



## Analysis

# The Importance of Ethics and Integrity in Business Today

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### Biography

Gaurav Kapoor serves as the 'Office of the CEO' and Chief Operating Officer of MetricStream (<https://www.metricstream.com/>). Gaurav has been involved with the company since its inception and as the COO, is responsible for the overall Go-to-Market Strategy, Sales, Marketing, Customer Advocacy, the Partner and Community Ecosystem. Until 2010, he also served as the CFO of MetricStream.

Previously, Gaurav has held Executive positions at OpenGrowth and ArcadiaOne. Prior to that, he spent several years in Business, Marketing and Operations roles at Citibank in Asia and in the U.S. He also serves on the board of Regalix, a digital innovation and marketing company.

Gaurav has a Bachelor's degree in Technology (with Honors) from the Indian Institute of Technology (IIT), a degree in Business from FMS, Delhi, and an MBA from the Wharton Business School, University of Pennsylvania, where he graduated as a Palmer Scholar.

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**Paper type** Research

### Abstract

*As businesses face evolving challenges, insight, integrity, courage, and agility become dramatically more important. In particular, integrity must start at the helm before it can percolate down through the deepest layers and become the heart and soul of the company's culture. As the author of this article explains Integrity and business performance are no longer mutually exclusive. Companies are now expected to demonstrate both, creating a positive impact on the communities and societies in which they operate.*

### Introduction

In a hyperconnected and social media-driven world, organizations are under constant scrutiny, not just from regulators or stakeholders, but from customers and prospects too. Millennials and Gen Z's – the new generation of consumers and employees – expect organizations to demonstrate a strong commitment to ethics and good governance in everything they do.

Values like sustainability, diversity, and transparency matter more than ever. In fact, many millennials<sup>1</sup> wouldn't hesitate to end their relationship with a brand if they disagreed with its values or business practices. In this environment, the onus is on organizations to not only deliver strong financial results, but to "perform with integrity".



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### **How the financial crash changed business strategies**

Since the 2008 financial crash, banks and financial institutions have been held to the highest standards of behaviour. Those that have failed to meet expectations have often been heavily penalized by regulators, stakeholders, and customers.

With this shift, the mentality of “growth at all costs” as a business strategy has come into question. No longer can companies disregard ethics in favour of increased sales or profit. The world is not only watching ‘what’ they deliver, but ‘how’ they deliver it.

To succeed in this new reputation economy, company culture needs to shift for the better. Every organization needs to view integrity as a legitimate business strategy, instead of an aspirational company value.

Building integrity becomes much easier when all C-suite executives are seen to hold ethics and good governance at the core of everything they do. When the tone is effectively set right at the top, the new culture will inevitably filter down to all employees across the enterprise.

### **The impact of social media on ethics and integrity**

Gone are the days when companies could play down a corporate scandal or prevent it from being reported in mainstream media. In today’s age of social networks, everyone is a reporter. Negative news can travel like wildfire, subjecting organizations to intense scrutiny, and leaving them with no choice but to face the music and answer customer questions in real time.

Bad publicity can be hard to live down. You don’t have to search too far on social networks to realize that no company is too big to publicly fail when ethical or compliance standards are breached. With consumer voices getting louder and stronger, organizational reputations are at stake unless business leaders take clear steps to ensure that ethics and integrity underlie their business model and strategy.

### **Integrating governance, risk and compliance (GRC) for better integrity**

At the core of a high-performing, ethical organization is almost always a strong governance, risk, and compliance (GRC) programme. Through it, compliance and ethics policies can be efficiently created and communicated across the enterprise. Code of conduct training and awareness programmes can be closely monitored. Associated risks can be regularly assessed and any issues that arise can be proactively investigated and resolved.

While many organizations have a GRC programme in place, too often, it is fragmented or siloed. Leadership teams don’t gain clear or timely visibility into potential ethical risks and issues which, in turn, hinders their ability to respond quickly or to make any relevant changes to the company that allow it to perform better.

An integrated GRC programme, on the other hand, makes it easier to connect the dots between compliance, ethics, risks, governance, issues, and integrity. It strengthens collaboration across GRC functions, while also helping standardize



compliance and risk taxonomies, so that the insights that flow up to the leadership team and board are consistent, clear, and harmonized.

Decision-makers can immediately understand the relationships and interactions between various risks or ethical issues. They can then address them proactively and holistically to ensure that the organization continues to stay aligned to its values and mission.

### **In conclusion**

Integrity and business performance are no longer mutually exclusive. Organizations are expected to demonstrate both, creating a positive impact on the communities and societies in which they operate. Those that do invest in building a strong culture of ethics, integrity, and good governance will be the ones that customers, regulators, employees, and stakeholders choose to trust and support.

#### **Reference**

- <sup>1</sup> <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/deloitte-2019-millennial-survey.pdf>