has been eroded.
- **Erosion of trust:** Employees disengage, customers lose confidence, and investors question governance.
- **Financial and reputational damage:** Legal fines, settlements, and market backlash can dwarf short-term profits.
- **Talent loss:** High performers leave toxic environments, compounding operational risk.

Conversely, organisations where integrity is modelled from the top see higher engagement, stronger reputations, and sustainable growth. Ethical leadership becomes a competitive advantage, not a cost.

### Invest in Integrity

Here is a thought. Rather than spending time effort and resources on media training on how to respond to a crisis, rather invest in role modelling integrity in strategies, mindsets, behaviours, decision making, and prioritisation. Maybe this will help prevent the crisis!

*Integrity is not a slogan written on a wall.  
It is something lived daily that guides actions and decision making*

### Conclusion

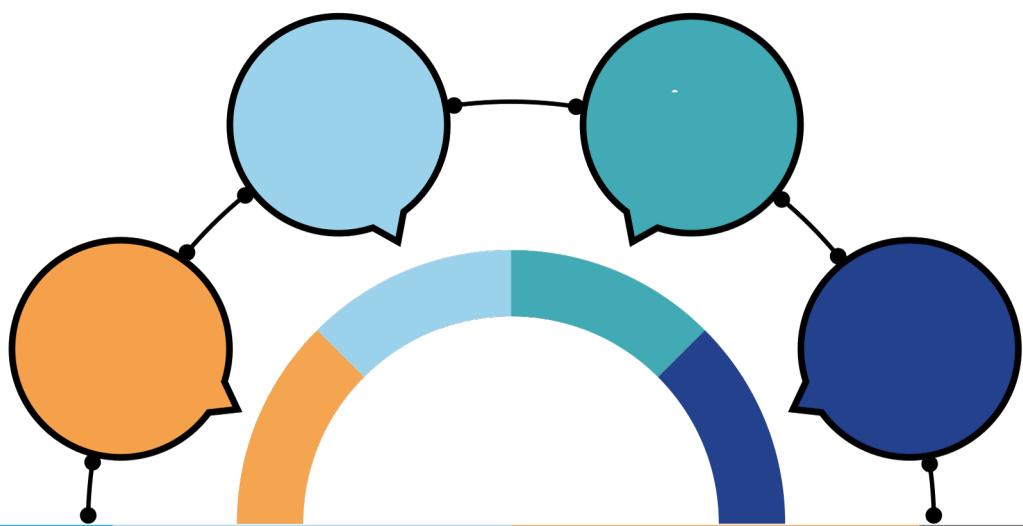
#### **Integrity requires no rulebook, but it does require vigilance, courage, and consistency.**

Senior leaders must ask themselves: "If no one were watching, would I still act this way?" The answer to this question shapes culture, safeguards trust and defines the long-term success of the organisation. Boards that continue to reward greed over ethics should not be surprised when apologies become routine, scandals recur, and trust collapses. Leadership is measured by behaviour, not by the rules written in policy manuals.

#### **Leadership Lesson:**

***Integrity is the silent currency of credible leadership, and it starts with you.***

## Facta Non-Verba – Deeds Not Words



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